



MAYBANK CONSTANT INCOME FUND 1

(Constituted by way of deed on 30 May 2013)

Manager : Maybank Asset Management Sdn. Bhd. (421779-M)

Trustee : TMF Trustees Malaysia Berhad (610812-W)

This First Prospectus in relation to the following Fund is dated 5 February 2014 and expires on 4 February 2015.

THE FUND IS NOT A CAPITAL GUARANTEED FUND OR A CAPITAL PROTECTED FUND AS DEFINED UNDER THE GUIDELINES ON UNIT TRUST FUNDS ISSUED BY THE SECURITIES COMMISSION MALAYSIA.

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 10.

Message from the Chief Executive Officer

Dear investors,

Thank you for expressing an interest in our MAYBANK CONSTANT INCOME FUND 1 (“the Fund”).

The Fund is a 3 year close-ended bond fund that aims to provide Unit Holders with semi-annual income* through investments in a portfolio of bonds.

** Income will be paid out via cash payment mode.*

To achieve the Fund’s objective, the Fund will invest in a minimum of 80% of the Fund’s NAV in foreign and/or RM denominated bonds. The remaining balance of the Fund’s NAV will be invested in money market instruments and placement in deposits.

Its indicative asset allocation is as follows:

Minimum of 80% of the Fund’s Net Asset Value

- Investments in foreign and/or RM denominated bonds.

Maximum of 20% of the Fund’s Net Asset Value

- Investments in money market instruments and/or placement in deposits.

The specific risks of investing in this Fund are company specific risk, credit default risk, counterparty risk, country risk, currency risk, interest rate risk, mismatch risk, derivatives risk, non-commencement risk, redemption risk and reinvestment risk. These specific risks and other general risks are elaborated in Chapter 4 Risk Factors of the Prospectus.

This Fund is suitable for investors:

- with a moderate risk appetite;
- who have an investment horizon of 3 years; and
- who seek regular income distribution from participation in a portfolio of bonds.

Investors wishing to invest in the Fund will incur a sales charge of up to 3.00% of the offer price of the Fund. Other fees and charges that may be incurred when you invest in the Fund are elaborated in *Chapter 6 Fees, Charges and Expenses* of the Prospectus.

If you are interested in the Fund, have any queries or require further information, please contact our client servicing personnel at 03-2297 7888 (ext. 7806/ 7923) at anytime during office hours (8.45 a.m. to 5.45 p.m.) from Monday to Thursday and (8.45 a.m. to 4.45 p.m.) on Friday on a Business Day. Alternatively, you may e-mail your enquiries to enquiries@maybank-am.com.

We look forward to being of service to you.

Best wishes,



Nor' Azamin bin Salleh
Managing Director/Chief Executive Officer

Responsibility Statements

This Prospectus has been reviewed and approved by the directors of Maybank Asset Management Sdn Bhd 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, 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 authorized the Fund and a copy of this Prospectus has been registered with the Securities Commission Malaysia.

The authorization, 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 or opinion or report expressed in this Prospectus.

The Securities Commission Malaysia is not liable for any non-disclosure on the part of the Manager 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. IN CONSIDERING THE INVESTMENT, INVESTORS WHO ARE IN DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT THEIR PROFESSIONAL ADVISERS IMMEDIATELY.

Additional Statements

No Units of the Fund will be issued or sold based on this Prospectus later than one (1) year after the date of this Prospectus.

Investors are advised to note that recourse for false or misleading statements or acts made in connection with this Prospectus is directly available through sections 248, 249 and 357 of the Capital Markets and Services Act 2007.

Consent to Disclosure

The Manager shall be entitled to transfer, release and disclose from time to time any information relating to the unit holders to any of the Manager's parent company, subsidiaries, associate company, affiliates, delegates, service providers and/or agents (including any outsourcing agents and/or data processors) for any purpose on the basis that the recipients shall continue to maintain the confidentiality of information disclosed as required by laws, regulations or directives; or in relation to any legal action, or to any court, regulatory agency, government body or authority.

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(1) DEFINITIONS

In this Prospectus, the following abbreviations or words shall have the following meanings unless otherwise stated:

Act	means the Capital Markets and Services Act 2007 including all amendments thereto and all rules, regulations and guidelines issued thereunder.
Bursa Malaysia	means the stock exchange managed or operated by Bursa Malaysia Securities Berhad (635998-W).
Business Day	means a day on which Bursa Malaysia and the foreign fixed income markets which are Hong Kong, Singapore, Thailand, Indonesia, the Philippines and United States of America are open for trading.
Commencement Date	means the seventh (7 th) Business Day immediately following the end of the Offer Period.
Deed	means 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.
FIMM	means the Federation of Investment Managers Malaysia.
Forward Pricing	means the Net Asset Value per Unit for the Fund calculated at the next valuation point after a purchase request or a redemption request, as the case may be, is received by the Manager.
Fund/MCIF	means the MAYBANK CONSTANT INCOME FUND 1.
Fitch	means Fitch Ratings.
Guidelines	means the Guidelines on Unit Trust Funds issued by the SC and as amended, substituted or replaced from time to time.
LPD	means latest practicable date as at 31 May 2013.
Manager/ Management Company/MaybankAM	means Maybank Asset Management Sdn Bhd (421779-M).
MAMS	means Maybank Asset Management Singapore Pte. Ltd.
MARC	means Malaysian Rating Corporation Berhad.
Maturity Date	means the third (3 rd) anniversary of the Commencement Date.
Maybank	means Malayan Banking Berhad (3813-K).
Moody's	means Moody's Investors Service.
Net Asset Value or NAV	means the total value of the Fund's assets minus its liabilities at the valuation point. For the purpose of computing the annual

	management fee and annual trustee fee, it should include the management fee and the trustee fee for the relevant day.
NAV per Unit	means the NAV of the Fund divided by the total number of Units in circulation at the valuation point.
Offer Period	means the period during which Units will be sold at the fixed offer price of RM1.00 per Unit.
Prospectus	means the prospectus of this Fund.
RAM	means RAM Rating Services Berhad.
Redemption Price	means the price payable by the Manager to a Unit Holder pursuant to a redemption request by the Unit Holder and will be the NAV per Unit of the Fund. The redemption price shall be exclusive of the redemption charge (if any).
RM	means Ringgit Malaysia.
SC/ Securities Commission	means the Securities Commission Malaysia.
Selling Price	means the price payable by an investor or a Unit Holder for the purchase of a Unit of the Fund and will be fixed at RM1.00 per Unit throughout the Offer Period. The selling price shall be exclusive of the sales charge.
S&P's	means Standard & Poor's Rating Services.
Trustee	means TMF Trustees Malaysia Berhad (610812-W)
Unit or Units	means a measurement of the right or interest of a Unit Holder in the Fund and means a Unit (including a fraction of a Unit) of the Fund.
Unit Holders	means the person registered as a holder of a Unit or Units including persons jointly registered for the Fund.
USD	means United States Dollar.

(2) CORPORATE DIRECTORY

MANAGER	Maybank Asset Management Sdn Bhd (421779-M)
REGISTERED OFFICE	14th Floor Menara Maybank 100 Jalan Tun Perak 50050 Kuala Lumpur Tel No: 03 - 2074 7111 Fax No: 03 - 2032 1572
BUSINESS OFFICE	Level 12, Tower C, Dataran Maybank No 1, Jalan Maarof 59000 Kuala Lumpur Tel No: 03 - 2297 7888 Fax No: 03 - 2297 7998
BOARD OF DIRECTORS	Datuk Mohaiyani Binti Shamsudin (Non-independent Non-executive director/ chairman) Datuk Karownakaran @ Karunakaran a/l Ramasamy (Independent non-executive director) Loh Lee Soon (Independent non-executive director) Nor' Azamin bin Salleh (Non-independent executive director/ managing director)
INVESTMENT COMMITTEE MEMBERS	Datuk Karownakaran @ Karunakaran a/l Ramasamy (Non-independent member) Suhaimi bin Ilias (Non-independent member) Datuk Syed Izuan bin Syed Kamarulbahrin (Independent member) Mohd Shariff bin Sulaiman (Independent member)
COMPANY SECRETARY	Daeng Hafez Arafat bin Zuhud (LS0007002) 5, Jalan Bunga Kertas 2/15 40000 Shah Alam Selangor
INVESTMENT ADVISOR	Maybank Asset Management Singapore Pte. Ltd.
REGISTERED OFFICE	9 Temasek Boulevard #39-00 Suntec Tower Two Singapore 038989
BUSINESS OFFICE	48 North Canal Road #04-01 Singapore 059305 Tel No: +65 6231 5926 Fax No: +65 6231 5932
TRUSTEE	TMF Trustees Malaysia Berhad (610812-W)
REGISTERED ADDRESS AND BUSINESS OFFICE	10 th Floor, Menara Hap Seng No. 1 & 3, Jalan P. Ramlee 50250 Kuala Lumpur Tel : 03 - 2382 4288 Fax : 03 - 2026 1451

TRUSTEE'S DELEGATE	Standard Chartered Bank Malaysia Berhad
REGISTERED OFFICE AND BUSINESS OFFICE	Level 16, Menara Standard Chartered 30, Jalan Sultan Ismail 50250 Kuala Lumpur Tel : 03 - 2117 7777 Fax : 03 - 2711 6060
AUDITORS	Ernst & Young Level 23A, Menara Milenium, Jalan Damanlela Pusat Bandar Damansara 50490 Kuala Lumpur
TAX ADVISER	Ernst & Young Tax Consultants Sdn Bhd Level 23A, Menara Milenium, Jalan Damanlela Pusat Bandar Damansara 50490 Kuala Lumpur
SOLICITORS	Naqiz & Partners No. 42A, Lorong Dungun Damansara Heights 50490 Kuala Lumpur
PRINCIPAL BANKER	Malayan Banking Berhad (3813-K) Menara Maybank, Jalan Tun Perak 50050 Kuala Lumpur
FEDERATION OF INVESTMENT MANAGERS MALAYSIA	Federation of Investment Managers Malaysia (FIMM) 19-07-3 7 th Floor PNB Damansara No. 19 Lorong Dungun Damansara Heights 50490 Kuala Lumpur Tel : 03-2093 2600 Fax : 03-2093 2700

(3) KEY DATA

THIS SECTION IS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT THE FUND. INVESTORS SHOULD READ AND UNDERSTAND THE WHOLE PROSPECTUS BEFORE MAKING ANY INVESTMENT DECISION.

Fund Information	MCIF	Page						
Fund Category	Bond (close-ended)	-						
Fund Type	Income	-						
Base Currency	RM	-						
Investment Objective	<p>The Fund aims to provide Unit Holders with semi-annual income* through investments in a portfolio of bonds.</p> <p><i>* Income will be paid out via cash payment mode.</i></p>	14						
Investment Strategy	<p>To achieve the Fund’s objective, the Fund will invest in a minimum of 80% of the Fund’s NAV in foreign and/or RM denominated bonds. The remaining balance of the Fund’s NAV will be invested in money market instruments and/or placement in deposits.</p> <p>The Fund may invest up to 40% of its NAV in non-investment grade foreign bonds i.e. bonds rated below BBB- by Moody’s, S&P, Fitch or its equivalent rating by other reputable rating agencies. The Fund’s investment in non-investment grade foreign bonds must be rated at least BB- or higher by Moody’s, S&P, Fitch or its equivalent rating by other reputable rating agencies.</p> <p>The Fund’s investment in RM denominated bonds must be rated at least A- or higher by RAM or MARC <i>at the point of purchase</i>. However, if any of the RM denominated bonds has been downgraded to a rating lower than A- but not lower than BBB rating by RAM or MARC, the Manager is not required to dispose of the bond and is able to keep the said bond until maturity as long as it has not been downgraded further to lower rating than BBB. The Fund’s investment in RM denominated bonds which are issued by government and/or government linked agencies need not be rated.</p> <p><i>The investment strategy is further elaborated in Chapter 5 Information of the Fund.</i></p>	14						
Asset Allocation	<table><tr><th>Asset Type</th><th>Range</th></tr><tr><td>Foreign and/or RM denominated bonds</td><td>Minimum of 80% of the Fund’s NAV</td></tr><tr><td>Money market instruments and/or placement in deposits</td><td>Remaining balance of the Fund’s NAV</td></tr></table>	Asset Type	Range	Foreign and/or RM denominated bonds	Minimum of 80% of the Fund’s NAV	Money market instruments and/or placement in deposits	Remaining balance of the Fund’s NAV	16
Asset Type	Range							
Foreign and/or RM denominated bonds	Minimum of 80% of the Fund’s NAV							
Money market instruments and/or placement in deposits	Remaining balance of the Fund’s NAV							

Fund Information	MCIF	Page
Specific Risks of the Fund	Company specific risk, credit default risk, counterparty risk, country risk, currency risk, interest rate risk, mismatch risk, derivatives risk, non-commencement risk, redemption risk and reinvestment risk.	11
Investor Profile	<p>This Fund is suitable for investors:</p> <ul style="list-style-type: none"> • with a moderate risk appetite; • who have an investment horizon of 3 years; and • who seek regular income distribution from participation in a portfolio of bonds. 	16
Distribution Policy	<p>The Fund will declare income distribution semi-annually, subject to the availability of income, during the tenure of the Fund.</p> <p><i>Note: The Fund's income distributions are non-guaranteed and subject to the continuing abilities of the issuers of the Fund's investments to meet their respective financial obligations.</i></p>	28
Mode of Distribution	<p>As this Fund is a closed-ended fund, income distribution will only be made via <u>cash payment mode</u>. Unit Holders may receive income payment either:</p> <p>(a) by way of cheque; or</p> <p>(b) by way of telegraphic transfer,</p> <p>based on Unit Holders' instructions as stated in the account opening form on the income payment date (which is within ten (10) Business Days from the ex-distribution date).</p> <p>Please note that cheque will be issued in the name of the first applicant as stated in the account opening form. All bank charges for the telegraphic transfer will be borne by the Unit Holders. The transfer charges will be deducted directly from the transferred amount before being paid to the Unit Holders' bank account.</p>	28
Performance Benchmark	<p>3 year Maybank Berhad fixed deposit rate. (Source: www.maybank2u.com)</p> <p><i>Note: The risk profile of the Fund is different from the risk profile of the performance benchmark.</i></p>	14
Trustee	TMF Trustees Malaysia Berhad	37
Financial Year End	31 July	-
Launch Date	5 February 2014	-

Fund Information	MCIF	Page
Offer Period	A period of not more than 45 calendar days from the date of the Prospectus or such shorter period as determined by the Manager. The Offer Period may be shortened by the Manager in the event the Fund is fully subscribed or where the Manager determines that it is in the best interest of the Unit Holders, subject to the Trustee's approval.	14
Offer Price	RM1.00 per Unit.	14
Commencement Date	The seventh (7 th) Business Day immediately following the end of the Offer Period.	-
Viable Fund Size	RM30 million or such other amount as the Manager and Trustee may jointly deem to be uneconomical to proceed with the Fund.	29
Tenure and Maturity Date	The tenure of the Fund is 3 years. The maturity date is the third (3 rd) anniversary of the Commencement Date. If the maturity date falls on a non-Business Day, the maturity date of the Fund shall be postponed to the next Business Day.	14

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

This table describes the fees/charges that you may DIRECTLY incur.

Fund Information	MCIF	Page										
Sales Charge*	Up to 3.00% of the offer price of the Fund will be imposed by the Manager.	20										
Redemption Charge*	<table><tr><th>Period from the Commencement Date</th><th>Redemption Charge based on the redemption amount</th></tr><tr><td>Up to the first anniversary</td><td>3.50%</td></tr><tr><td>The next Business Day following the first anniversary up to the second anniversary</td><td>2.50%</td></tr><tr><td>The next Business Day following the second anniversary up to the third anniversary</td><td>1.50%</td></tr><tr><td>Maturity Date</td><td>Nil</td></tr></table> <p>The redemption charge is non-negotiable and will be retained by the Fund for the benefit of the remaining Unit Holders. The redemption charge will not be applicable for Unit Holders exercising their cooling-off right or who redeem their Units prior to the Commencement Date.</p>	Period from the Commencement Date	Redemption Charge based on the redemption amount	Up to the first anniversary	3.50%	The next Business Day following the first anniversary up to the second anniversary	2.50%	The next Business Day following the second anniversary up to the third anniversary	1.50%	Maturity Date	Nil	21
Period from the Commencement Date	Redemption Charge based on the redemption amount											
Up to the first anniversary	3.50%											
The next Business Day following the first anniversary up to the second anniversary	2.50%											
The next Business Day following the second anniversary up to the third anniversary	1.50%											
Maturity Date	Nil											

Fund Information	MCIF	Page
Switching Fee	Not applicable. (Switching is not allowed)	21
Transfer Fee	RM10 per transfer.	21

**The Manager reserves the right to waive or reduce the sales charge at its absolute discretion. Investors may also negotiate for a lower sales charge. All sales charges and redemption charges will be rounded up to two (2) decimal places. Sales charges will be retained by the Manager but redemption charges will be retained by the Fund.*

This table describes the fees that you may INDIRECTLY incur when you invest in the Fund

Fund Information	MCIF	Page
Management Fee	Nil.	22
Trustee Fee	0.06% per annum of the NAV of the Fund (excluding foreign custodian fees and charges), accrued daily and payable monthly to the Trustee.	22
Fund Expenses	Commission/fees paid to dealers/brokers, audit fees, administrative charges such as printing of annual/interim report, tax certificates, reinvestment statements, postage and other services properly incurred in the administration of the Fund.	22
Minimum Initial Investment	RM1,000 or such other amount as determined by the Manager.	27
Minimum Additional Investment	RM1,000 or such other amount as determined by the Manager. <i>Note: Additional investments may be made during the Offer Period only.</i>	27
Minimum Redemption	1,000 Units.	27
Restriction on Frequency of Redemption	There are no restrictions on the frequency of redemption.	27
Minimum Holdings	1,000 Units	27

Fund Information	MCIF	Page
Payment of Redemption Proceeds	<p>Redemption proceeds will be paid within ten (10) calendar days of the Manager's receipt of a redemption request.</p> <p>The cut-off time for redemption request shall be at 4.00 p.m. on a Business Day.</p> <p>Any redemption request received before the cut-off time on a Business Day will be processed on the same Business Day based on the same day's pricing of the Fund.</p> <p>Any redemption request received after the cut-off time on a Business Day will be treated as having been received on the next Business Day and will be processed on the next Business Day based on the next day's pricing of the Fund.</p>	27
Transfer of Units	<p>Transfer of ownership of Units is allowed for this Fund.</p> <p>Transfer of ownership from the account of the deceased Unit Holder to his/her personal representative will only be undertaken through the process of estate administration and death claims procedures.</p>	27
Switching between funds	The switching facility is not available.	27
Cooling-Off Period	Six (6) Business Days commencing from the date the application for Units is received by the Manager.	28
Deed of the Fund	30 May 2013	-

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

Prospective investors should read and understand the contents of this Prospectus and, if necessary, should consult their adviser(s).

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

For information concerning certain risk factors which should be considered by prospective investors, see "Risk Factors" commencing on page 10.

If you are interested in the Fund, have any queries or require further information, please contact our client servicing personnel at 03-2297 7888 (ext. 7806/ 7923) at anytime during office hours (8.45 a.m. to 5.45 p.m.) from Monday to Thursday and (8.45 a.m. to 4.45 p.m.) on Friday on a Business Day. Alternatively, you may e-mail your enquiries to enquiries@maybank-am.com.

(4) RISK FACTORS

All investments carry some degree of risk. In relation to this, returns are not guaranteed to Unit Holders. If an investor expects a high return on investment, usually, the risk that the investor would have to bear would also be high, and vice versa. The choice of investing in the Fund is made at the discretion of the investors. There is a chance whereby the Fund chosen by the investor may not suit the investor's needs and circumstances. Investors should rely on their own evaluation to assess the merits and risks when investing in the Fund.

The role of the Manager in the Fund is to invest in a portfolio of assets which is adequately suited to potentially achieve the objective of the Fund, while at the same time working towards mitigating the risk of the portfolio of assets as much as possible, through careful asset allocation and security selection, as well as through diversification, i.e spreading risk across a basket of multiple assets or securities which have low or negative correlations with one another.

Before making an investment in the Fund, an investor should consider the various risks that may affect the Fund and the investor.

4.1 General Risks of Investing in the Fund

Market Risk

The value of investment may increase or decrease due to changes in market factors such as uncertainties in the economy, political and social environment that impact large portions of the market. This is a risk associated with all securities and cannot be eliminated. Hence, the Manager will monitor the financial markets closely and act on any adverse news accordingly.

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 per RM even though the nominal value of the investment in monetary terms has increased.

Liquidity Risk

Liquidity risk arises from the lack of ease/ marketability which an investment can be traded at or near its fair value, depending on the volume traded on the market. It may occur when the Fund holds a security which is thinly traded or when the Fund experiences large redemptions which in turn triggers possible selling of securities below its actual/desired price due to insufficient buyers in the market. This risk is mitigated by diversifying the investment in a wide range of securities and avoiding securities with poor liquidity.

Management Risk

The performance of the Fund is very much dependent on the experience, expertise and investment techniques of the Manager while the quality of management is also dependent on internal circumstances such as operational matters within the Manager. Poor management of the Fund would adversely affect the Fund's performance and jeopardise investment of Unit Holders. In order to reduce this risk, the implementation of internal controls and a structured investment process and operational procedures has been put in place by the Manager.

Non-Compliance Risk

This risk refers to the possibility that the Manager may not follow the provisions set out in this Prospectus 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. The Manager aims to reduce this risk by placing stringent internal policies and procedures and compliance monitoring processes to ensure that the Fund is in compliance with the relevant fund regulations or guidelines.

Loan Financing Risk

The price of Units in the Fund fluctuates according to the value of the underlying portfolio.

Investors should assess the inherent risk of investing with borrowed money which should include the following:

- i) The ability to service the loan repayments and the effect of increase in interest rates on loan repayments; and
- ii) (in a case where Units are used as collateral to the loan) the ability to provide additional collateral should Unit prices fall beyond a certain level.

Investors are discouraged from financing the purchase of Units via borrowings and should assess the inherent risk of investing with borrowed money as returns are not guaranteed.

Capital & Returns Are Not Guaranteed

Investor should be aware that there is no guarantee of any returns i.e. income distribution or capital appreciation by investing in the Fund. Unlike fixed deposits placed directly by the investors into any financial institutions which carry a specific rate of return, the Fund does not provide a fixed rate return.

4.2 Specific Risks of the Fund

Company specific risk

Specific risks of securities issued by a company apply as there are adverse conditions or negative sentiments which a company can be uniquely exposed to, be it from the view of management issues, deteriorating business fundamentals or losing competitiveness. As a consequence, the price of securities issued by such company might fall and subsequently affects the Fund's performance. The impact of a specific company may be reduced as the Fund invests in a wide portfolio of investments consisting of securities issued by different companies thereby spreading the element of risk through diversification.

Credit/default risk

This risk will arise when the issuer of a bond fails to make timely payments of the interests and/ or principal repayments on the maturity date. Deposits that the Fund has placed with financial institutions are also exposed to credit/default risk. If the issuer or financial institutions become insolvent, the Fund may suffer capital losses with regards to the capital invested and interest foregone, causing the performance of the Fund to be adversely affected. The Manager aims to reduce this risk by ensuring rigorous research and credit analysis are conducted prior to the selection of the bonds. Placement with financial institutions shall also be made based on prudent selection.

Counterparty risk

Counterparty risk refers to a risk that relates to the credit standing of counterparties when over-the-counter transactions are carried out and is generally not applicable to transactions performed through exchanges. In the event where counterparties of a contract fail to live up to its contractual obligations, the Fund will suffer from financial losses. The Fund seeks to mitigate this risk by performing fundamental credit research and analysis to determine the creditworthiness of counterparties, prior to commencement of the investment.

Country risk

By virtue of the nature of the Fund where it has exposures to different countries, the investment activities of the Fund may be affected by risks specific to these countries. In respect of this Fund, should a country's conditions be unfavourable to the Fund, the Manager may change bond allocations for a country accordingly, in the best interest of the Fund. This risk is also associated with socio-political developments that may result in a change in the political stance which manifests itself in changes in government's economic or legislative policies, some of which may affect investors, especially when there is a change from a business-friendly government to a less business friendly government. The Manager attempts to mitigate this risk by diversifying its country exposures.

Currency risk

This risk is associated with investments that are quoted and/or priced in foreign currency denomination. The investment values are all subject to currency translation risk between RM and foreign currencies. Investors should be aware that when foreign currencies move unfavorably against the RM, investments denominated in foreign currencies may suffer currency losses in addition to capital gains/losses, this will have an adverse effect on the NAV of the Fund and vice versa. In order to mitigate this risk, the Manager intends to use derivatives to hedge the foreign currency exposure.

Interest rate risk

This refers to the risk that the investment's value of the Fund may generally be reduced due to a rise in interest rates, which affects the bonds that the Fund invests in. The returns of bonds are influenced by the movement in interest rates. The bond's prices moves in an inverse relationship with interest rates, in addition to this, the price volatility is normally greater for long-tenure bonds rather than shorter-tenure bonds as they are more sensitive to interest rate changes.

In the event that the bonds are held until maturity, the concern regarding price fluctuations arising from interest rate changes may be minimal due to the lock in of price and yields. The impact of this risk is mitigated as the Fund adopts a buy-and-hold strategy and to invest in bonds with maturity of close to 3 years in order to match the maturity of the Fund.

Mismatch risk

Mismatch risk arises when the Fund buys a bond with tenure longer than 3 years. Given that the Fund is to liquidate all its bond holdings at its third (3rd) anniversary of the Commencement Date, there is a risk whereby the bond holdings with a maturity of more than 3 years may be forced sell at an unfavourable price depending on the market condition at the point of time. In such a case, the mismatch of maturities may potentially result in a loss to the Fund due to the selling of its bonds at a market price which is lower than the par value of the bond had the bond be held until maturity. The Fund seeks to mitigate this risk by investing in bonds which closely match the Fund's maturity of 3 years.

Derivatives risk

Derivatives, if any, will only be used for the purpose of hedging the Fund's portfolio from certain anticipated losses such as those resulting from unfavourable interest rate movements. However, every hedge comes with a cost. In a move to mitigate the risk of uncertainty; the Fund is now exposed to the risk of opportunity loss. Once hedged, the Fund cannot take full advantage of favourable exchange rate and interest rate movements.

Non-Commencement Risk

This is the risk that the Fund does not commence as expected. Hence, at any time before or on the Commencement Date of the Fund, the Manager reserves the right not to commence the Fund in the event the capital raised by the Fund is below RM30 million or such other amount as the Manager and Trustee may jointly deem to be uneconomical to proceed with the Fund. In such instances, the Manager shall return the amount subscribed to investors together with the sales charge, and investors may have to reinvest the monies returned to them into other investments which has a lower rate of return compared to that could have been provided by the Fund had the Fund commenced.

Redemption Risk

Investors are reminded to be prepared to stay committed to their investment until the Maturity Date which falls on the third (3rd) anniversary of the Commencement Date. Exiting the Fund prior to the Maturity Date will incur redemption charge.

Reinvestment Risk

Reinvestment risk may occur when there is divestment of a bond due to the issue rating being downgraded or to fulfill redemption request. Reinvestment risk also arises when an issuer of bond exercises its right to pay the principal on an obligation earlier than the expected maturity date. The Fund may not be able to reinvest in a suitable replacement bond and consequently the fund may experience lower returns due to reinvesting in lower yielding securities especially during times of declining interest rates.

<p>Investors are reminded that the risks listed above may not be exhaustive and if necessary, they should consult their adviser(s), e.g. their bankers, lawyers, stockbrokers or independent financial consultants for a better understanding of the risks.</p>

(5) INFORMATION ON THE FUND

5.1 Investment Objective of MCIF

The Fund aims to provide Unit Holders with semi-annual income* through investments in a portfolio of bonds.

** Income will be paid out via cash payment mode.*

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

5.2 Offer Price

The offer price is set at RM1.00 per Unit. The offer price will be the Selling Price and the Redemption Price throughout the Offer Period.

5.3 Offer Period

A period of not more than 45 calendar days from the date of the Prospectus or such shorter period as determined by the Manager.

The Offer Period may be shortened by the Manager in the event the Fund is fully subscribed or where the Manager determines that it is in the best interest of the Unit Holders, subject to the Trustee's approval. Units of the Fund are only available for purchase during the Offer Period.

5.4 Maturity of the Fund

The Fund will mature on the third (3rd) anniversary of the Commencement Date. If the maturity date falls on a non-Business Day, the maturity date of the Fund shall be postponed to the next Business Day.

5.5 Performance Benchmark

The performance of the Fund is benchmarked against the 3 year Maybank Berhad fixed deposit rate (*Source: www.maybank2u.com*).

Note: The risk profile of the Fund is different from the risk profile of the performance benchmark.

5.6 Investment Strategy

To achieve the Fund's objective, the Fund will invest in a minimum of 80% of the Fund's NAV in foreign and/or RM denominated bonds. The remaining balance of the Fund's NAV will be invested in money market instruments and/or placement in deposits.

The Fund may invest up to 40% of its NAV in non-investment grade foreign bonds i.e. bonds rated below BBB- by Moody's, S&P, Fitch or its equivalent rating by other reputable rating agencies. The Fund's investment in non-investment grade foreign bonds must be rated at least BB- or higher by Moody's, S&P, Fitch or its equivalent rating by other reputable rating agencies.

The Fund's investment in RM denominated bonds must be rated at least A- or higher by RAM or MARC *at the point of purchase*. However, if any of the RM denominated bonds has been downgraded to a rating lower than A- but not lower than BBB rating by RAM or MARC, the Manager is not required to dispose of the bond and is able to keep the said bond until maturity as long as it has not been downgraded further to lower rating than BBB. The Fund's investment in RM denominated bonds which are issued by government and/or government linked agencies need not be rated.

The Fund may invest in bonds issued by issuers based/domiciled in the Asia Pacific region where the regulatory authority is a member of the International Organization of Securities Commissions (IOSCO). The foreign markets that the Fund seeks to invest in include, but are not limited to the following:

- Hong Kong
- Singapore
- Thailand
- Korea
- China
- Indonesia
- India

When investing in foreign markets which require prior permission / approval such as in the form of an investment licence / investor code / investor registration, the Fund should obtain such necessary permission / approval in order to invest in such markets.

Trading Policy

As the tenure of the Fund is for a period of 3 years, the Manager will adopt a buy-and-hold strategy and invest in bonds which closely match the Fund's tenure. The Fund's foreign currency exposure will be hedged against the RM, if deemed appropriate.

The Manager will actively monitor individual bonds within the portfolio in the best interest of the Unit Holders and in order to safeguard the assets and total returns for the Fund. The Manager may divert from the "buy-and-hold" investment strategy if there are potential signs of credit deterioration of any bond and/or should a bond be downgraded below the rating as stated above. The Manager will not hesitate to dispose of the bond and/or to replace it with another bond which closely matches the Fund's objective. This is part of the Manager's risk management strategy to mitigate the credit default risk. It should be noted that such a replacement is not expected to alter the overall risk profile of the Fund.

At the Maturity Date, the Manager shall redeem or sell the bonds and money market instruments and return all the proceeds to the Unit Holders (based on the number of Units the Unit Holder holds), after deducting the applicable Fund's expenses and fees.

Temporary Defensive Positions

The Manager may take temporary defensive positions that may be inconsistent with the Fund's principal strategy in attempting to respond to adverse market, political or economic conditions. Under such situations, the Fund may hold up to all of the Fund's NAV in liquid assets such as money market instruments or placement in deposits. The defensive positions may be adopted for a time period as the Manager considers appropriate in consultation with the Trustee.

5.7 Asset Allocation

Asset Type	Range
Foreign and/or RM denominated bonds	Minimum of 80% of the Fund's NAV
Money market instruments and/or placement in deposits	Remaining balance of the Fund's NAV

5.8 Investor Profile

This Fund is suitable for investors:

- with a moderate risk appetite;
- who have an investment horizon of 3 years; and
- who seek regular income distribution from participation in a portfolio of bonds.

5.9 Risk Management Strategies

Risk Management is an integral part of the Manager's investment management process. As the Fund invests primarily in bonds, credit risk is an important consideration for the Manager. Periodic credit review on the bond holdings shall be conducted by the Manager. The Fund's exposure will also be spread across various sectors, counterparties and companies as diversification strategy.

The Manager will adopt a buy-and-hold strategy whereby bonds purchased will be held to maturity with disposal and liquidation of the investments only where necessary. Given that a bond is obligated to pay the face value upon its maturity, the buy-and-hold approach may reduce the interest rate risks, volatility and preserves the Fund's capital¹ provided that there is no credit default by the bond issuer.

In order to minimise instances of a mismatch between the Maturity Date of the Fund and that of the bonds it holds, the Manager will also strive to invest in bonds that matches the maturity date of the Fund.

The Manager may also employ hedging strategies to reduce currency risks via the engagement in certain transactions involving the use of derivatives.

In order to ensure that the Fund is managed within pre-determined guidelines, proper procedures and parameters are in place to manage the risks that are applicable to the Fund. Regular monitoring, reviews and reporting are also undertaken by the Manager to ensure that the Fund's investment objective is met.

5.10 Borrowings and Securities Lending

The Fund may not borrow cash or other assets in connection with its activities. However, the Fund may borrow cash on a temporary basis for the purpose of meeting redemption requests for Units and for short term bridging requirements subject to the following:

- the Fund's cash borrowing is only on a temporary basis and that borrowings are not persistent;
- the borrowing period shall not exceed one month;

¹ Please note that Unit Holders' investment capital is neither guaranteed nor protected.

- (c) the aggregate borrowings of the Fund shall not exceed 10% of the Fund's NAV at the time the borrowing is incurred; and
- (d) the Fund may only borrow from financial institutions.

The Fund may participate in the lending of securities within the meaning of the Securities Borrowing and Lending Guidelines issued by the SC.

5.11 Permitted Investments

The Fund is permitted to invest in the following:

- (a) Malaysian Government Securities (MGS), Government Investment Instruments (GII), treasury bills, Bank Negara Malaysia certificates/bills and Cagamas notes/bonds;
- (b) Other fixed income securities, zero coupon securities and floating rate securities issued or guaranteed by the Malaysian government, Bank Negara Malaysia, state government and/or government-related agencies;
- (c) Bonds including sovereign bonds, convertible bonds and USD denominated bonds;
- (d) Money market instruments;
- (e) Placement in local and foreign currency deposits with licensed financial institutions or banks;
- (f) Derivatives such as foreign currency swap or forward contracts for hedging purposes only; and
- (g) any other investment permitted by the Securities Commission which is in line with the objective of the Fund.

5.12 Investment Restrictions

Investment Spread Limits

- The value of the Fund's placement in deposits with any single institution must not exceed 20% of the Fund's NAV.
- The Fund's exposure to the derivatives position shall not exceed the Fund's NAV at all times.
- The value of the Fund's over-the-counter (OTC) derivative transaction with any single counter-party shall not exceed 10% of the Fund's NAV.
- The aggregate value of the Fund's investments in transferable securities, money market instruments, deposits and OTC derivatives issued by or placed with (as the case may be) any single issuer/institution must not exceed 25% of the Fund's NAV.
- The value of the Fund's investment in debentures issued by any single issuer must not exceed 20% of the Fund's NAV.
- The single issuer limit may be increased to 30% if the debentures are rated by any domestic or global rating agency to be of the best quality and offer highest safety for timely payment of interest and principal.
- When the single issuer limit is increased to 30% pursuant to the clause above, the aggregate value of the Fund's investment must not exceed 30%.

- The value of the Fund's investments in debentures issued by any group of companies must not exceed 30% of the Fund's NAV.
- The aggregate value of the Fund's investments in non-investment grade foreign bonds which are rated BB- or higher by Moody's, Standard & Poor's, Fitch or its equivalent rating by other reputable rating agencies and RM denominated bonds which are rated BBB or higher by RAM or MARC in the event of a downgrade of the RM denominated bonds, must not exceed 40% of the Fund's NAV.
- The limits and restrictions on the investments of the Fund do not apply to securities/instruments issued or guaranteed by the Malaysian government or Bank Negara Malaysia.

Investment Concentration Limits

- The Fund's investments in debentures must not exceed 20% of the debentures issued by any single issuer.
- The Fund's investments in money market instruments must not exceed 10% of the instruments issued by any single issuer. The limit does not apply to 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 and instruments. However, a 5% allowance in excess of any limits or restrictions may be permitted where the limit or restriction is breached through the appreciation or depreciation in value of 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 securities involved shall be made and the Manager should, 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.

5.13 Bases of Valuation of Investments

Bonds

Investments in listed bonds are valued daily based on the last traded price quoted on the exchange. However, if:-

- valuation based on the last traded price quotation does not represent the fair value of the listed bond, for example during abnormal market conditions; or
- no quoted price is available, including in the event of a suspension in the quotation of listed bonds for a period exceeding fourteen (14) days, or such shorter period as agreed by the Trustee;

the bonds would be valued at fair value, as determined in good faith by the Manager based on methods or bases which have been verified by the auditor and approved by the Trustee.

Investments in local unlisted bonds denominated in RM are valued daily at the price quoted by a bond pricing agency (BPA) registered with the SC. Where the Manager is of the view that the price quoted by BPA for a specific unlisted bond differs from the market price by more than 20 basis points, the Manager may use the market price, provided that the Manager:

- records its basis for using a non-BPA price;
- obtains necessary internal approvals to use the non-BPA price; and
- keeps an audit trail of all decisions and basis for adopting the market yield.

Investments in foreign unlisted bonds are valued daily at fair value by reference to the average indicative yield quoted by at least three (3) independent and reputable dealers/ financial institutions.

Placement in Deposits

Placements in deposits with financial institutions are valued daily by reference to the principal value of such investments and the interest accrued thereon for the relevant period.

Money Market Instruments

Investments in money market instruments are valued daily at cost, adjusted for amortisation of premium on accretion of discount over their par value at the time of acquisition, less provision for any diminution in value.

Derivatives

Derivative positions will be valued daily at fair value, as determined in good faith by the Manager based on methods or bases which have been verified by the auditor and approved by the Trustee.

Foreign Exchange Translation

Foreign exchange translation of foreign investments for a particular Business Day is determined based on the bid exchange rate quoted by Bloomberg at UK time 4.00 p.m. which is equivalent to 11.00 p.m. or 12.00 a.m. midnight (Malaysia time) on the same day, or such other time as prescribed from time to time by FIMM or any relevant laws.

(6) FEES, CHARGES AND EXPENSES

Fees/ Charges

The following describes the fees/ charges that investors may **directly** incur:

6.1 Sales Charge

A sales charge may be imposed by the Manager on the purchase of Units of the Fund during the Offer Period.

The sales charge shall be a percentage of the offer price of the Fund and is disclosed as follows:

Fund	MCIF
Sales Charge*	Up to 3.00%

**The Manager reserves the right to waive or reduce the sales charge at its absolute discretion. Investors may also negotiate for a lower sales charge. All sales charges will be rounded up to two (2) decimal places and will be retained by the Manager.*

Illustration - Computation of sales charge

Example:

If an investor wishes to invest RM10,000.00 in the Fund which imposes a sales charge of 3.00% of the offer price of the Fund, the total amount of sales charge will be:

$$3.00\% \times 10,000.00 = \underline{\text{RM300.00}}$$

The total amount to be paid by an investor for his or her investment will therefore be:

$$\text{RM10,000.00} + \text{RM300.00} = \underline{\text{RM10,300.00}} \text{ (inclusive of sales charge).}$$

6.2 Redemption Charge

FUND	MCIF	
Redemption Charge*		
	Period from the Commencement Date	Redemption Charge based on the redemption amount
	Up to the first anniversary	3.50%
	The next Business Day following the first anniversary up to the second anniversary	2.50%
	The next Business Day following the second anniversary up to the third anniversary	1.50%
	Maturity Date	Nil

* The redemption charge is non-negotiable and will be retained by the Fund for the benefit of the remaining Unit Holders. The redemption charge will not be applicable for Unit Holders exercising their cooling-off right or who redeem their Units prior to the Commencement Date. All redemption charges will be rounded up to two (2) decimal places.

Illustration - Computation of redemption charge

Example:

If an investor wishes to redeem RM10,000.00 from the Fund within the first anniversary from the Commencement Date, the redemption charge will be:

$$3.50\% \times \text{RM}10,000.00 \\ = \underline{\text{RM}350.00}$$

An investor will therefore receive the redemption proceeds of:

$$\text{RM}10,000.00 - \text{RM}350.00 = \underline{\text{RM}9,650.00}$$

6.3 Transfer Fee

A transfer fee of RM10 per transfer will be imposed on Unit Holders.

6.4 Switching Fee

Not applicable. (Switching is not allowed)

Fees And Expenses

The fees and expenses **indirectly** incurred by an investor when investing in the Fund are as follows:

6.5 Management Fee

Nil.

6.6 Trustee Fee

The Trustee is entitled to a trustee fee of 0.06% per annum of the NAV of the Fund (excluding foreign custodian fees and charges), accrued daily and payable monthly to the Trustee.

Illustration - Computation of trustee fee

Example:

Assuming that the NAV of the Fund is RM100 million for that day, the accrued trustee fee for the Fund for that day would be:

$$\frac{\text{RM}100,000,000 \times 0.06\%}{365 \text{ days}} = \text{RM}164.38 \text{ per day}$$

6.7 Fund Expenses

In administering the Fund, only fees and expenses that are directly related and necessary to the operation and administration of the Fund may be charged to the Fund. These include (but not limited to) the following:

- (i) commissions/fees paid to dealers/brokers in effecting dealings in the investments of the Fund;
- (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) costs, fees and expenses 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 by/or for the benefit of the Manager and/or the Trustee;
- (vii) costs, commissions, fees and expenses of the sale, purchase, insurance 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 valuer, adviser or contractor 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 not ordered by the court 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; and
- (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 or investments of the Fund.

Expenses related to the issuance of this Prospectus will be borne by the Manager.

6.8 Policy on Rebates and Soft Commissions

The Manager or any delegate thereof will credit any form of rebate from any dealer into the account of the Fund.

However, soft commissions may be retained by the Manager and its delegate for payment of goods and services such as research material, data and quotation services and investment management tools, which are incidental to the investment activities of the Fund and of demonstrable benefit to Unit Holders.

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

(7) TRANSACTION INFORMATION

7.1 Valuation Point

The Fund must be valued at least once every Business Day. The valuation of the Fund will be carried out in a fair and accurate manner. The Fund will be valued at 4.00 p.m. every Business Day.

However, certain foreign markets in which the Fund may invest in have different time zones from that of Malaysia. Accordingly, the valuation of the Fund will be conducted by 4.00 p.m. on the next Business Day, when the closing prices of the foreign markets would be available. As such, the daily price of the Fund for a particular Business Day will be published two (2) Business Days later.

For currency translation of foreign securities to the Fund's base currency (RM) shall be based on the bid exchange rate quoted by Bloomberg at UK time 4.00 p.m. which is equivalent to 11.00 p.m. or 12.00 a.m. midnight (Malaysia time) on the same day, or such other time as prescribed from time to time by FIMM or any relevant laws.

7.2 Computation of NAV and NAV per Unit

The NAV of the Fund is determined by deducting the value of the Fund's liabilities from the value of the Fund's assets, at a valuation point. For the purpose of computing the management fee and trustee fee, the NAV of the Fund should be inclusive of the management fee and the trustee fee for the relevant day.

Please note that the example below is for illustration only:

	RM
Securities Investment	100,000,000.00
Add : Other Assets (including cash) & Income	1,400,000.00
Less : Liabilities	200,000.00
NAV before deducting management fee and trustee fee for the day	101,200,000.00
Less : Management fee for the day	Nil
Less : Trustee fee for the day (at 0.06% per annum calculated based on the NAV) RM101,200,000 X 0.06% / 365 days	166.36
Total NAV	101,199,833.64

The NAV per Unit of the Fund is calculated by dividing the total NAV of the Fund by the number of Units in circulation at the end of each Business Day.

Assuming there are 100,000,000 Units of the Fund in circulation at the point of valuation, the NAV per Unit of the Fund shall therefore be calculated as follows:

		RM
	NAV	101,199,833.64
Divide:	Units in circulation	100,000,000.00
	NAV per Unit of the Fund	<u>1.0120*</u>

** NAV per Unit will be rounded up to four (4) decimal places for the purposes of publication of the NAV per Unit.*

7.3 Pricing of Units

Single Pricing Regime

The Manager adopts a **single pricing regime** in calculating a Unit Holder's purchase and redemption of Units. This means that all purchases and redemptions are transacted on a single price (i.e. NAV per Unit). During the Offer Period, the Selling Price of a Unit and the Redemption Price of a Unit is equivalent to the offer price. After the Offer Period, Forward Pricing will be used to determine the Redemption Price of a Unit, which is the NAV per Unit for the Fund as at the next valuation point after the redemption request is received by the Manager.

Selling Price of Units

Units will only be sold at the offer price during the Offer Period. The Manager may impose a sales charge of up to 3.00% of the offer price of the Fund.

Calculation of Selling Price

Illustration - Sale of Units with sales charge

Example:

If an investor wishes to invest RM10,000.00 in the Fund before 4.00 p.m. on 31 January 2013, and if the sales charge is 3.00% of the offer price of the Fund, the total amount to be paid by the investor and the number of Units issued to an investor will be as follows:

Sales charge payable by an investor = 3.00% x 10,000.00 = **RM300.00**

The total amount to be paid by an investor for his or her investment will therefore be:

RM10,000.00 + RM300.00
= **RM10,300.00** (inclusive of sales charge)

In the event that the offer price for the Fund at the end of the Business Day on 31 January 2013 = RM1.0000

The number of Units that will be issued to the investor will be:
RM10,000.00 divided by RM1.0000 = **10,000.00 Units**

Investors are advised not to make payment in cash when purchasing Units of the Fund via any institutional/retail agent.

Redemption Price of Units

The Redemption Price of a Unit of the Fund is the NAV per Unit at the next valuation point after the redemption request is received by the Manager (Forward Pricing).

Calculation of Redemption Price

Illustration - Redemption of Units with redemption charge

Example:

If a Unit Holder wishes to redeem 10,000.00 Units from the Fund before 4.00 p.m. within the first anniversary from the Commencement Date and the redemption charge is 3.50% of the NAV per Unit, the total amount to be paid to the Unit Holder will be as follows:

In the event that the NAV per Unit for the Fund at the end of the Business Day on 31 January 2013 = RM1.0000

Amount redeemed would be: 10,000 Units x RM1.000 = RM10,000

Redemption charge would be: 3.50% x RM10,000 = RM350

The total amount to be paid to the Unit Holder will be RM10,000 - RM350
= **RM9,650.00**

Therefore the Unit Holder will receive **RM9,650.00** as redemption proceeds

7.4 Incorrect Pricing

The Manager shall ensure that the Fund and the Units are correctly valued and priced according to the Deed and all relevant laws. Where there is an error in the valuation of the Fund, any incorrect pricing of Units which is deemed to be significant will involve the reimbursement of money in the following manner:

- (i) by the Manager to the Fund, and/or to the Unit Holders and/or to the former Unit Holders; or
- (ii) by the Fund to the Manager.

However, reimbursement of money shall only apply if the error is at or above the significant threshold of 0.5% of the NAV per Unit and the amount to be reimbursed is RM10.00 or more.

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

(8) TRANSACTION DETAILS

8.1 How and where to Purchase and Redeem Units of the Fund

Investors can purchase and redeem Units of the Fund at the Manager's business office and the appointed institutional unit trust advisers (IUTAs).

8.2 Investment

The minimum initial investment for the Fund is RM1,000 and the minimum additional investment is RM1,000. Additional investments may be made during the Offer Period only.

Investors are recognised as Unit Holders only after they have been registered in the Unit Holders' register. The registration takes effect from the date the Manager receives and accepts the application to purchase Units from investors together with the payment thereof.

8.3 Redemption of Units

Unit Holders may redeem part or all of their Units by simply completing the redemption request form and returning it to the Manager. Unit Holders shall be paid within 10 calendar days from the date the redemption request is received by the Manager. For partial redemption, the Unit holdings after the redemption must not be less than 1,000 Units. If the Unit holdings of a Unit Holder are, after a redemption request, below the minimum Unit holdings for the Fund, a request for full redemption is deemed to have been made. The minimum redemption for Units is 1,000 Units.

Other than the above conditions, there are no restrictions on the frequency of redemption.

8.4 Transfer of Units

Transfer of ownership of Units is allowed for this Fund.

Transfer of ownership from the account of the deceased Unit Holder to his/her personal representative will only be undertaken through the process of estate administration and death claims procedures.

8.5 Switching between Funds

The switching facility is not available for this Fund.

8.6 Cut-Off Time for Investment and Redemption of Units

The cut-off time shall be at **4.00 p.m.** on a Business Day.

Any applications received **before** the cut-off time on a Business Day will be processed on the same Business Day based on the Forward Pricing of the Fund.

Any applications received **after** the cut-off time on a Business Day will be treated as having been received on the next Business Day and will be processed on the next Business Day based on the next Forward Pricing of the Fund.

Please note that the application to purchase Units (investment) can be made during Offer Period only.

The above is in accordance with the standards issued by FIMM on the dealing cut-off time.

8.7 Notice of Cooling-off Period

A cooling-off right refers to the right of the Unit Holder to obtain a refund of his investment in the Fund if he so requests within the cooling-off period. A cooling-off right is only given to an investor, **other than those listed below**, who is investing in any of the Manager's funds **for the first time**:

- (i) a corporation or institution;
- (ii) a staff of the Manager; and
- (iii) persons registered with a body approved by the SC to deal in unit trusts.

The cooling-off period shall be for a total of six (6) Business Days commencing from the date the application for Units is received by the Manager.

The refund for every Unit held by the investor pursuant to the exercise of his cooling-off right shall be the sum of:

- (a) the NAV per Unit on the day the Units were first purchased; and
- (b) the sales charge per Unit originally imposed on the day the Units were first purchased.

Unit Holders shall be refunded within ten (10) days from receipt of the cooling-off application.

Investors are advised not to make payment in cash when purchasing Units of the Fund via any institutional/retail agent.

8.8 Distribution of Income

The Fund will declare income distribution semi-annually, subject to the availability of income, during the tenure of the Fund.

Note: The Fund's income distributions are non-guaranteed and subject to the continuing abilities of the issuers of the Fund's investments to meet their respective financial obligations.

Mode of Distribution

As this Fund is a closed-ended fund, income distribution will only be made via **cash payment mode**. Unit Holders may receive income payment either:

- (a) by way of cheque; or
- (b) by way of telegraphic transfer,

based on Unit Holders' instructions as stated in the account opening form on the income payment date (which is within ten (10) Business Days from the ex-distribution date).

Please note that cheque will be issued in the name of the first applicant as stated in the account opening form. All bank charges for the telegraphic transfer will be borne by the Unit Holders. The transfer charges will be deducted directly from the transferred amount before being paid to the Unit Holders' bank account.

8.9 Viable Fund Size

The Fund has a viable fund size of RM30 million or such other amount as the Manager and Trustee may jointly deem to be uneconomical to proceed with the Fund.

The Manager may in consultation with the Trustee and with the prior notification to SC to terminate the Fund if at any time before or on the Commencement Date of the Fund, the amount of capital raised by the Fund is less than RM30 million or such other amount as the Manager and Trustee may jointly deem to be uneconomical to proceed with the Fund.

Unit Holders will be refunded their amount invested in the Fund including the sales charge paid with eligible profit (if any) less bank and administrative charges (if any). Unit Holders will not be charged any redemption charge.

8.10 Unclaimed Monies

Any monies **other than** unclaimed income distribution payable to Unit Holders which remain unclaimed for one (1) year will be handled in accordance with the requirements of the Unclaimed Moneys Act, 1965.

Unit Holders may claim back the unclaimed money that has been submitted in accordance with the requirements of Unclaimed Moneys Act from the Registrar of Unclaimed Money.

8.11 Anti-Money Laundering Policies and Procedures

The Manager has established this set of policies and procedures to prevent money laundering activity and to report transactions if it appears to be suspicious, in compliance with the provision of Anti Money-Laundering and Anti-Terrorism Financing Act, 2001 (“AMLA”). In view of these, the Manager has the duty to ensure the following are strictly adhered to:-

- (i) Compliance with laws: the Manager shall ensure that laws and regulations are adhered, the business is conducted in conformity with high ethical standards and that service is not provided where there is good reason to suppose that transactions are associated with money laundering activities;
- (ii) Co-operation with law enforcement agencies: The Manager shall co-operate fully with law enforcement agencies. This includes taking appropriate measures such as disclosure of information by us to the Financial Intelligent Unit, Bank Negara Malaysia (“FIU”);
- (iii) Policies, procedures and training: The Manager shall adopt policies consistent with the principles set out under the AMLA and ensure that the staff is informed of these policies and provide adequate training to such staff on matter provided under the AMLA; and
- (iv) Know your customer: The Manager shall obtain satisfactory evidence of the customer’s identity and have effective procedure for verifying the bona fides of the customer.

8.12 Material Contracts

There are no other material contracts (including contracts not reduced in writing), not being contracts entered in the ordinary course of business which have been entered into by the Manager within two (2) years preceding the date of this Prospectus.

(9) THE MANAGER

9.1 Background Information

The Manager is a member of Malayan Banking Berhad Group (“Maybank Group”), Malaysia’s largest financial services group by asset size and market capitalisation as at 31 December 2012. The Manager was established on 5 March 1997 following the corporatization of the Investment Department of Maybank Investment Bank Berhad (“MIB”). MIB, which was incorporated on 28 September 1973, is the investment banking arm of the Maybank Group. The Manager is wholly-owned by Maybank Asset Management Group Berhad (formerly known as Aseamlease Berhad), a wholly-owned subsidiary of Maybank. The Manager is a holder of a Capital Markets Services Licence under the Act.

The Manager has over 30 years of experience including the period prior to its corporatization at MIB in managing investments ranging from equities, fixed income securities, money market instruments to unit trust funds and wholesale funds mainly on behalf of corporations, institutions, insurance and takaful companies and individuals. As at LPD, the Manager’s total assets under management is approximately RM9.545 billion which includes sixteen (16) wholesale funds and one (1) unit trust fund. With effect from 14 June 2012, the Manager had changed its name from Mayban Investment Management Sdn Bhd to Maybank Asset Management Sdn Bhd.

As at LPD, Maybank AM has staff strength of forty-four (44) personnel comprising of forty-two (42) executives and two (2) non-executives.

9.2 Functions, Duties and Responsibilities of the Manager

The general functions, duties and responsibilities of the Manager include, but not limited to, the following:

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

9.3 Summary of Financial Position of the Management Company

	Financial Year Ended 30 June 2010 (RM) (Audited)	Financial Year Ended 31 December 2011* (RM) (Audited)	Financial Period Ended 31 December 2012 (RM) (Audited)	Financial Period from 1 January 2013 to 30 June 2013 (RM) (Unaudited)
Issued and paid-up capital	5,000,000	5,000,000	10,000,000	10,000,000
Shareholders’ funds	26,215,892	30,898,198	36,132,899	35,194,470
Turnover	32,875,184	25,008,922	16,046,493	8,366,712
Profit before tax/ (loss)	16,680,542	9,426,237	434,234	(855,510)
Profit after tax/ (loss)	12,516,433	6,940,600	233,782	(937,510)

* The Manager has changed its financial year end from 30 June to 31 December with effect from 12 August 2011.

9.4 Board of Directors of the Manager

The Manager has an experienced Board of Directors with background in the financial markets. They are responsible for overseeing the activities of the Manager and the establishment of the Fund's policies. Board meetings are held once every two (2) months or more frequently should the circumstances require.

The profile of the Board of Directors is as follows:

Datuk Mohaiyani Shamsudin

Datuk Mohaiyani Shamsudin, a Malaysian, aged 64, was appointed as chairman and non-independent non-executive director of Maybank AM on 21 March 2012.

She was with Amanah Chase Merchant Bank Berhad before starting her own stockbroking company, Mohaiyani Securities Sdn. Bhd, in 1985. During her active involvement in the stock broking industry, she served as Deputy Chairman of the Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Berhad) and Chairman of Association of Stockbroking Companies Malaysia. She was also a member of the Capital Market Strategic Committee and the Capital Market Advisory Council of the SC. She was a board member of Aberdeen Asset Management Sdn Bhd. In addition, she had been appointed a member of the National Economic Action Council (NEAC), National Economic Consultative Council II (MAPEN II), National Information Technology Council (NITC) and Ministry of Finance High Level Finance Committee for Corporate Governance.

At present, Datuk Mohaiyani is a trustee of the National Heart Institute Foundation, Perdana Leadership Foundation, National Council of Women's Organisations Malaysia (NCWO) and NUR Foundation. She is also member of the board of the Capital Market Development Fund of SC.

Apart from Maybank AM, her other board memberships with Maybank Group include Malayan Banking Berhad, Maybank Investment Bank Berhad and Maybank Ventures Sdn Bhd.

She holds a BA (Economics), Knox College, Gelesburg, Illinois, USA and a MBA (Finance), Cornell University, Ithaca, New York, USA.

Datuk Karownakaran @ Karunakaran a/l Ramasamy

Datuk Karownakaran @ Karunakaran a/l Ramasamy, a Malaysian, aged 62, was appointed as an independent non-executive director of Maybank AM on 17 November 2010.

He joined the Malaysian Industrial Development Authority ("MIDA") in 1972 and retired in 2008 as the Director General. He was a member of the Cabinet Committee on Investment for high impact projects chaired by YAB Deputy Prime Minister. He was also appointed by the YAB Prime Minister as a member of "PEMUDAH" (Pasukan Petugas Khas Pemudahcara Perniagaan), a Special Taskforce to facilitate business, to improve public services delivery systems in terms of processes, procedures, legislation and human resource.

At present, he holds directorships in a few public listed companies such as Lion Corporation Berhad, Integrated Logistics Berhad, KNM Group Berhad, IOI Corporation Berhad and CCM Berhad.

Apart from Maybank AM, his other board membership within Maybank Group includes Etiqa Insurance Berhad and Maybank Investment Bank Berhad. He is also the Chairman of the Investment Committee of Maybank AM, in addition to being a member of the Risk Management Committee and Audit Committee of Maybank AM.

He holds a Bachelor of Economics (Accounting) (Honours) from the University of Malaya and completed a Post Graduate Course in Industrial Project Planning with University of Bradford, United Kingdom.

Loh Lee Soon

Mr. Loh Lee Soon, a Malaysian, aged 57, was appointed as independent non-executive director of Maybank AM effective 17 February 2011.

He started his career with Peat Marwick Mitchell & Co as an auditor from 1974 until 1982. Thereafter, he established his auditing and information technology consultancy firm in 1984. He was also attached to few other companies, among others, KPMG Consulting and Oracle Corporation Malaysia specializing in information technology and management consulting.

At present, he holds directorships in Scicom (MSC) Berhad and Malaysian Genomics Resource Centre Berhad.

Apart from Maybank AM, his other board memberships within Maybank Group include Maybank International (L) Ltd, Maybank International Trust (L) Ltd, Etiqa Insurance Berhad and Etiqa Takaful Berhad. He is also the Chairman of the Audit Committee of MAHB and Maybank AM, in addition to being a member of the Risk Management Committee of Maybank AM.

He is a member of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Accountants.

Nor' Azamin bin Salleh

Nor' Azamin bin Salleh, a Malaysian, aged 46, was appointed as the managing director/chief executive officer of Maybank AM on 1 October 2010.

He brings with him over 20 years of experience in finance, operations, sales & marketing and management. He has worked in leading asset management companies such as Asian Islamic Investment Management Sdn Bhd ("AIIMAN") - a subsidiary of DBS Asset Management Pte Ltd, Commerce Asset Fund Managers and Avenue Invest Berhad. In the past several years, he was actively involved in the growth of Islamic Investment Management in Malaysia. Prior to joining Maybank AM, he was the Executive Director/Chief Executive Officer of AIIMAN.

Apart from Maybank AM, his other board memberships within Maybank Group include Maybank Asset Management Group Berhad (formerly known as Aseamlease Berhad), Maybank Asset Management Singapore Pte Ltd and Kim Eng Asset Management (Thailand) Co. Ltd.

He holds a degree in Bachelor of Commerce and Master in Business Administration. In addition, he is a Chartered Accountant (Malaysia), Certified Practicing Accountant (Australia) and Certified Financial Planner. He is a holder of CMSRL.

9.5 Role of the Investment Committee

The investment committee formulates, establishes and implements investment strategies and policies. The investment committee will continually review and monitor the success of these strategies and policies using predetermined benchmarks towards achieving a proper performance for the Fund. The investment committee will also ensure investment guidelines and regulations are complied with. The investment committee will meet at least once a month or more should the need arise.

9.6 The Investment Committee Members

The profiles of the Fund's investment committee are as follows:

Datuk Karownikaran @ Karunakaran a/l Ramasamy (Non-independent member)

Please refer to Section 9.4 above.

Suhaimi bin Ilias (Non-independent member)

Suhaimi bin Ilias has 19 years of experience in Economics Research. He graduated with a Bachelor of Arts (Economics) and Master of Arts (Hons) in Economics from Cambridge University.

Prior to joining Maybank Investment Bank in March 2007, Suhaimi was with Affin Investment Bank since 1998. Before that, he worked at the central bank's (Bank Negara Malaysia) Economics Department for five years, starting his career as an economist at the Macro Economic Division that is responsible for monitoring and analysing developments in the Malaysian economy as well as undertaking growth forecasts and formulating the country's growth and development policies. He later moved to the World Economy Division as regional economist.

Although he has left public service to join the private sector, Suhaimi remains interested in and contributed to economic policy making. For example, he was a member of the External Consultant Group to the Globalisation Task Force, a unit under the National Economic Action Council (NEAC) between 2001 and 2003, and MIDA's Technical Resource Group that was involved in preparing the Third Industrial Master Plan for Non-Financial Services Sector in 2006. He was also involved in discussions on the National Budget and the 10th Malaysia Plan (2011-2015).

Suhaimi has been consistently ranked Top-5 in Asiamoney's Brokers Poll for Malaysia's macroeconomic research since 2008.

Datuk Syed Izuan Bin Syed Kamarulbahrin (Independent member)

Datuk Syed Izuan Bin Syed Kamarulbahrin, a Malaysian, aged 43, is a member of Association of Chartered Certified Accountant (ACCA), member of Malaysian Institute of Certified Public Accountants (MICPA) and member of Malaysian Institute of Accountants (MIA). He obtained his ACCA from Emile Woolf College of Accountancy, London. He started his career as an Audit Assistant in Price Waterhouse from 1993 to 1996. In July 1996, he joined Malaysian Resources Corporation Berhad as Assistant Manager, Business Development & Corporation Affairs. He joined Sapura Holding Sdn Bhd in March 1998 as an Investment Manager and subsequently being promoted to Chief Financial Officer. In January 2006, holding the same position, he moved to Tradewinds Plantation Berhad and then, joined Kuwait Finance House (M) Berhad as Head, International Business from November 2007 to September 2010. From October 2010 to December 2011, he was a Chief Executive Officer of Global Carriers Berhad. He is currently assuming the position of Group Financial Advisor in Weststar Group since January 2012.

Mohd Shariff bin Sulaiman (Independent member)

Mohd Shariff bin Sulaiman, a Malaysian, aged 57, has more than 25 years of experience in portfolio and financial management. He spent 21 years with PETRONAS from 1989 to 2010, holding various positions in the Group Treasury Department before retiring as Senior Manager, Domestic Equity Investments. He obtained his Masters of Business Administration and Bachelor of Business Administration from Central Michigan University, USA. He started his career in 1976 as an Executive Officer of Bank Examination Department in Bank Negara Malaysia. In 1983, he joined Sumitomo Bank and subsequently moved to TA Securities Berhad in 1989 as a Dealer's Representative.

9.7 Key Personnel of the Manager

The profiles of the Manager's key personnel are as follows:

Nor' Azamin bin Salleh

Please refer to Section 9.4 above for his profile.

Badrul Hisyam bin Abu Bakar

Badrul Hisyam bin Abu Bakar, Chief Investment Officer joined Maybank AM on 1 December 2010. He graduated from New York University, United States of America with a Bachelor of Science, majoring in Finance and Economics in 1996. He brings with him a 15 years experience working in numerous asset management companies such as HLG Asset Management Sdn Bhd, Commerce Asset Fund Managers Sdn Bhd, Avenue Asset Management Sdn Bhd, Tune Money Capital Sdn Bhd and BIMB Investment Management Berhad. Prior to joining Maybank AM, he was the Chief Investment Officer of BIMB Investment Management Sdn Bhd. He is a holder of CMSRL.

Fatimatul Zainulha Mohamed Isa

Fatimatul, Head of Compliance, joined Maybank AM in June 2013. As the Head of Compliance, Fatimatul is responsible for compliance matters, maintenance of high standards of business conduct and internal controls within Maybank AM. She is also responsible in the role of a liaison between regulators and Maybank AM.

Fatimatul brings with her over 15 years of extensive experience in the securities and asset management industries. She started her career as a dealer with Credit Agricole W.I Carr Indosuez Securities and forayed into asset management as an equity portfolio executive in the investment department of RHB Asset Management Berhad. She moved into the area of compliance as a manager at KAF Seagroatt & Campbell. After which she moved to BIMB Investment as the Compliance Officer overseeing the Shariah-compliant unit trust funds.

She holds a Degree in Law (LLB Hons) from Manchester Metropolitan University, England. She is a registered compliance officer with the SC.

She has attended courses on Shariah namely on "Fundamental & Shariah" and "Shariah Compliance Audit in Islamic Bank Revised" with Islamic Banking & Finance Institute Malaysia (IBFIM) to equip herself on Shariah knowledge.

Christopher Geh

Christopher Geh, Head of Product Development & Distribution, joined Maybank AM on 2 May 2012.

After graduating in 2001, he worked in the USA with numerous global companies such as Bank of America and Amazon.com in the areas of accounting and finance.

He returned to Malaysia in 2002 and worked with SBB Mutual, Hwang DBS, Prudential Fund Management, AmlInvestment Services and RHB Investment Services, specializing in strategic initiatives, product development and distribution.

He oversees all aspects of product strategy and development for the company. In addition to that, Chris is responsible for leading, managing and developing the operational sales plan for the distribution team as well as overseeing the client servicing team.

He graduated with a Bachelor of Business Administration majoring in finance from Seattle University, USA. He is a holder of CMSRL.

Wan Khatijah Wan Ahmad

Wan Khatijah Wan Ahmad has been appointed as Head of Finance and Operations, Maybank AM with effect from 20 March 2013.

Prior to joining Maybank AM, she was the Deputy Head, Investment Accounting Center of Excellence at AIA Shared Services Sdn Bhd where she was posted to the head office in Hong Kong for a period of 2 years for integration of investment systems for the AIA group.

In her fifteen years of experience in leading financial institutions such as AIA Shared Services Sdn Bhd, CIMB Trustee Berhad and Prudential Assurance Malaysia Berhad, Wan Khatijah has gained extensive experience in the areas of investment operations, fund valuation and investment system implementation and integration.

She started at Commerce Asset Fund Managers Sdn Bhd as a Fund Accountant and was promoted to Operations Manager where she was responsible for the Fund Accounting and Operations department. During her tenure as a Manager at CIMB Trustee Berhad, she was managing operational matters for 25 unit trust funds and 3 real estate investment trust funds.

She graduated from Hull University, England with a BSc in Accounting.

The profile of the designated fund manager for the Fund as follows:

Mohamad Azmi bin Abdul Majid

Azmi, Head of Fixed Income, joined Maybank AM on 22 October 2012.

Azmi has extensive experience in financial markets, spanning 16 years, mainly dealing in Treasury related products. Prior to joining Maybank Asset Management Sdn Bhd, he was a VP in RHB Investment Bank Berhad.

He holds a degree majoring in Accounting and Finance from Lancaster University, UK and an MBA in Finance from International Islamic University, Malaysia. He is a member of Persatuan Pasaran Kewangan Malaysia.

As the Head of Fixed Income, he is responsible for the planning and management of the fixed income portfolio to ensure all funds under management meet their respective objective returns. He is a holder of CMSRL and the **designated fund manager of the Fund**.

9.8 Material litigation

As at LPD, there is no material litigation or arbitration, including any pending or threatened and there are no facts likely to give rise to any proceedings, which might materially affect the business / financial position of Maybank AM, except for the following:

Wong Lai Yoke & 2 Others vs Maybank AM
Kuala Lumpur High Court Civil Suit No. D8-22-1426-2004

There is an ongoing legal suit which had commenced in 2004 against Maybank AM and another party in which former clients of Maybank AM are seeking to recover losses arising from their purchase of certain private placement shares through Maybank AM. The High Court found Maybank AM liable on part of the claim. Maybank AM has made full payment of the damages, interest and costs awarded. The plaintiffs' application for general damages to be assessed was dismissed by the Deputy Registrar on 30 July 2012 and is now pending appeal to the High Court Judge with a case management fixed to the judge on 13 September 2013.

9.9 Investment Advisor

Functions of Investment Advisor

The Manager has appointed Maybank Asset Management Singapore Pte Ltd ("MAMS") as the investment advisor for this Fund. MAMS shall provide investment advisory services to the

Manager in accordance with the investment objective of the Fund and its Deed, and subject to investment restrictions of the Fund.

Background of Maybank Asset Management Singapore Pte Ltd

Maybank Asset Management Singapore Pte Ltd (MAMS) started under the Kim Eng Holdings group on 30 June 2008 and received its capital market services (fund management) license from the Monetary Authority of Singapore on 28 August 2008. MAMS's principal activity is fund management and investment advisory. MAMS joined the Maybank group when Maybank acquired the Kim Eng Holdings in 2011. Together with their parent company in Malaysia, MAMS targets to become a first class ASEAN investment franchise managing traditional Asian equity and fixed income funds, and operate a platform of choice for emerging absolute return funds.

As of 30 June 2013, MAMS has a total staff force of 12 employees.

Board of Directors

Ooi Thean Yat Ronald Anthony
Tan Pei San
Nor' Azamin bin Salleh

Designated Investment Advisor

Goh Seng Kee, Regional Head of Fixed Income

Seng Kee heads the regional fixed income team. Prior to joining MAMS in September 2012, he was a Director and Portfolio Manager at BNP Paribas Investment Partners (BNPPIP) with the firm's Global Sukuk team, where he was a key member and managed its credit process and its analyst team. He joined global bond manager Fischer Francis Trees & Watts ("FFTW"), a member of BNPPIP, in 2003 where he was the primary portfolio manager and credit analyst for the Asia corporate credit sector covering both investment grade and sub investment grade markets.

Prior to his fixed income experience, he had spent a number of years in equities in both the buy side and sell side. He was an equity portfolio manager at HSBC Asset Management and a sell side equity analyst at Paribas and Peregrine Research Malaysia. He started in the investment industry in early 1997.

Seng Kee graduated with a first class honours in BSc in Management Sciences from University of Warwick in 1996. He has an MSc in Financial Engineering from National University of Singapore in 2008 and is a CFA charterholder since 2000.

He is the designated investment advisor for the Fund.

(10) THE TRUSTEE

10.1 Background Information

TMF Trustees Malaysia Berhad (Company No. 610812-W) was incorporated in Malaysia on 1 April 2003 under the Companies Act 1965 and registered as a trust company under the Trust Companies Act 1949 on 9 October 2003. Its registered and business address is at 10th Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia.

The Trustee is now part of TMF Group, an independent global service provider in the trust & fiduciary sector. The group has more than 100 offices in 75 jurisdictions in the world. TMF Trustees started in Malaysia in 1992 with its first office in Labuan International Business Financial Centre (IBFC), providing trust and fiduciary services. The Kuala Lumpur office was established in 2003 to support the Labuan office in servicing Malaysian clients and to undertake domestic trust business.

10.2 Financial Highlights

The following is a summary of the past performance of the Trustee based on audited accounts for the last 3 years:

	Financial Year Ended 31 st December		
	2012 RM'000	2011 RM'000	2010 RM'000
Turnover	3,276	2,847	2,306
Profit Before Tax	989	507	552
Profit After Tax	713	284	429
Issued/Paid-up Capital	1,800	1,800	1,800
Shareholders' Fund	3,074	2,425	2,141

10.3 Experience in Trustee Business

As at 31 May 2013, the Trustee's operations in Malaysia are supported by a staff strength of 72, consisting of 61 executives and 11 non-executives. The staffs are mostly comprised of professionals from various disciplines in trusts, legal, accounting and company secretarial.

The Trustee provides all types of trustee business, such as trustee and security trustee for private debt securities (PDS), corporate administrator to asset-backed securities (ABS), trustee for unit trust funds & private trust and custodian for private fund mandate. As at 31 May 2013, the Trustee has 18 unit trust funds and 11 wholesale funds under its trusteeship. The TMF Group provides a comprehensive range of corporate secretarial services, financial accounting, HR administrative and payroll outsourcing services.

The Trustee has strong compliance and internal procedures and policies to ensure that all files are handled professionally. The Trustee is covered under the Group Professional Indemnity Insurance.

10.4 Board of Directors

The following table sets out information regarding the Board of Directors of the Trustee:

<u>Name</u>	<u>Directorship</u>
Ms. Chia Siew Chin	Managing Director
Ms. Shu Wai Ling	Executive Director
Mr. Yoon Ming Sun	Independent, Non-executive Director

10.5 Profile of Key Personnel

Ms. Chia Siew Chin (Mrs Sue Yong) - Managing Director

Ms Chia had her training in London and is qualified as a Chartered Accountant in England and Wales. She has worked in various audit firms in London and Malaysia and has more than 25 years experience in the audit, accounting, corporate secretarial and business advisory services.

She is a pioneer in the trust industry in Malaysia and had set up a trust company in the Labuan International Business Financial Centre in 1992. Prior to this she was a partner in an audit firm providing audit, accounting, secretary, tax and management consultancy services. She has extensive experiences in both Malaysian and offshore jurisdictions in offering solutions to corporate and private clients in tax advantaged structures, corporate management, and trust matters.

Ms Chia is a member of the Institute of Chartered Accountants in England and Wales (ICAEW), Malaysian Institute of Accountants (MIA), Malaysian Institute of Taxation (MIT), UK based Society of Trust and Estate Practitioners (STEP), and a Certified Financial Planner (CFP).

Ms. Shu Wai Ling - Director, Fund Services

Shu is an associate member of the Institute of Chartered Secretaries and Administrators (ACIS). She has over 15 years of work experience in investment settlement and operations, fund administration including fund accounting, fund valuation and investment compliance. She was the Head of Operations in an investment management company and an insurance company, responsible for the investment operation and fund accounting. She then progressed to the position of Head of Business Development in an established trust company with more than 150 unit trust funds under their trusteeship. With her exposure in these financial institutions, she has extensive experience and knowledge in business processes in the administration of investment fund and implementation of fund accounting and valuation.

Ms. Deidre Selventhiranathan - Legal & Compliance Officer

Deidre holds a Bachelor of Laws degree from the University of London. Prior to her current position in TMF, she was a Legal and Trust Executive with the company, actively involved in the drafting of trust documentation, operations and monitoring of the trusts. Her experience includes working as a Legal Executive for three years in an established water supply and waste management company listed in Bursa Malaysia, where her responsibilities were in preparing agreements, monitoring agreements and projects to ensure that payments, records and timelines were fulfilled and updated in accordance to relevant laws in effect and liaising with various governmental departments on compliance related matters. Prior to that, she was a research assistant in a local university.

10.6 Duties and Responsibilities of the Trustee

The Trustee's main functions are to act as trustee and custodian of the assets of the Fund and to safeguard the interests of Unit Holders of the Fund. In carrying out these functions and duties, the Trustee has to exercise all due care, skills, diligence and vigilance and is required to act in accordance with the provisions of the Deed, all relevant laws and the Securities Commission's Guidelines on Unit Trust Funds. Apart from being the legal owner of the Fund's assets, the Trustee is also responsible for ensuring that the Manager performs its duties and obligations in accordance with the provisions of the Deed, all relevant laws and the Guidelines.

10.7 Trustee's Statement of Responsibility

The Trustee has given its willingness to assume the position as Trustee of the Fund and all the obligations in accordance with the Deed, all relevant laws and Securities Commission's Guidelines on Unit Trust Funds.

10.8 Trustee's Delegate

The Trustee has appointed Standard Chartered Bank Malaysia Berhad 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. All investments are automatically registered into the name of the relevant Fund. The custodian acts only in accordance with instruction from the Trustee.

Standard Chartered Bank Malaysia Bhd was incorporated in Malaysia on 29 February 1984 under the Companies Act 1965 as a public company and is a subsidiary of Standard Chartered PLC (the holding company of a global banking group). Standard Chartered Bank Malaysia was granted license on 1 July 1994 under the Banking and Financial Institutions Act, 1989.

10.9 Trustee's Disclosure of Material Litigation and Arbitration

As at 31 May 2013, 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/financial position of the Trustee and any of its delegates.

(11) SALIENT TERMS OF THE DEED

11.1 UNIT HOLDERS' RIGHTS AND LIABILITIES

A Unit Holder is a person registered in the register as a holder of Units or fractions of Units in a fund which automatically accord him rights and interest in the fund.

Unit Holders' Rights

A Unit Holder has the right, amongst others:

1. to receive distributions, if any, of that Fund;
2. to participate in any increase in the NAV of Units of that Fund;
3. to call for Unit Holders' meetings and to vote for the removal of the Trustee or the Manager through special resolution;
4. to exercise the cooling-off right (only for qualified investors);
5. to receive annual and interim reports on that Fund; and
6. to exercise such other rights and privileges as 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 investments of the Fund. 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 trustee of the investments of the Fund.

Unit Holders' Liabilities

1. 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.
2. 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 this Deed exceed the value of the assets of the Fund, and any right of indemnity of the Manager and/or the Trustee shall be limited to recourse to the Fund.

11.2 MAXIMUM FEES AND CHARGES PERMITTED BY THE DEED

Fund	Maximum Sales Charge (based on the offer price of the Fund)	Maximum Redemption Charge (based on the NAV per Unit of the Fund)	Maximum Management Fee (based on the NAV of the Fund)	Maximum Trustee Fee (based on the NAV of the Fund)
MCIF	3.0%	3.5%	Not applicable	0.06% per annum of the NAV of the Fund (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 the Prospectus unless:

- (a) the Manager has notified the Trustee in writing of the higher rate and the date on which such higher rate is to become effective;
- (b) a supplemental/ replacement prospectus stating the higher rate is issued thereafter; and
- (c) such time as may be prescribed by any relevant law shall have elapsed since the supplemental/ replacement prospectus is issued.

Redemption Charge

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

- (a) the Manager has notified the Trustee in writing of the higher rate and the date on which such higher rate is to become effective;
- (b) a supplemental/ replacement prospectus stating the higher rate is issued thereafter; and
- (c) such time as may be prescribed by any relevant law shall have elapsed since the supplemental/ replacement prospectus is issued.

Management Fee

The Manager may not charge a management fee at a rate higher than that disclosed in the 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;
- (c) a supplemental/ replacement prospectus stating the higher rate is issued thereafter; and
- (d) such time as may be prescribed by any relevant law shall have elapsed since the supplemental/ replacement prospectus is issued.

Trustee Fee

The Trustee may not charge a trustee fee at a rate higher than that disclosed in the 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;
- (c) a supplemental/ replacement prospectus stating the higher rate is issued thereafter; and
- (d) such time as may be prescribed by any relevant law shall have elapsed since the supplemental/ replacement prospectus is issued.

11.4 RETIREMENT, REMOVAL AND REPLACEMENT OF THE MANAGER

Subject to the approval of the SC, 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 six (6) months' notice in writing of its desire so to do, or such lesser time as the Manager and the Trustee may agree, and subject to fulfilment of the conditions as stated in the Deed.

The Manager may be removed and replaced, if so required by the Trustee, on the grounds that:

- (a) 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 it to do so after the Trustee has given notice to it 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 SC and with the approval of the Unit Holders;
- (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.

In 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 by the mere fact that the Manager has received the notice. The Trustee shall, at the same time, by 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.

11.5 RETIREMENT, REMOVAL AND REPLACEMENT OF THE TRUSTEE

The Trustee may retire upon giving six (6) months' notice to the Manager of its desire to do so (or such shorter period as the Manager and the Trustee may agree) and may by deed appoint in its stead a new trustee approved by the SC.

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 Act.

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 Section 290 of the Act;
- (d) The Trustee has failed or refused to act as trustee in accordance with the provisions or covenants of the Deed or the provisions of the Act;
- (e) A receiver is appointed over the whole or a substantial part of the assets or undertaking of the existing trustee and has not ceased to act under the appointment, or a petition is presented for the winding up of the existing trustee (other than for the purpose of and followed by a reconstruction, unless during or following such reconstruction the existing 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 1965 or any securities law.

11.6 TERMINATION OF THE FUND

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

- (a) The SC's approval is revoked under section 212(7)(A) of the Act;
- (b) A special resolution is passed at a Unit Holders' meeting to terminate or wind up the Fund, following occurrence of events stipulated under section 301(1) of the Act and the court has confirmed the resolution, as required under section 301(2) of the Act;
- (c) A special resolution is passed at a Unit Holders' meeting to terminate or wind up the Fund;
- (d) The Fund has reached its maturity date as specified in the Deed (if any); and
- (e) The effective date of an approved transfer scheme (if any) has resulted in the Fund, which is the subject of the transfer scheme, being left with no asset/property.

11.7 UNIT HOLDERS' 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 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, in which case a poll shall be taken. On a show of hands every Unit Holder who is present or by proxy shall have one vote.

The quorum for a meeting of Unit Holders of the Fund 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 of the Fund at the time of the meeting.

(12) RELATED PARTY TRANSACTIONS/ CONFLICT OF INTEREST

Related Party Transactions

Save as disclosed below, there are no existing or proposed related party transactions involving the Fund, the Manager, the Trustee and/or persons connected to them as at LPD:

- (i) Maybank has been appointed for the purpose of marketing and distribution of Units of the Fund by the Manager. The Manager is wholly-owned by Maybank Asset Management Group Berhad (formerly known as Aseamlease Berhad) which is wholly owned by Maybank. In view of this, the appointment of Maybank as the distributor of the Units and to provide marketing and information technology infrastructure provider for the Fund is deemed as a related party transaction;
- (ii) Maybank Asset Management Singapore Pte Ltd (“MAMS”) has been appointed by the Manager as the investment advisor for this Fund. Nor’ Azamin bin Salleh, who is the Managing Director/Chief Executive Officer of the Manager, is also a director of MAMS. MAMS shall provide investment advisory services to the Manager in accordance with the investment objective of the Fund and its Deed, and subject to investment restrictions of the Fund.

Policies On Dealing With Conflict Of Interest Situations

The Manager has in place policies and procedures to deal with any conflict of interest situations. In making an investment transaction for the Fund, the Manager will not make improper use of its position in managing the Fund to gain, directly or indirectly, any advantage or to cause detriment to the interests of Unit Holders.

The Manager and its directors including the investment committee members will at all times act in the best interests of the Unit Holders of the Fund and will not conduct itself in any manner that will result in a conflict of interest or potential conflict of interest. In the unlikely event that any conflict of interest arises, such conflict shall be resolved such that the Fund is not disadvantaged. In the unlikely event that the Manager faces conflicts in respect of its duties to the Fund and its duties to the other funds that it manages, the Manager is obliged to act in the best interests of all its investors and will seek to resolve any conflicts fairly and in accordance with the Deed and the relevant laws.

Where a conflict or potential conflict of interest situation arises, it will be evaluated by the compliance department and disclosed to the executive director of the Manager for the next course of action. Conflict of interest situations involving the executive director will be disclosed to the Manager’s Board for a decision on the next course of action. Directors or staffs who are in advisory positions such as portfolio managers or staffs who have access to information on transactions are not allowed to engage in dealings on their own account. Investment committee members who hold substantial shareholdings or directorships in public companies shall refrain from any decision making if the Fund invests in the particular share or stocks of such companies.

The Manager has formulated policies and adopted certain procedures to prevent conflicts of interest situations.

They include the following:

- (a) The adoption of the Manager’s policy on ownership of shares and stocks of limited companies by the Manager’s employees. The policy includes a requirement for all employees to submit a written declaration of their interests in the securities of limited companies;

- (b) Prohibition of employees involved in share trading on the stock market, from trading in the open market in their private capacity, except with prior approval of the chief executive officer or compliance officer, or for the purpose of disposing shares in quoted limited companies acquired through sources permitted by the Manager;
- (c) Limits set when using brokers and/or financial institutions for dealings of the investments of the unit trust funds;
- (d) Duties for making investment decisions, raising accounting entries and ensuring that payments are properly segregated and carried out by different departments which are headed by separate persons;
- (e) Investment procedures, authorised signatories and authorised limits are properly documented in the Manager's standard operating procedures;
- (f) Holding meetings with the Trustee on a case to case basis to discuss issues related to the management of the unit trust fund, including conflict of interest situations; and
- (g) A proper segregation of duties to prevent conflict of interest situations.

In addition, a monthly declaration of securities trading is required from all employees and the executive director of the Manager, to ensure that there is no potential conflict of interest between the employees' securities trading and the execution of the employees' duties to the Manager and customers of the Manager. The Manager has also appointed a senior compliance officer whose duties include monitoring and resolving conflict of interest situations in relation to unit trust funds managed and administered by the Manager.

As at the LPD, the Manager is not aware of any existing or potential conflict of interest situations which may arise.

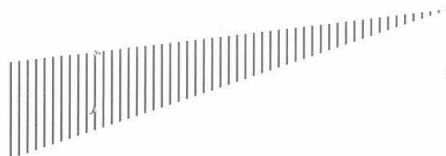
Details Of The Management Company's Directors' and Substantial Shareholders' Direct And Indirect Interest In Other Corporations Carrying On A Similar Business

As at the LPD, the directors and substantial shareholders of the Manager do not have any direct and indirect interest in other corporations carrying on a similar business save for Nor' Azamin bin Salleh who holds directorship in MAMS.

Other Declarations

The solicitors, auditors and tax adviser confirm that there are no existing or potential conflicts of interest in their respective capacity as advisors for the Manager.

(13) TAXATION ADVISER'S LETTER



ERNST & YOUNG

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

Ernst & Young Tax Consultants Sdn Bhd
Level 23A Menara Milenium
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50490 Kuala Lumpur

8 March 2013

The Board of Directors
Maybank Asset Management Sdn Bhd
Level 12, Tower C
Dataran Maybank
No. 1, Jalan Maarof
59000 Kuala Lumpur

Dear Sirs

Taxation of the unit trust and unit holders

This letter has been prepared for inclusion in the First Prospectus in connection with the offer of units in the unit trust known as Maybank Constant Income Fund 1 (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 dividends, interest and other investment income derived from or accruing in Malaysia after deducting tax allowable expenses, is subject to Malaysian income tax, which is currently imposed at the rate of 25%.



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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; and
- secretarial, audit and accounting fees, telephone charges, printing and stationery costs and postage.

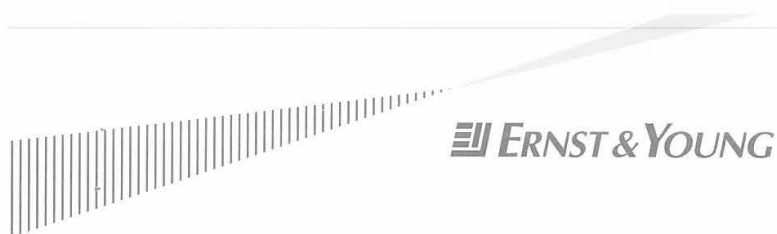
These expenses are given a partial deduction under Section 63B of the MITA, based on the following formula:

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

- 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 (whether exempt or not), interest 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.



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Exempt income

The following incomes of the Fund are exempt from income tax:

- **Dividends**

Tax exempt dividends received from investments in companies which had previously enjoyed or are currently enjoying certain tax incentives provided under the relevant legislation.

Paragraph 12B, Schedule 6 of MITA states that exempt dividend includes any dividend paid, credited or distributed to any person where the company paying such dividend is not entitled to deduct tax under Section 108 of MITA.

- **Interest**

- (i) interest from securities or bonds issued or guaranteed by the Government of Malaysia;
- (ii) interest from debentures or Islamic securities (other than convertible loan stock) approved by 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 or financial institutions licensed under the Banking and Financial Institutions Act 1989 or the Islamic Banking Act 1983;
- (v) interest from Islamic securities originating from Malaysia (other than convertible loan stock) issued in any currency other than Ringgit and approved by Securities Commission or Labuan Offshore Financial Services Authority (LOFSA)²;
- (vi) interest received from bonds or securities issued by Pengurusan Danaharta Nasional Berhad; and

² Pursuant to Section 4 of the Finance Act 2011, with effect from 11 February 2010, 'LOFSA' refers to Labuan Financial Services Authority (LFSA).



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- (vii) interest derived from bonds (other than convertible loan stock) paid or credited by any company listed on the Malaysian Exchange of Securities Dealing and Automated Quotation Berhad (MESDAQ)³.

- **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.

Foreign income

Dividends, interest 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 sale of chargeable assets, as defined in the RPGT Act.

With effect from 1 January 2013, any chargeable gain on the disposal of chargeable assets would be subject to RPGT at the applicable tax rate depending on the holding period as follows under the **Real Property Gains Tax (Exemption) Order 2012 [P.U. (A) 415]**.

	Holding Period	RPGT rates
(i)	Up to 2 years	15%
(ii)	Exceeding 2 until 5 years	10%
(iii)	Exceeding 5 years	0%

Fund can still enjoy a full exemption from RPGT on disposals of chargeable assets held more than 5 years.

³ MESDAQ was replaced by FTSE Bursa Malaysia ACE with effect from 3 August 2009, therefore any interest derived from bonds (other than convertible loan stock) paid or credited by any company listed on the MESDAQ should still qualify for an exemption up to 2 August 2009. However, from 3 August 2009 and up to the date of this letter, there is no new gazette order issued to exempt interest derived from bonds paid or credited by a company listed in the new FTSE Bursa Malaysia ACE.



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Tax credit

Tax deducted at source from Malaysian dividends received by the Fund will be available for set-off either wholly or partly against the tax liability of the Fund. Should the tax deducted at source exceed the tax liability of the Fund, the excess is refundable to the Fund⁴.

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.

Distributions received by a non-resident unit holder from income which has been taxed at source at 25% will not be subject to any further income tax in Malaysia.

⁴ Pursuant to Section 51 of the Finance Act 2007, a person is not entitled for a set-off if the shares are held for less than 90 days or the dividend is not derived from ordinary shares. This prohibition is not applicable for shares in a company listed on the Bursa Malaysia. Further, Section 50 of Finance Act 2009 indicates that a person is not entitled to a set-off if the dividend paid to that person is not in cash.



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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 other 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 depends on their tax residence status and whether they are individuals, corporations or trust bodies. The income tax rates charged are as follows:

Unit holders	Malaysian income tax rates
Malaysian tax resident: <ul style="list-style-type: none"> Individual and non-corporate unit holders (such as associations and societies) Co-operatives Trust bodies 	<ul style="list-style-type: none"> Progressive tax rates ranging from 0% to 26% Progressive tax rates ranging from 0% to 25% 25%



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Unit holders	Malaysian income tax rates
<p>Malaysian tax resident:</p> <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) (ii) Companies other than (i) above 	<ul style="list-style-type: none"> For every first RM500,000 of chargeable income @ 20%⁵ Chargeable income in excess of RM500,000 @ 25% 25%
<p>Non-Malaysian tax resident (Note):</p> <ul style="list-style-type: none"> Individual and non-corporate unit holders Corporate unit holders and trust bodies 	<ul style="list-style-type: none"> 26% 25%

Note:

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 not be subject to income tax in the hands of unit holders unless they are insurance companies, financial institutions or traders/ dealers in securities.

⁵ A company would not be eligible for the 20% tax rate on the first RM500,000 of chargeable income if:-

- 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 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;
- 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 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;
- 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.


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Unit splits and reinvestment of distributions

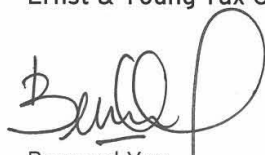
Unit holders may also receive new units as a result of unit splits or may choose to reinvest their distributions. The income tax implications of these are as follows:

- 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.

We hereby confirm that, as at the date of this letter, the statements made in this report 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.

(14) COMMUNICATION WITH UNIT HOLDERS

14.1 Official Receipt and Statement of Investment

Each time a Unit Holder purchases Units or conducts any other transaction for the Fund, a confirmation advice is sent out to the Unit Holder by ordinary post. A computer generated statement will also be issued to provide the Unit Holder with a record of each and every transaction made in the account so that the Unit Holder may confirm the status and accuracy of his/her transactions, as well as to provide the Unit Holder with an updated record of his/her investment account(s) with the Manager.

14.2 Keeping Track of the Daily Prices of Units

The Manager will publish the Fund's NAV per Unit in at least one national Bahasa Malaysia and one national English newspaper.

As the Fund has exposure to investment in foreign markets, the NAV per Unit for a particular Business Day will be published two (2) Business Days later.

In the event of any discrepancies between the NAV per Unit published in the newspapers and the Manager's computation, the Manager computed NAV per Unit shall prevail. The Manager shall not be held liable for any error or omission in the NAV per Unit published as this is beyond the Manager's control.

14.3 Financial Reports

Unit Holders will be informed of the Fund's performance through the audited annual reports and half-yearly unaudited reports. The reports will be sent to the Unit Holders within 2 months after the close of the financial year-end or interim period.

14.4 Changing account details

Unit Holders are required to inform the Manager in writing on any changes of their account details. The account details will amongst other things include the following:

- (i) the Unit Holder's address and contact details;
- (ii) signing instructions;
- (iii) distribution of income instruction.

(15) CONSENT

- (a) The consent of the Trustee, investment advisor, auditors and solicitors for the inclusion of their names in this Prospectus in the manner and form in which such names appear have been given before the date of issue of this Prospectus and none of them have subsequently withdrawn their written consents.
- (b) The tax adviser has given their consent to the inclusion of their name and the tax adviser's letter on taxation of the Fund and Unit Holders in the form and context in which it appears in this Prospectus and has not withdrawn such consent prior to the date of this Prospectus.

(16) DOCUMENTS AVAILABLE FOR INSPECTION

For a period of not less than twelve (12) months, the following documents or copies thereof, where applicable, may be inspected, without charge at the registered office of the Manager and/or the Trustee during office hours on a Business Day:

- (a) the Deed(s) of the Fund;
- (b) any material contracts or documents referred to in this Prospectus;
- (c) the latest annual and interim reports for the Fund;
- (d) all reports, letters or other documents, valuations and statements by any expert, any part of which is extracted or referred to in this Prospectus;
- (e) the audited financial statements of the Manager and the Fund (where applicable) for the last three (3) financial years or from the date of incorporation/inception, if less than three (3) years, preceding the date of this Prospectus;
- (f) writ and relevant cause papers for all current material litigation and arbitration disclosed in this Prospectus (if any);
- (g) latest audited financial statements of the Manager and the Fund for the current financial year (where applicable); and
- (h) any consent given by experts or persons named in this Prospectus.

(17) UNIT TRUST LOAN FINANCING RISK DISCLOSURE STATEMENT

Investing in a unit trust fund with borrowed money is more risky than investing with your own savings.

You should assess if loan financing is suitable for you in light of your objectives, attitudes to risk and financial circumstances. You should be aware of the risks, which would include the following:

- (a) The higher the margin of financing (that is, the amount of money you borrow for every Ringgit of your own money that you put in as deposit or down payment) the greater the potential for losses as well as gains.
- (b) You should assess whether you have the ability to service the repayments on the proposed loan. If your loan is a variable rate loan, and if interest rates rise, your total repayment amount will be increased.
- (c) If unit prices fall beyond a certain level, you may be asked to provide additional acceptable collateral or pay additional amounts on top of your normal instalments. If you fail to comply within the time prescribed, your Units may be sold to settle your loan.
- (d) Returns on unit trusts are not guaranteed and may not be earned evenly over time. This means that there may be some years where returns are high and other years where losses are experienced instead. Whether you eventually realise a gain or loss may be affected by the timing of the sale of your Units. The value of Units may fall just when you want your money back even though the investment may have done well in the past.

The brief statement cannot disclose all the risks and other aspects of loan financing. You should therefore carefully study the terms and conditions before you decide to take the loan. If you are in doubts in respect of any of this risk disclosure statement or the terms of the loan financing, you should consult the institution offering the loan.

ACKNOWLEDGEMENT OF RECEIPT OF RISK DISCLOSURE STATEMENT

I acknowledge that I have received a copy of this Unit Trust Loan Financing Risk Disclosure Statement and understand its contents.

Signature : _____

Full Name : _____

Date : _____

(18) DIRECTORY

Maybank Asset Management Sdn Bhd

Level 12, Tower C, Dataran Maybank

No 1, Jalan Maarof

59000 Kuala Lumpur

Malaysia

Tel No: 03 - 2297 7888

Fax No: 03 - 2297 7998

Website: [http: http://www.maybank-am.com/](http://www.maybank-am.com/)

Email: enquiries@maybank-am.com

Kindly contact the Manager for more details on the list of appointed institutional unit trust advisers (IUTAs).

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