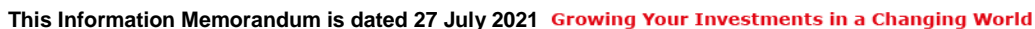


## A composite image featuring a night view of a city skyline with illuminated skyscrapers, overlaid with a blue-tinted financial chart showing a rising line graph and various numerical data points.

Company number: 198601005272 (154432-A)

Company number: 200701005591 (763590-H)



**SOPHISTICATED INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THE INFORMATION MEMORANDUM. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER. FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY SOPHISTICATED INVESTORS, SEE SECTION 5: RISK FACTORS COMMENCING ON PAGE 33.**

# ABOUT THIS INFORMATION MEMORANDUM

This is an information memorandum which introduces you to AmFunds Management Berhad and the Hong Kong Tech Index Fund (“Fund”), which is a wholesale fund. This Information Memorandum outlines in general what you would need to know about the Fund and is intended for the exclusive use by prospective Sophisticated Investors (as defined herein) who should ensure that all information contained herein remains confidential.

This Information Memorandum is strictly private and confidential and solely for your own use. It is not to be circulated to any third party. No offer or invitation to purchase the units of the Fund, the subject of this Information Memorandum, may be made to anyone who is not a Sophisticated Investor.

Unless otherwise indicated, any reference in this Information Memorandum to any legislation, statute or statutory provision is a reference to that legislation, statute or statutory provision for the time being, as amended or re-enacted, and to any repealed legislation, statute or statutory provision which is re-enacted (with or without modification).

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

## DISCLAIMER

An investment in the Fund carries with it a degree of risk. The value of units and the income from it, if any, may go down as well as up, investment in wholesale fund involve risks including the risk of total capital loss and no income distribution. Sophisticated Investors should consider the risk factors set out under Section 5: Risk Factors.

Statements made in this Information Memorandum are based on the law and practices currently in force in Malaysia and are subject to changes in such law and practices.

Any references to a time or day in this Information Memorandum shall be a reference to that time or day in Malaysia, unless otherwise stated.

No person has been authorised to issue any advertisement or to give any information, or to make any representations in connection with the offering, placing, subscription, sale, switching or redemption of units in the Fund other than those contained in this Information Memorandum or any supplemental document and, if issued, given or made, such advertisement, information or representations must not be relied upon

by an investor. Any purchase made by any person on the basis of statements or representations not contained in or inconsistent with the information and representations in this Information Memorandum or any supplemental document will be solely at the risk of the Sophisticated Investor. Sophisticated Investors may wish to consult their independent professional adviser about the suitability of the Fund for their investment needs.

This Information Memorandum does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

The Manager has the right to reject any application by a US Person. However, if you are investing through our appointed distributor who operates under a nominee system of ownership, kindly consult the respective distributor accordingly.

## **Personal Data**

As part of our day to day business, we collect your personal information when you apply to open an account with us, subscribe to any of our products or services or communicate with us. In return, we may use this information to provide you with our products or services, maintain our records or send you relevant information. We may use your personal information which includes information on any transactions conducted with us, for one or more of the following purposes, whether in Malaysia or otherwise:

- a. Assess your eligibility or suitability for our products which you had applied for and to verify your identity or financial standing through credit reference checks;
- b. To notify you of more and up to-date information such as improvements and new features to the existing products and services, development of new products, services and promotions which may be of interest to you;
- c. Manage and maintain your account(s) through regular updates, consolidation and improving the accuracy of our records. In this manner we can respond to your enquiries, complaints and to generally resolve disputes quickly so that we can improve our business and your relationship with us;
- d. Conduct research for analytical purposes, data mining and analyse your transactions / use of products and services to better understand your current financial / investment position and future needs. We will also produce data, reports and statistics from time to time, however such information will be aggregated so that your identity will remain confidential;
- e. Comply with the requirements of any law and regulations binding on us such as conducting anti-money laundering checks, crime detection / prevention, prosecution, protection and security;
- f. Enforcement of our rights to recover any debt owing to us including transferring or assigning our rights, interests and obligations under any of your agreement with us;
- g. In the normal course of general business planning, oversight functions, strategy formulation and decision making within AmBank Group;

- h. To administer and develop the Manager's and/or the Manager's associated companies within the AmBank Group business relationship with you;
- i. Outsourcing of business and back-room operations within AmBank Group and/or other service providers; and
- j. Any other purpose(s) that is required or permitted by any law, regulations, standards, guidelines and/or relevant regulatory authorities including with the trustee of the Fund.

Sophisticated Investors are advised to read our latest or updated Privacy Notice (notice provided as required under the Personal Data Protection Act 2010) available on our website at [aminvest.com](http://aminvest.com). Our Privacy Notice may be revised from time to time and if there is or are any revision(s), it will be posted on our website and/or other means of communication deemed suitable by us. However any revision(s) will be in compliance with the Personal Data Protection Act 2010.

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# 1 DEFINITIONS

<b>AFM, the Manager, us, our or we</b>	AmFunds Management Berhad.
<b>AmBank</b>	AmBank (M) Berhad.
<b>AmBank Group</b>	Refers to AMMB Holdings Berhad and all its direct and indirect subsidiaries, including, but not limited to: AmBank (M) Berhad, AmBank Islamic Berhad, AmInvestment Bank Berhad, AmInvestment Group Berhad, AmFunds Management Berhad, AmIslamic Funds Management Sdn Bhd, AmFutures Sdn Bhd, AmCard Services Berhad and AmGeneral Insurance Berhad.
<b>AmInvest</b>	The brand name for the funds management business of AMMB Holdings Berhad comprising AmFunds Management Berhad and AmIslamic Funds Management Sdn Bhd.
<b>Application</b>	In respect of units of Target Fund, a creation application or a redemption application.
<b>AUD</b>	Australian Dollar.
<b>Auditor</b>	Has the same meaning as defined in the CMSA 2007.
<b>Business Day</b>	<p>A day on which the Bursa Malaysia and/or commercial banks in Kuala Lumpur are open for business.</p> <p>The Manager may declare certain Business Days to be non-Business Days although Bursa Malaysia and/or commercial banks in Kuala Lumpur are open, if the markets in which the Fund is invested in are closed for business. This is to ensure that investors are given a fair valuation of the Fund when making subscriptions or redemptions. This information will be communicated to you via our website at <a href="http://www.aminvest.com">www.aminvest.com</a>. Alternatively, you may contact our Customer Service at 603- 2032 2888.</p>
<b>Classes</b>	<p>Any number of class(es) of units representing similar interests in the assets of the Fund and Class means any one class of units.</p> <p>Classes that may be offered by the Fund are as follows:</p> <ul style="list-style-type: none"> <li>• <b>AUD-Hedged Class</b></li> <li>• <b>EUR-Hedged Class</b></li> <li>• <b>RM-Hedged Class</b></li> <li>• <b>SGD-Hedged Class</b></li> <li>• <b>AUD Class</b></li> <li>• <b>EUR Class</b></li> <li>• <b>RM Class</b></li> <li>• <b>SGD Class</b></li> </ul>

	<ul style="list-style-type: none"> <li>• <b>USD-Hedged Class</b></li> <li>• <b>HKD Class</b></li> <li>• <b>USD Class</b></li> </ul> <p>As of the date of this Information Memorandum, only these three (3) Classes (each a “Class” and collectively “Classes”) will be offered for subscriptions:</p> <ul style="list-style-type: none"> <li>• <b>HKD Class</b> – a class issued by the Fund which is denominated in HKD.</li> <li>• <b>RM Class</b> – a class issued by the Fund which is denominated in RM.</li> <li>• <b>RM-Hedged Class</b> – a class issued by the Fund which is denominated in RM and will be hedged against the base currency of the Fund.</li> </ul>
<b>CMSA 2007, CMSA, the Act</b>	Capital Markets and Services Act 2007 and any amendments made thereto.
<b>Code</b>	Code on Unit Trusts and Mutual Funds issued by the SFC, as may be amended from time to time.
<b>CRS</b>	Common Reporting Standards.
<b>Deed</b>	The deed dated 17 June 2021 and supplemental deeds (if any) entered into between the Manager and the Trustee in relation to the Fund.
<b>EUR</b>	Euro, the official currency of the European Union.
<b>FATCA</b>	Foreign Account Tax Compliance Act.
<b>Fund</b>	Hong Kong Tech Index Fund.
<b>HKD</b>	Hong Kong Dollar.
<b>Index Provider</b>	The person responsible for compiling the Underlying Index against which the Target Fund benchmarks its investments and who holds the right to license the use the Underlying Index to the Target Fund i.e. Hang Seng Indexes Company Limited.
<b>Index Securities</b>	Refers to (i) the constituent securities of the Underlying Index; (ii) such other securities the Index Provider has publicly announced shall form part of the Underlying Index in the future but are currently not constituent securities of the Underlying Index.
<b>Information Memorandum</b>	Information memorandum of the Fund.



<b>IUTA</b>	Institutional Unit Trust Scheme Adviser registered with the Federation of Investment Managers Malaysia (FIMM) to market and distribute unit trust funds.
<b>Latest Practicable Date (LPD)</b>	31 May 2021.
<b>Launch date</b>	The date of this Information Memorandum and is the date on which sales of units of the Fund may first be made; the Launch Date is also the date of constitution of the Fund.
<b>Management Company, Manager of Target Fund</b>	CSOP Asset Management Limited.
<b>MYR, RM</b>	Ringgit Malaysia.
<b>NAV per unit</b>	Net Asset Value attributable to a Class divided by the number of units in circulation of that Class, at the valuation point.
<b>Net Asset Value (NAV)</b>	The value of all the assets of the Fund less the value of all the liabilities of the Fund at a valuation point. For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is inclusive of the management fee and trustee fee for the relevant day; where the Fund has more than one Class, there shall be a NAV attributable to each Class.
<b>p.a.</b>	Per annum.
<b>Participating Dealer</b>	A broker or dealer (licensed for Type 1 regulated activity under the Securities and Futures Ordinance issued by the SFC) which has entered into a Participation Agreement, and any reference in the prospectus of Target Fund to “Participating Dealer” shall, where the context requires, include a reference to any PD Agent so appointed by the Participating Dealer.
<b>Participation Agreement</b>	An agreement either (1) entered into between the trustee of the Target Fund, the Management Company and a Participating Dealer (and if applicable, supplemented with a supplemental participation agreement entered into between the same parties and the PD Agent), or (2) entered into between the trustee of the Target Fund, the Management Company, the Participating Dealer, Hong Kong Securities Clearing Company Limited and the conversion agent, each setting out, amongst other things, the arrangements in respect of Applications by such Participating Dealer or PD

	Agent (as the case may be), as may be amended from time to time. References to the Participation Agreement shall, where appropriate, mean the Participation Agreement, read together with the operating guidelines.
<b>PD Agent</b>	A person who is admitted by the Hong Kong Securities Clearing Company Limited as either a direct clearing participant or a general clearing participant in Central Clearing and Settlement System and who has been appointed by a Participating Dealer as its agent for the creation and redemption of the Target Fund.
<b>Primary Market Investor</b>	An investor who makes a request to a Participating Dealer or to a stockbroker who has opened an account with a Participating Dealer to effect an Application on his behalf.
<b>Redemption</b>	Repurchase of units of the Fund.
<b>SC, the SC</b>	Securities Commission Malaysia.
<b>SC Guidelines</b>	Guidelines on the Unlisted Capital Market Products under the Lodge and Launch Framework issued by the SC, and shall include any amendments and revisions contained herein or made pursuant thereto.
<b>Secondary Market Investor</b>	An investor who purchases and sells Target Fund in the secondary market on the SEHK.
<b>SEHK</b>	The Stock Exchange of Hong Kong Limited or its successors.
<b>SFC</b>	Securities and Futures Commission of Hong Kong or its successors.
<b>SGD</b>	Singapore Dollar.
<b>Sophisticated Investor(s)</b>	Means any person who comes within any of the categories of investors set out in Part 1, Schedule 6 and 7 of the CMSA, and shall include any amendments and revisions contained herein or made pursuant thereto.
<b>Special Resolution</b>	<p>Means a resolution passed by a majority of not less three-fourths of the Unit Holders present and voting at the meeting in person or by proxy.</p> <p>For the purposes of terminating the Fund or a Class of the Fund, "Special Resolution" is passed by a majority in number holding not less than three-fourths of the value of the votes cast by the Unit Holders present and voting at the meeting in person or by proxy.</p>
<b>Target Fund</b>	CSOP Hang Seng TECH Index ETF.

<b>Trustee</b>	Deutsche Trustees Malaysia Berhad.
<b>Underlying Index</b>	Hang Seng TECH Index.
<b>Unit Holder(s), you</b>	<p>The person(s) for the time being registered under the provisions of the Deed as a holder of units of the Fund including the joint holders, whose name appears in the Manager's register of Unit Holders.</p> <p>Please note that if a Sophisticated Investor invests through a distributor via nominee system of ownership, the Sophisticated Investor will not be deemed a Unit Holder under the Deed.</p>
<b>US (United States) Person</b>	<p>A US citizen or resident individual, a partnership or corporation organized in the US or under the laws of the US or any State thereof, a trust if: (i) a court within the US would have authority under applicable law to render orders or judgments concerning substantially all issues regarding administration of the trust, and (ii) one or more US persons have the authority to control all substantial decisions of the trust, or an estate of a decedent that is a citizen or resident of the US as defined in the Malaysia-US IGA Guidance Notes on Compliance Requirements for Malaysia-US Intergovernmental Agreement on FATCA issued by Inland Revenue Board Of Malaysia dated 11 September 2015, including any amendments, guidelines and other administrative actions made thereunder.</p>
<b>USD</b>	US Dollar.
<b>Wholesale Fund</b>	<p>A fund, the units which are issued, offered for subscription or purchase, or for which invitations to subscribe for or purchase the units have been made, exclusively to Sophisticated Investors.</p>

## 2 CORPORATE DIRECTORY

### **MANAGER**

**AmFunds Management Berhad**  
**Registration number: 198601005272**  
**(154432-A)**

#### **Registered office**

22<sup>nd</sup> Floor, Bangunan AmBank Group,  
No.55, Jalan Raja Chulan,  
50200 Kuala Lumpur.  
Tel: (03) 2036 2633

#### **Business office**

9<sup>th</sup> & 10<sup>th</sup> Floor, Bangunan AmBank  
Group,  
No.55, Jalan Raja Chulan,  
50200 Kuala Lumpur.  
Tel: (03) 2032 2888  
Fax: (03) 2031 5210  
Email: enquiries@aminvest.com  
Website: www.aminvest.com

### **TRUSTEE**

**Deutsche Trustees Malaysia Berhad**  
**Registration number: 200701005591**  
**(763590-H)**

#### **Registered office / Business office**

Level 20, Menara IMC,  
8 Jalan Sultan Ismail,  
50250 Kuala Lumpur.  
Tel: (03) 2053 7522  
Fax: (03) 2053 7526

### **TRUSTEE'S DELEGATE** **(CUSTODIAN)**

**Deutsche Bank (Malaysia) Berhad**  
**Registration number: 199401026871**  
**(312552-W)**

#### **Registered office**

Level 18, Menara IMC  
No. 8, Jalan Sultan Ismail  
50250 Kuala Lumpur  
Tel : (603) 2053 6788  
Fax: (603) 2031 8710

#### **Business office**

Level 18-20, Menara IMC,  
No. 8, Jalan Sultan Ismail,  
50250 Kuala Lumpur.  
Tel : (603) 2053 6788  
Fax: (603) 2031 8710

## 3 THE FUND'S DETAILED INFORMATION

### 3.1 Fund Information

<b>Fund Name</b>	Hong Kong Tech Index Fund
<b>Base Currency of the Fund</b>	HKD
<b>Fund Type</b>	Growth
<b>Fund Category</b>	Wholesale (feeder fund)
<b>Investment Objective</b>	<p>The Fund seeks to provide capital growth by investing in one (1) collective investment scheme, which is an exchange-traded fund.</p> <p><i>Notes: Any material change to the investment objective of the Fund would require Unit Holders' approval.</i></p>
<b>Investment Strategy</b>	<p>The Fund seeks to achieve its investment objective by investing a minimum of 85% of the Fund's NAV in the Target Fund. This implies that the Fund has a passive strategy.</p> <p>Even though the Fund is passively managed, the Fund's investments will be actively rebalanced from time to time to accommodate for subscription and redemption requests, price movements or due to reasons beyond Manager's control. During this period, the Fund's investment may differ from the stipulated asset allocation. Additionally, the Manager do not intend to take temporary defensive measure for the Fund during adverse market, economic, political or any other conditions to allow the Fund to mirror the performance of the Target Fund.</p> <p><i>Note: A replacement of the Target Fund would require Unit Holders' approval.</i></p>
<b>Asset Allocation</b>	<ul style="list-style-type: none"> <li>• A minimum of 85% of the Fund's NAV in Target Fund; and</li> <li>• A maximum of 15% of the Fund's NAV in liquid asset such as cash and deposits. For clarification, deposit includes cash with bank which pays interest.</li> </ul>
<b>Performance Benchmark</b>	<p>Hang Seng TECH Index.</p> <p>(available at <a href="http://www.aminvest.com">www.aminvest.com</a>)</p>
<b>Income Distribution Policy</b>	Subject to the availability of income, distribution (if any) is incidental.

<b>Investor Profile</b>	<p>The Fund is suitable for Sophisticated Investors seeking:</p> <ul style="list-style-type: none"> <li>• potential capital appreciation on their investment;</li> <li>• participation in the global equity market; and</li> <li>• exposure to technology sector.</li> </ul>
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### 3.2 Other Information

<b>Launch Date</b>	27 July 2021
<b>Initial Offer Period</b>	<p>A period of up to twenty-one (21) days commencing from the date units of the Fund are being offered for sale.</p> <p><i>Note: The Manager reserves the right to determine a shorter offer period and notify the Trustee. The decision for a shorter offer period is based on the sole discretion of the Manager.</i></p>
<b>Initial Offer Price</b>	<p><b>HKD Class:</b> HKD1.0000</p> <p><b>RM Class:</b> RM1.0000</p> <p><b>RM-Hedged Class:</b> RM1.0000</p>
<b>Financial Year End</b>	31 January
<b>Permitted Investment</b>	<p>As permitted under the Deed, the Fund will invest in any of the following investments:</p> <ol style="list-style-type: none"> <li>the Target Fund or any collective investment scheme having a similar objective with the Fund;</li> <li>liquid assets which include but not limited to cash and deposits;</li> <li>financial derivatives for hedging purposes; and</li> <li>any other kind of investments as permitted by the SC or any other relevant authorities from time to time which is in line with the investment objectives of the Fund.</li> </ol>
<b>Investment Limits and Restrictions</b>	The Fund must be invested in one (1) collective investment scheme.

## 4 INFORMATION ON CSOP HANG SENG TECH INDEX ETF (THE TARGET FUND)

<b>Name of Target Fund</b>	CSOP Hang Seng TECH Index ETF
<b>Regulatory Authority</b>	SFC
<b>Management Company</b>	CSOP Asset Management Limited
<b>Domicile</b>	Hong Kong
<b>Date of Establishment</b>	27 August 2020
<b>Date of Listing</b>	28 August 2020
<b>Base Currency of the Target Fund</b>	HKD
<b>Exchange Listing</b>	SEHK – Main Board
<b>Stock Code</b>	3033
<b>Trading Board Lot Size</b>	200 Units
<b>Application Unit size for Creation/ Redemption (only by or through Participating Dealers)</b>	Minimum 500,000 Units (or multiples thereof)
<b>Underlying Index</b>	Hang Seng TECH Index Inception Date: 27 July 2020 Number of constituents: 30 Base Currency of Underlying Index: HKD
<b>Index Provider</b>	Hang Seng Indexes Company Limited

### 4.1 About CSOP ETF Series

The Target Fund is a sub-fund of CSOP ETF Series (the “Trust”). The Trust is an umbrella unit trust constituted by way of a trust deed dated 25 July 2012 (as amended and restated on 5 September 2019), between CSOP Asset Management Limited as Manager of the Target Fund and HSBC Institutional Trust Services (Asia) Limited as trustee of the Target Fund, (as further amended and supplemented from time to time). The terms of the Trust deed are governed by the laws of Hong Kong.

### 4.2 Management Company of the Target Fund

The Management Company of the Target Fund is CSOP Asset Management Limited. It was established in January 2008 and is licensed to carry on Types 1 (Dealing in Securities), 4 (Advising on Securities) and 9 (Asset Management) regulated activities under Part V of the Securities and Futures Ordinance.

The Management Company, a subsidiary of China Southern Asset Management Co. Limited, is the first Hong Kong subsidiary set up by mainland Chinese fund houses to carry out asset management and securities advisory activities in Hong Kong.

The Management Company is dedicated to serving investors as a gateway for investment between China and the rest of the world. For inbound investment, the Management Company's boasting local expertise makes it the ideal adviser or partner of international investors. For outbound investment, it is keen to introduce suitable overseas investment opportunities to domestic Chinese institutional and retail investors. The Management Company provides discretionary management services and advisory services to both institutional investors and investment funds. The Management Company undertakes the management of the assets of the Trust.

#### **4.3 Investment Objective**

The investment objective of the Target Fund is to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the Underlying Index, namely, Hang Seng TECH Index. There is no assurance that the Target Fund will achieve its investment objective.

#### **4.4 Investment Strategy**

In order to achieve the investment objective of the Target Fund, the Management Company will adopt a full replication strategy by directly investing all, or substantially all, of the assets of Target Fund in Index Securities constituting the Underlying Index in substantially the same weightings (i.e. proportions) as these Index Securities have in the Underlying Index, as set out in Section 4.5 below. When an Index Security ceases to be a constituent of the Underlying Index, rebalancing occurs which involves, inter alia, selling the outgoing Index Security and using the proceeds to invest in the incoming Index Security. The Management Company will not use a representative sampling strategy other than in exceptional circumstances.

Under exceptional circumstances (i.e. due to restrictions, suspensions of trading, limited availability of certain Index Securities), where it is not feasible to acquire certain securities which are constituents of the Underlying Index due to restrictions or limited availability and/ or it is not cost efficient, by reference to the net asset value of the Target Fund, to use a full replication strategy, the Management Company may also use a representative sampling strategy to invest in:

- (i) A representative sample whose performance is closely correlated with the Underlying Index, but whose constituents may or may not themselves be constituents of the Underlying Index; and/or
- (ii) Other collective investment schemes (CIS). "CIS" means an exchange traded fund and/or an unlisted index tracking fund which tracks an index that has a high correlation with the Underlying Index. The Target Fund's ability to invest in other CIS may not exceed 10% of the net asset value of the Target Fund and the Target Fund will not hold more than 10% of any units issued by any single CIS.



In pursuing a representative sampling strategy, the Management Company may cause the Target Fund to deviate from the index weighting on condition that the maximum deviation from the index weighting of any constituent will not exceed 3% or such other percentage as determined by the Management Company after consultation with the SFC.

Prior notice will not be given to investors of the Target Fund if the Management Company switches from a full replication strategy to a representative sampling strategy in exceptional circumstances, or vice versa. If any non-constituent of the Underlying Index is held in the portfolio, for reasons other than Index rebalancing and Index related corporate action, to enhance transparency the Management Company will disclose the name and weighting of such non-constituent securities and other CIS on the Management Company's website immediately after the purchase and it will be reported daily until its disposal.

The Target Fund may not hold more than 5% of its net asset value in money market funds and in cash deposits subject to applicable law and regulations for cash management purposes.

The Management Company reviews the Index Securities held in the Target Fund's portfolio each business day. In order to minimize tracking error, it closely monitors factors such as any changes in the weighting of each Index Security in the Underlying Index, suspension, dividend distributions and the liquidity of the Target Fund's portfolio. The Management Company will also conduct adjustment on the portfolio of the Target Fund regularly, taking into account tracking error reports, the index methodology and any rebalance notification of the Underlying Index.

The Target Fund will not invest in derivatives instruments (including structured deposits, products or instruments) for investment or hedging purposes, or in sale and repurchase transactions, reverse repurchase transactions or other similar over-the-counter transactions. Prior approval of the SFC will be sought (if required) and not less than one (1) month's prior notice will be given to the unit holders of Target Fund in the event the Management Company wishes to invest in derivatives instruments (including structured deposits, products or instruments) for investment or hedging purposes or in sale and repurchase transactions, reverse repurchase transactions or other similar over-the-counter transactions.

## **4.5 The Underlying Index**

### **General Information on the Underlying Index**

The objective of the Underlying Index i.e. Hang Seng TECH Index is to represent the thirty (30) largest technology companies listed in Hong Kong which have high business exposure to selected technology themes, including internet (including mobile), fintech, cloud, e-commerce, or digital activities.

The Underlying Index adopts a free float-adjusted market capitalisation weighted methodology, with a 8% cap on individual constituent weightings applied on the date of rebalancing. As such, the weighting of a constituent may exceed 8% after rebalancing. The Underlying Index is a net total return index which means that the performance of the Underlying Index constituents is calculated on the basis that any dividends or distributions are reinvested after withholding tax deduction (if any).

As of 24 July 2020, it had a total free-float market capitalisation of HKD 936.99 Billion and 30 constituents. The Underlying Index was launched on 27 July 2020 and had a base level of 3,000 on 31 December 2014. The Underlying Index is denominated in HKD.

### **Index Provider**

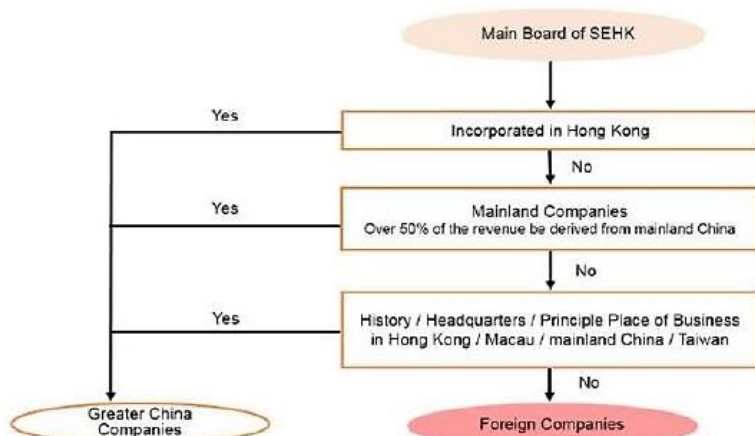
The Underlying Index is compiled and managed by Hang Seng Indexes Company Limited (the “HSIL”), a wholly-owned subsidiary of Hang Seng Bank Limited. The Management Company (and each of its connected persons) is independent of HSIL, the Index Provider. The Underlying Index is calculated on a 2-second basis during trading hours of the SEHK.

### **Constituent Eligibility**

The universe of stocks (the “Universe”) for the Underlying Index includes securities of Greater China Companies that are listed on the Main Board of the Hong Kong Exchanges and Clearing Limited (the “HKEX”). It excludes Foreign Companies and investment companies listed under Chapter 21 of HKEX’s Listing Rules.

“**Foreign Companies**” are companies which are incorporated outside Greater China (i.e. Hong Kong, China mainland, Macau and Taiwan) and have the majority of their business presence outside Greater China.

“**Greater China Companies**” are companies not classified as Foreign Companies, as illustrated below.



### **Index Securities of the Underlying Index**

You can obtain the most updated list of the Index Constituents with their respective weightings and additional information of the Underlying Index from the website <https://www.hsi.com.hk/eng/indexes/all-indexes/hstech>.

### **Replacement of the Underlying Index**

The Management Company reserves the right, with the prior approval of the SFC and provided that in its opinion the interests of the unit holders of the Target Fund would not be adversely affected, to replace the Underlying Index. The circumstances under which any such replacement might occur include but are not limited to the following events:

- (a) the Underlying Index ceasing to exist;
- (b) the licence to use the Underlying Index being terminated;
- (c) a new index becoming available that supersedes the existing Underlying Index;
- (d) a new index becoming available that is regarded as the market standard for investors in the particular market and/or would be regarded as more beneficial to the unit holders of the Target Fund than the existing Underlying Index;
- (e) investing in the Index Securities comprised within the Underlying Index becomes difficult;
- (f) the Index Provider increasing its licence fees to a level considered too high by the Management Company;
- (g) the quality (including accuracy and availability of the data) of the Underlying Index having in the opinion of the Management Company, deteriorated;
- (h) a significant modification of the formula or calculation method of the Underlying Index rendering that index unacceptable in the opinion of the Management Company; and
- (i) the instruments and techniques used for efficient portfolio management not being available.

The Management Company may change the name of the Target Fund if the Underlying Index changes or for any other reasons including if license to use the Underlying Index is terminated. Any change to (i) the use by the Target Fund of the Underlying Index and/or (ii) the name of the Target Fund will be notified to investors of the Target Fund.

## **4.6 Dealing in the Target Fund**

### **Exchange Listing and Trading**

Dealings in units of the Target Fund have already commenced. Currently, units are listed and dealt only on the SEHK and no application for listing or permission to deal on any other stock exchanges is being sought as at the date of this prospectus of Target Fund i.e. CSOP ETF Series Prospectus dated 14 April 2021. Application may be made in the future for a listing of units on other stock exchanges. If trading of the

units of the Target Fund on the SEHK is suspended or trading generally on the SEHK is suspended, then there will be no secondary market dealing for those units.

### **Buying and Selling of units of the Target Fund on SEHK**

A Secondary Market Investor can buy and sell the units of the Target Fund on the SEHK through his stockbroker at any time the SEHK is open. Units of the Target Fund may be bought and sold in the Trading Board Lot Size (or the multiples thereof). The trading board lot size is currently 200 Units.

However, please note that transactions in the secondary market on the SEHK will occur at market prices which may vary throughout the day and may differ from the net asset value per unit of the Target Fund due to market demand and supply, liquidity and scale of trading spread for the units in the secondary market. As a result, the market price of the units of the Target Fund in the secondary market may be higher or lower than the net asset value per unit of the Target Fund.

### **Trading of Target Fund on the SEHK**

No money should be paid to any intermediary in Hong Kong which is not licensed for Type 1 regulated activity under Part V of the Securities and Futures Ordinance.

Secondary Market Investors may place an order with a broker to sell the Target Fund on the SEHK at any time during the trading day. To sell the Target Fund – or to buy new ones – such investor will need to use an intermediary such as a stockbroker or any of the share dealing services offered by banks or other financial advisers.

The trading price of the Target Fund on the SEHK may differ from the net asset value per unit of the Target Fund and there can be no assurance that a liquid secondary market will exist for the units of the Target Fund.

Brokerage, stamp duty and other fees may be payable when selling (and purchasing) the Target Fund. There can be no guarantee that once the Target Fund is listed on the SEHK that it will remain listed.

### **Creation Applications and Redemption Applications by Participating Dealers**

The general terms and procedures relating to creation Applications and redemption Applications by the Participating Dealers are set out in the prospectus of the Target Fund, which should be read in conjunction with the following specific terms and procedures which relate to the Target Fund only.

The Management Company currently allows in-cash (in HKD) or in-kind creation Applications and redemption Applications for units of the Target Fund. Settlement in cash for subscribing units is due at the time specified in the operating guidelines on the relevant dealing day in accordance with the operating guidelines.

The Application unit size for the Target Fund is 500,000 Units. Creation Applications submitted in respect of units other than in Application unit size will not be accepted. The minimum subscription for the Target Fund is one (1) Application unit.

**Dealing Period** - The dealing period on each dealing day for a creation Application or redemption Application in respect of the Target Fund commences at 9:00 a.m. (Hong Kong time) and ends at the dealing deadline at 3:30 p.m. (Hong Kong time) (for in-cash Application) or 4:30 p.m. (Hong Kong time) (for in-kind Applications), as may be revised by the Management Company from time to time. Any creation Application or redemption Application received after the dealing deadline will be considered as received on the next dealing day.

## **4.7 Investment Restrictions**

### **Investment Restrictions of the Target Fund**

The Target Fund is subject to the following principal investment restrictions:

- (a) the aggregate value of the Target Fund's investments in, or exposure to, any single entity through the following may not exceed 10% of the total net asset value of the Target Fund, save as permitted by Chapter 8.6(h) and as varied by Chapter 8.6(h)(a) of the Code:
  - (1) investments in securities issued by such entity;
  - (2) exposure to such entity through underlying assets of financial derivative instruments; and
  - (3) net counterparty exposure to such entity arising from transactions of over-the-counter financial derivative instruments;
- (b) subject to (a) above and Chapter 7.28(c) of the Code and unless otherwise approved by the SFC, the aggregate value of the Target Fund's investments in, or exposure to, entities within the same group through the following may not exceed 20% of the total net asset value of the Target Fund:
  - (1) investments in securities issued by such entity;
  - (2) exposure to such entity through underlying assets of financial derivative instruments; and
  - (3) net counterparty exposure to such entity arising from transactions of over-the-counter financial derivative instruments;
- (c) unless otherwise approved by the SFC, the value of Target Fund's cash deposits made with the same entity or entities within the same group may not exceed 20% of the total net asset value of the Target Fund, unless:
  - (1) the cash is held before the launch of the Target Fund and for a reasonable period thereafter prior to the initial subscription proceeds being fully invested; or;
  - (2) the cash is proceeds from liquidation of investments prior to the merger or termination of the Target Fund, whereby the placing of cash deposits with various financial institutions may not be in the best interest of investors; or

- (3) the cash is proceeds received from subscriptions pending investments and held for the settlement of redemption and other payment obligations, whereby the placing of cash deposits with various financial institutions is unduly burdensome and the cash deposits arrangement would not compromise investors' interests;

For the purpose of this sub-paragraph (c), cash deposits generally refer to those that are repayable on demand or have the right to be withdrawn by the Target Fund and not referable to provision of property or services.

- (d) ordinary shares issued by any single entity held for the account of the Target Fund, when aggregated with other ordinary shares of the same entity held for the account of all other sub-funds under the Trust collectively may not exceed 10% of the nominal amount of the ordinary shares issued by a single entity;
- (e) not more than 15% of the total net asset value of the Target Fund may be invested in securities and other financial products or instruments that are neither listed, quoted nor dealt in on a stock exchange, over-the-counter market or other organised securities market which is open to the international public and on which such securities are regularly traded;
- (f) notwithstanding (a), (b), (d) and (e), where direct investment by the Target Fund in a market is not in the best interests of investors, the Target Fund may invest through a wholly-owned subsidiary company established solely for the purpose of making direct investments in such market. In this case:
  - (1) the underlying investments of the subsidiary, together with the direct investments made by the Target Fund, must in aggregate comply with the requirements of Chapter 7 of the Code;
  - (2) any increase in the overall fees and charges directly or indirectly borne by the unit holders of the Target Fund or the Target Fund as a result must be clearly disclosed in the prospectus of the Target Fund; and
  - (3) the Target Fund must produce the reports required by the Code in a consolidated form to include the assets (including investment portfolio) and liabilities of the subsidiary company as part of those of the Target Fund;
- (g) notwithstanding (a), (b) and (d), not more than 30% of the total net asset value of the Target Fund may be invested in government and other public securities of the same issue;
- (h) subject to (g), the Target Fund may fully invest in government and other public securities in at least six (6) different issues. Subject to the approval of the SFC, the Target Fund which has been authorised by the SFC as an index fund may exceed the 30% limit in (g) and may invest all of its assets in government and other public securities in any number of different issues;
- (i) unless otherwise approved by the SFC, the Target Fund may not invest in physical commodities;

- (j) for the avoidance of doubt, exchange traded funds that are:
- (1) authorised by the SFC under Chapter 8.6 or 8.10 of the Code; or
  - (2) listed and regularly traded on internationally recognised stock exchanges open to the public (nominal listing not accepted) and (i) the principal objective of which is to track, replicate or correspond to a financial index or benchmark, which complies with the applicable requirements under Chapter 8.6 of the Code; or (ii) the investment objective, policy, underlying investments and product features of which are substantially in line with or comparable with those set out under Chapter 8.10 of the Code,

may either be considered and treated as (x) listed securities for the purposes of and subject to the requirements in paragraphs (a), (b) and (d) above; or (y) collective investment schemes for the purposes of and subject to the requirements in paragraph (k) below. However, the investments in exchange traded funds shall be subject to paragraph (e) above and the relevant investment limits in exchange traded funds by the Target Fund should be consistently applied and clearly disclosed in the prospectus of the Target Fund;

- (k) where the Target Fund invests in shares or units of other collective investment schemes ("underlying schemes"),
- (1) the value of the Target Fund's investment in units or shares in underlying schemes which are non-eligible schemes (as determined by the SFC) and not authorised by the SFC may not in aggregate exceed 10% of the total net asset value of the Target Fund; and
  - (2) the Target Fund may invest in one or more underlying schemes which are either schemes authorised by the SFC or eligible schemes (as determined by the SFC), but the value of the Target Fund's investment in units or shares in each such underlying scheme may not exceed 30% of the total net asset value of the Target Fund, unless the underlying scheme is authorised by the SFC and its name and key investment information are disclosed in the prospectus of the Target Fund,

provided that in respect of (1) and (2) above:

- (i) the objective of each underlying scheme may not be to invest primarily in any investment prohibited by Chapter 7 of the Code, and where that underlying scheme's objective is to invest primarily in investments restricted by Chapter 7 of the Code, such investments may not be in contravention of the relevant limitation prescribed by Chapter 7 of the Code. For the avoidance of doubt, the Target Fund may invest in scheme(s) authorised by the SFC under Chapter 8 of the Code (except for hedge funds under Chapter 8.7 of the Code), eligible scheme(s) (as determined by the SFC) of which the net derivative exposure (as defined in the Code) does not exceed 100% of its total net asset value, and exchange traded funds satisfying the requirements in paragraph (i) above in compliance with paragraph (k)(1) and (k)(2);

- (ii) where the underlying schemes are managed by the Management Company, or by other companies within the same group that the Management Company belongs to, then paragraphs (a), (b), (d) and (e) above are also applicable to the investments of the underlying scheme; the objective of the underlying schemes may not be to invest primarily in other collective investment scheme(s);
- (3) where an investment is made in any underlying scheme(s) managed by the Management Company or any of its connected persons, all initial charges and redemption charges on the underlying scheme(s) must be waived; and
- (4) the Management Company or any person acting on behalf of the Target Fund or the Management Company may not obtain a rebate on any fees or charges levied by a underlying scheme or the manager of an underlying scheme, or quantifiable monetary benefits in connection with investments in any underlying scheme; and
- (l) if the name of Target Fund indicates a particular objective, investment strategy, geographic region or market, the Target Fund should, under normal market circumstances, invest at least 70% of its total net asset value in securities and other investments to reflect the particular objective, investment strategy or geographic region or market which the Target Fund represents.

The Management Company shall not on behalf of the Target Fund:

- (i) invest in a security of any class in any company or body if any director or officer of the Management Company individually owns more than 0.5% of the total nominal amount of all the issued securities of that class or the directors and officers of the Management Company collectively own more than 5% of those securities;
- (ii) invest in any type of real estate (including buildings) or interests in real estate (including options or rights, but excluding shares in real estate companies and interests in real estate investment trusts (REITs));
- (iii) make short sales if as a result the Target Fund would be required to deliver securities exceeding 10% of the total net asset value of the Target Fund (and for this purpose securities sold short must be actively traded on a market where short selling is permitted). For the avoidance of doubt, the Target Fund is prohibited to carry out any naked or uncovered short sale of securities and short selling should be carried out in accordance with all applicable laws and regulations;
- (iv) lend or make a loan out of the assets of the Target Fund, except to the extent that the acquisition of bonds or the making of a deposit (within the applicable investment restrictions) might constitute a loan;



- (v) subject to Chapter 7.3 of the Code, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person, save and except for reverse repurchase transactions in compliance with the Code;
- (vi) enter into any obligation in respect of the Target Fund or acquire any asset or engage in any transaction for the account of the Target Fund which involves the assumption of any liability which is unlimited. For the avoidance of doubt, the liability of unit holders of the Target Fund is limited to their investment in the Target Fund; or
- (vii) apply any part of the Target Fund in the acquisition of any investments which are for the time being nil paid or partly paid in respect of which a call is due to be made for any sum unpaid on such investments unless such call could be met in full out of cash or near cash forming part of the Target Fund whereby such amount of cash or near cash has not been segregated to cover a future or contingent commitment arising from transactions in financial derivative instruments).

Note: The investment restrictions set out above apply to the Target Fund, subject to the following: A collective investment scheme authorised by the SFC under the Code is usually restricted under Chapter 7.1 of the Code from making investments which would result in the value of that collective investment scheme's holdings of the securities of any single entity exceeding 10% of the collective investment scheme's net asset value. The Target Fund was authorised under Chapter 8.6 of the Code as an index tracking ETF, and given the investment objective of the Target Fund and nature of the Underlying Index, the Target Fund is allowed under Chapter 8.6(h) of the Code to, notwithstanding Chapter 7.1 of the Code, hold investments in constituent securities of any single entity exceeding 10% of the Target Fund's net asset value if such constituent securities account for more than 10% of the weighting of the Index and the Target Fund's holding of any such constituent securities does not exceed their respective weightings in the Underlying Index, except where the weightings are exceeded as a result of changes in the composition of the Underlying Index and the excess is only transitional and temporary in nature.

However, the restrictions in 8.6(h)(i) and (ii) (as described above) do not apply if:

- the Target Fund adopts a representative sampling strategy which does not involve full replication of the constituent securities of the underlying index in the exact weightings of such index;
- the strategy is clearly disclosed in the prospectus of the Target Fund;
- the excess of the weightings of the constituent securities held by the Target Fund over the weightings in the index is caused by the implementation of the representative sampling strategy;
- any excess weightings of the Target Fund's holdings over the weightings in the index must be subject to a maximum limit reasonably determined by the Target Fund after consultation with the SFC. In determining this limit, the

- Target Fund must consider the characteristics of the underlying constituent securities, their weightings and the investment objectives of the index and any other suitable factors;
- limits laid down by the Target Fund pursuant to the point above must be disclosed in the prospectus of the Target Fund;
  - disclosure must be made in the Target Fund's interim and annual reports as to whether the limits imposed by the Target Fund itself pursuant to the above point have been complied with in full. If there is non-compliance with the said limits during the relevant reporting period, this must be reported to the SFC on a timely basis and an account for such non-compliance should be stated in the report relating to the period in which the non-compliance occurs or otherwise notified to investors of the Target Fund.

### **Borrowing Restrictions of the Target Fund**

The Management Company may borrow up to 10% of the total net asset value of Target Fund to acquire investments, to redeem units or to pay expenses relating to Target Fund. For this purpose, back-to back loans do not count as borrowing. Securities lending transactions and sale and repurchase transactions are also not borrowings for the purpose of, and are not subject to the borrowing restrictions under this section. The assets of the Target Fund may be charged, pledged or otherwise encumbered in any manner as security for any such borrowings.

If the investment and borrowing restrictions set out above are breached, the Management Company shall as a priority objective take all steps necessary within a reasonable period of time to remedy the situation, having due regard to the interests of unit holders of the Target Fund. The Management Company is not immediately required to sell applicable investments if any of the investment restrictions are exceeded as a result of changes in the value of the Target Fund's investments, reconstructions or amalgamations, payments out of the assets of the Target Fund or redemption of units but for so long as such limits are exceeded, the Management Company shall not acquire any further investments which would result in such limit being further breached.

### **Securities Lending Transaction**

The Management Company may, on behalf of the Target Fund, enter into securities lending transactions, with the maximum level for up to 50% and expected level for approximately 20% of the Target Fund's net asset value. The Management Company will be able to recall the securities lent out at any time. All securities lending transactions will only be carried out in the best interest of the Target Fund and as set out in the relevant securities lending agreement. Such transactions may be terminated at any time by the Management Company at its absolute discretion.

The details of the arrangements are as follows:

- (a) each counterparty for such transactions will be independent counterparties approved by the Management Company with credit rating of BBB- or above (by Moody's or S&P, or any other equivalent ratings by recognised credit rating agencies) or which are corporations licensed by the SFC or are registered institutions with the Hong Kong Monetary Authority;
- (b) the trustee or the custodian of the Target Fund, upon the instruction of the Management Company, will take collateral, which can be cash or non-cash assets fulfilling the requirements under "Collateral" below;
- (c) for sale and repurchase transactions, it is the intention of the Management Company to sell the securities for cash equal to the market value of the securities provided to the counterparty, subject to appropriate haircut. Cash obtained in sale and repurchase transactions will be used for meeting redemption requests or defraying operating expenses, but will not be re-invested;
- (d) the maximum and expected level of the Target Fund's assets available for these transactions will be as set out in this section; and
- (e) where any securities lending transaction has been arranged through the trustee or a connected person of the trustee of the Target Fund or the Management Company, such transaction shall be conducted at arm's length and executed on the best available terms, and the relevant entity shall be entitled to retain for its own use and benefit any fee or commission it receives on a commercial basis in connection with such arrangement.

As part of the securities lending transactions, the Target Fund must receive cash and/or non-cash collateral of at least 100% of the value of the securities lent (interests, dividends and other eventual rights included). The collateral will be marked-to-market on a daily basis and be safe kept by the trustee of the Target Fund or an agent appointed by the trustee of the Target Fund. The valuation of the collateral generally takes place on trading day T. If the value of the collateral falls below 100% of the value of the securities lent on any trading day T, the Management Company will call for additional collateral on trading day T, and the borrower will have to deliver additional collateral to make up for the difference in securities value by 4p.m. on trading day T+1.

Non-cash collateral received may not be sold, re-invested or pledged. Any reinvestment of cash collateral received shall be subject to the requirements as set out in the section "Collateral" below. Information as required under the Code will be disclosed in the annual and interim financial reports and on the Management Company's website (as the case may be).

To the extent Target Fund undertakes securities lending transactions, all revenues (net of direct and indirect expenses as reasonable and normal compensation for the services rendered in the context of such transactions to the extent permitted by applicable legal and regulatory requirements) shall be returned to the Target Fund. The cost relating to securities lending transactions will be borne by the borrower.

Securities lending transactions nonetheless give rise to certain risks including counterparty risk, collateral risk and operational risk.

### **Collateral**

Collateral received from counterparties shall comply with the following requirements:

- Liquidity – collateral must be sufficiently liquid and tradable in order that it can be sold quickly at a robust price that is close to pre-sale valuation. Collateral should normally trade in a deep and liquid marketplace with transparent pricing;
- Valuation – collateral should be marked-to-market daily by using independent pricing source;
- Credit quality – asset used as collateral must be of high credit quality and should be replaced immediately as soon as the credit quality of the collateral or the issuer of the asset being used as collateral has deteriorated to such a degree that it would undermine the effectiveness of the collateral;
- Haircut - collateral should be subject to prudent haircut policy which should be based on the market risks of the assets used as collateral in order to cover potential maximum expected decline in collateral values during liquidation before a transaction can be closed out with due consideration on stress period and volatile markets. For the avoidance of doubt the price volatility of the asset used as collateral should be taken into account when devising the haircut policy;
- Diversification – collateral must be appropriately diversified to avoid concentrated exposure to any single entity and/or entities within the same group and the Target Fund's exposure to issuer(s) of the collateral should be taken into account in compliance with the investment restrictions and limitations set out in Chapter 7 of the Code;
- Correlation – the value of the collateral should not have any significant correlation with the creditworthiness of the counterparty or the issuer of the financial derivative instruments in such a way that it would undermine the effectiveness of the collateral. As such, securities issued by the counterparty or the issuer of the financial derivative instruments or any of their related entities should not be used as collateral;
- Management of operational and legal risks – the Management Company must have appropriate systems, operational capabilities and legal expertise for proper collateral management;
- Independent custody – collateral must be held by the trustee of the Target Fund;
- Enforceability – collateral must be readily accessible/enforceable by the trustee of the Target Fund without further recourse to the issuer of the financial derivative instruments or the counterparty of the securities financing transactions;
- Cash collateral – any re-investment of collateral received for the account of the Target Fund shall be subject to the following requirements:
  - cash collateral received may only be reinvested in short-term deposits, high quality money market instruments and money market funds

authorised under Chapter 8.2 of the Code or regulated in a manner generally comparable with the requirements of the SFC and acceptable to the SFC, and subject to corresponding investment restrictions or limitations applicable to such investments or exposure as set out in Chapter 7 of the Code. For this purpose, money market instruments refer to securities normally dealt in on the money markets, including government bills, certificates of deposit, commercial papers, short-term notes and bankers' acceptances, etc. In assessing whether a money market instrument is of high quality, at a minimum, the credit quality and the liquidity profile of the money market instruments must be taken into account. Non-cash collateral received may not be sold, re-invested or pledged;

- cash collateral received is not allowed to be further engaged in any securities financing transactions; and
- when the cash collateral received is reinvested into other investment(s), such investment(s) is/are not allowed to be engaged in any securities financing transactions;
- Encumbrances - collateral should be free of prior encumbrances; and
- Collateral generally should not include (i) structured products whose payouts rely on embedded financial derivative instruments or synthetic instruments; (ii) securities issued by special purpose vehicles, special investment vehicles or similar entities; (iii) securitised products; or (iv) unlisted collective investment schemes.

Subject to the requirements above, below is a summary of the collateral policy and criteria adopted by the Management Company:

- eligible collateral include cash, cash equivalents, government bonds, supranational bonds, corporate bonds, stocks, funds and money market instruments;
- the issuer of collateral must be of high quality including governments, supranationals, government agencies, policy banks or government guaranteed entities with an investment grade credit rating. The rating by a recognised credit rating agency shall be taken into account in the credit assessment process. Securities rated with a non-investment grade credit rating is not eligible for collateral purpose. There is no criteria for country of origin of the counterparty;
- no maturity constraints will apply to the collateral received;
- regular stress tests are carried out under normal and exceptional liquidity conditions to enable an adequate assessment of the liquidity risks attached to the collateral;
- the haircut policy takes account of market volatility, the foreign exchange volatility between collateral asset and underlying agreement, liquidity and credit risk of the collateral assets, and the counterparty's credit risk (for each eligible security type). Haircuts shall be set to cover the maximum expected decline in the market price of the collateral asset (over a conservative liquidation horizon) before a transaction can be closed out. Cash collateral will not be subject to haircut;

- the collateral would be sufficiently diversified in terms of country, markets and issuers with a maximum exposure to a given issuer;
- the collateral received would be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty;
- collateral must be readily enforceable by the trustee of the Target Fund and may be subject to netting or set-off;
- cash collateral will generally not be used for reinvestment purposes unless otherwise determined by the Management Company and notified to investors of the Target Fund.

## 4.8 Distribution Policy

The Management Company has discretion as to whether or not the Target Fund will make any distribution, the frequency and amount of distribution. Currently the Management Company intends to distribute income to unit holders of the Target Fund **annually (in December)** having regard to the Target Fund's net income after fees and costs. **However, there is no guarantee of regular distribution nor the amount being distributed (if any).**

The Management Company will also have the discretion to determine if and to what extent distributions (whether directly or effectively) will be paid out of capital of the Target Fund.

The Management Company may, at its discretion, pay dividend out of capital. The Management Company may also, at its discretion, pay dividend out of gross income while all or part of the fees and expenses of the Target Fund are charged to/paid out of the capital of the Target Fund, resulting in an increase in distributable income for the payment of dividends by the Target Fund and therefore, the Target Fund may effectively pay dividend out of capital. Investors should note that payments of dividends out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the Target Fund's capital or effectively out of capital may result in an immediate reduction in the net asset value per unit of the Target Fund and will reduce any capital appreciation for the unit holders of the Target Fund.

The composition of the distributions (i.e. the relative amounts paid out of net distributable income and capital) for the last 12 months are available by the Management Company on request and also on the Management Company's website <http://www.csopasset.com/en/products/co-chst>.

The distribution policy may be amended subject to the SFC's prior approval (where required) and upon giving not less than one (1) month's prior notice to unit holders of the Target Fund.

Distributions (if declared) will be declared in the base currency of the Target Fund (i.e. HKD). The Management Company will make an announcement prior to any distribution in respect of the relevant distribution amount in HKD only. The details of the distribution declaration dates, distribution amounts and ex-dividend payment dates will be published on the Management Company's website <http://www.csopasset.com/en/products/co-chst> and on HKEX's website [http://www.hkexnews.hk/listedco/listconews/advancedsearch/search\\_active\\_main.aspx](http://www.hkexnews.hk/listedco/listconews/advancedsearch/search_active_main.aspx). There can be no assurance that a distribution will be paid.

Distribution payment rates in respect of units of the Target Fund will depend on factors beyond the control of the Management Company or trustee of the Target Fund including, general economic conditions, and the financial position and dividend or distribution policies of the relevant underlying entities. There can be no assurance that such entities will declare or pay dividends or distributions.

#### **4.9 Temporary Suspension of Creations and Redemptions**

The Management Company may, after consultation with the trustee of the Target Fund, having regard to the best interest of unit holders of the Target Fund, suspend the creation or issue of the Target Fund, suspend the redemption of the Target Fund and/or delay the payment of any monies in respect of any redemption Application in the following circumstances:

- (a) during any period when trading on the SEHK is restricted or suspended;
- (b) during any period when a market on which an Index Security (that is a component of the relevant Underlying Index) has its primary listing, or the official clearing and settlement depository (if any) of such market, is closed;
- (c) during any period when dealing on a market on which an Index Security (that is a component of the relevant Underlying Index) has its primary listing is restricted or suspended;
- (d) during any period when, in the opinion of the Management Company, settlement or clearing of Index Securities in the official clearing and settlement depository (if any) of such market is disrupted; or
- (e) during any period when the determination of the net asset value of the Target Fund is suspended or if any circumstance specified in the prospectus of the Target Fund.

Upon declaration of the suspension by the Management Company, the suspension shall take effect. During the suspension,

- (a) no Application shall be made by any of the Participating Dealers and in the event any Application is received in respect of any dealing day falling within such period of suspension (that has not been otherwise withdrawn), such Application shall be deemed as having been received immediately following the termination of the suspension;

- (b) no units of the Target Fund shall be created and issued or redeemed for the account of the Target Fund.

The Management Company shall notify the SFC if dealing in the Target Fund is suspended and publish a notice of suspension immediately following such suspension and, at least once a month during the period of suspension, on its website at [www.csopasset.com/etf1](http://www.csopasset.com/etf1) or in such publications as the Management Company decides.

A Participating Dealer may at any time after a suspension has been declared and before termination of such suspension withdraw an Application submitted prior to such suspension by notice in writing to the Management Company and the Management Company shall promptly notify the trustee of the Target Fund accordingly.

If the Management Company has not received any such notification of withdrawal of such Application before termination of such suspension, the trustee of the Target Fund shall, subject to and in accordance with the provisions of the Trust deed, create and issue the Target Fund or redeem the Target Fund in respect of such Application and such Application shall be deemed to be received immediately following the termination of such suspension.

The suspension shall terminate (i) when the Management Company, after consultation with the trustee of the Target Fund, having regard to the best interests of the unit holders of the Target Fund, declares the suspension at an end, or (ii) in any event on the day following the first business day on which the condition giving rise to the suspension ceases to exist; and no other condition under which suspension is authorised under the Trust deed exists.

#### **Suspension of Dealing in Listed Class of Units on the SEHK (Secondary Market)**

Dealing of the Target Fund on the SEHK, or trading on the SEHK generally, may at any time be suspended by the SEHK subject to any conditions imposed by the SEHK if the SEHK considers it necessary for the protection of investors or for the maintenance of an orderly market or in such other circumstances as the SEHK may consider appropriate.

#### **4.10 Fees Charged by the Target Fund**

<b>Sales Charge</b>	Not applicable
<b>Redemption Charge</b>	Not applicable
<b>Management Fee</b>	0.99% p.a. of the net asset value of the Target Fund.



<b>Trustee's and Registrar's Fee</b>	The management fee is inclusive of the trustee's and registrar's fee and the Management Company will pay the fees of the trustee and the registrar of the Target Fund out of the management fee. The trustee of the Target Fund shall also be entitled to be reimbursed out of the assets of the Target Fund all out-of-pocket expenses incurred.
<b>Service Agent's Fee</b>	The service agent is entitled to receive a monthly reconciliation fee of HKD5,000 from the Target Fund. For any period less than a month, the reconciliation fee is payable by the Target Fund on a pro-rata basis and accrues on a daily basis.

***For detailed information of the Target Fund as may be updated and amended from time to time, please refer to the Target Fund's prospectus available on <http://www.csopasset.com/en/products/co-chst>.***

## 5 RISK FACTORS

All investments carry some degree of risk. Therefore, before making an investment decision, you may consider the different types of risk that may affect the Fund or you individually.

<b>General risks associated with investing in a wholesale fund</b>	
<b>Market Risk</b>	Market risk refers to the possibility that an investment will lose value because of a general decline in financial markets, due to economic, political and/or other factors, which will result in a decline in the fund's net asset value.
<b>Inflation Risk</b>	This is the risk that Sophisticated Investors' investment in the fund may not grow or generate income at a rate that keeps pace with inflation. This would reduce Sophisticated Investors' purchasing power even though the value of the investment in monetary terms has increased.
<b>Manager's Risk</b>	This risk refers to the day-to-day management of the fund by the manager which will impact the performance of the fund. For example, investment decisions undertaken by the manager, as a result of an incorrect view of the market or any non-compliance with internal policies, investment mandate, the deed, relevant law or guidelines due to factors such as human error or weaknesses in operational process and systems, may adversely affect the performance of the fund.
<b>Non-Compliance Risk</b>	<p>This is the risk of the manager or the trustee not complying with their respective internal policies, the deed and its supplemental deed, securities law or guidelines issued by the regulators relevant to each party, which may adversely affect the performance of the fund when the manager or the trustee takes action to rectify the non-compliance. For example, non-compliance could occur due to factors such as human error or shortfalls in operational and administrative processes, or external factors such as market movements.</p> <p>This risk may be mitigated by having sufficient internal controls in place to ensure compliance with all applicable requirements at all times.</p>
<b>Loan Financing Risk</b>	This risk occurs when investors take a loan/financing to finance their investment. The inherent risk of investing with borrowed money includes investors being unable to service the repayments. In the event units are used as collateral, an investor may be required to top-up the investors' existing instalment if the prices of units fall below a certain level due to market conditions. Failing which, the units may be sold at a lower net asset value per unit as compared to the net asset

<b>General risks associated with investing in a wholesale fund</b>	
	<p>value per unit at the point of purchase towards settling the loan/financing.</p> <p><i>Note: The Manager does not provide financing for the purchase of units of the Fund. However, if an investor obtains financing from other providers, this is the risk that the investor should be aware of.</i></p>
<b>Country Risk</b>	<p>Investments of the fund in any countries may be affected by changes in the economic and political climate, restriction on currency repatriation or other developments in the law or regulations of the countries in which the fund invests in. For example, the deteriorating economic condition of the countries may adversely affect the value of the investments undertaken by the fund in those affected countries. This in turn may cause the net asset value or prices of units to fall.</p>
<b>Specific risks associated with the investment portfolio of the Fund</b>	
<b>Risk of a Passive Strategy</b>	<p>As the Fund adopts a passive strategy of investing a minimum of 85% of its NAV into the Target Fund at all times, this strategy would result in the Fund being exposed to the risk of its NAV declining when the Target Fund's net asset value declines. This is because the Fund is closely mirroring the performance of the Target Fund and will not be adopting any temporary defensive strategies in response to such declines. All investment decisions are left with the fund manager of the Target Fund.</p>
<b>Risk of not meeting the Fund's Investment Objective</b>	<p>This is the risk that the Fund may deviate from the intended investment objective, the Manager may liquidate the investments in the Target Fund and hold 100% of the Fund's NAV in cash, in order to protect the Unit Holders' interest, under circumstances including but not limited to the following:</p> <ul style="list-style-type: none"> <li>a. there is an adverse change to the regulatory and political regime in which the Target Fund operates;</li> <li>b. there is a material change to the investment objective of the Target Fund; and</li> <li>c. there is an unfavourable change to the feature of the Target Fund (e.g. fees, distribution policy)</li> </ul> <p>Subsequently, the Manager, in consultation with the Trustee will call for a Unit Holder's meeting to decide on whether to terminate the Fund or replace the Target Fund with a new target fund.</p>

<b>Specific risks associated with the investment portfolio of the Fund</b>	
	<i>Note: A replacement of the Target Fund or termination of the Fund would require Unit Holder's approval.</i>
<b>Secondary Trading Risk</b>	<p>The units of the Target Fund are traded on the SEHK. The trading price of the Target Fund on the SEHK may differ from the net asset value per unit of the Target Fund and there can be no guarantee that a liquid secondary market will exist for the units of the Target Fund. There can be no assurance that once the Target Fund is listed on the SEHK that it will remain listed. The Manager may proceed to terminate the Fund or replace the Target Fund with another fund if the Target Fund is delisted from the SEHK, and the Unit Holders will be notified accordingly.</p>
<b>Currency Risk</b>	<p>As the Fund offers multiple currency Classes, certain Class(es) would be exposed to currency risk. This is the risk associated with investments in certain Class(es) of the Fund which is denominated in currency different from the base currency of the Fund. When the base currency of the Fund depreciates against the denomination currency of certain Class(es), the Class(es) will suffer currency losses. This is in addition to any gains or losses derived from the Fund's investment in the Target Fund.</p> <p>The Manager may at its discretion hedge the currency exposure of any of the Class(es) against the base currency of the Fund to mitigate currency risk for the benefit of the Class(es).</p> <p>However, it should be noted that the Fund's investment in the Target Fund may still be exposed to currency gains or losses resulting from fluctuations in foreign exchange rates between the base currency of the Target Fund and the other currencies which the Target Fund may be exposed to.</p>
<b>Income Distribution Risk</b>	<p>It should be noted that the distribution of income is not guaranteed. Circumstances preventing the distribution of income include, among others, insufficient realised returns to enable income distribution. As per the SC Guidelines, distribution of income should only be made from realised gains or realised income.</p>
<b>Liquidity Risk</b>	<p>The Fund will be investing a minimum of 85% of its asset in the Target Fund. There may be exceptional circumstances, which could cause delays in the redemption of shares of the Target Fund and units of the Fund. In the event of exceptional circumstances such as suspension of calculation of net asset value of the Target Fund, no shares of the Target Fund will be redeemed.</p>

*Note: The abovementioned risks which Sophisticated Investors should consider before investing into the Fund should not be considered to be an exhaustive list. Sophisticated Investors should be aware that investments in the Fund may be exposed to other risks of an exceptional nature from time to time.*

<b>Specific risks associated with the Target Fund</b>	
<b>Passive Investments</b>	The Target Fund is not actively managed. The Target Fund invests in the Index Securities and/or non-Index Securities included in or reflecting its Underlying Index regardless of their investment merit. The Management Company does not attempt to select securities individually or to take defensive positions in declining markets. Accordingly, the lack of discretion to adapt to market changes due to the inherent investment nature of the Target Fund means that falls in the related Underlying Index are expected to result in a corresponding fall in the value of the Target Fund.
<b>Concentration Risk</b>	<p>Due to the concentration of the Index in the companies with selected technology themes, which is characterised by relatively higher volatility in price performance when compared to other economic sectors, the performance of the Underlying Index may be more volatile when compared to other broad-based stock indices.</p> <p>The Underlying Index is subject to concentration risk as a result of tracking the performance of companies incorporated in, or with the majority of revenue derived from, or with a principal place of business in, the Greater China region. The net asset value of the Target Fund is therefore likely to be more volatile than a more broad-based fund, such as a global or regional fund, as the Underlying Index is more susceptible to fluctuations in value resulting from adverse conditions in a single region and with technology themes.</p>
<b>Technology Theme Risks</b>	Constituents of the Underlying Index have high exposure to at least one of these themes: internet (including mobile, fintech, cloud, e-commerce and digital). Many of the companies with a high business exposure to these technology themes have a relatively short operating history. Rapid changes could render obsolete the products and services offered by the companies in which the Target Fund invests and cause severe or complete declines in the prices of the securities of those companies. Additionally, companies in these sectors may face dramatic and often unpredictable changes in growth rates and competition for the services of qualified personnel. If the Target Fund invests in any of these companies, its investment may be adversely affected.

**Specific risks associated with the Target Fund**

There may be substantial government intervention in the technology industry, including restrictions on investment in internet and technology companies if such companies are deemed sensitive to relevant national interests. Some governments in the world have sought, and may in the future seek, to censor content available through internet, restrict access to products and services offered by companies that the Target Fund invests in from their country entirely or impose other restrictions that may affect the accessibility of such products and services for an extended period of time or indefinitely. In the event that access to the internet products and services is restricted, in whole or in part, in one or more countries, the ability of such companies to retain or increase their user base and user engagement may be adversely affected, and their operating results may be harmed. This may in turn affect the value of investment of the Target Fund.

The technology business is subject to complex laws and regulations including privacy, data protection, content regulation, intellectual property, competition, protection of minors, consumer protection and taxation. These laws and regulations are subject to change and uncertain interpretation, and could result in claims, changes to the business practices, monetary penalties, increased cost of operations or declines in user growth, user engagement or advertisement engagement, or otherwise harm the technology business. They may also delay or impede the development of new products and services. Compliance with these existing and new laws and regulations can be costly and may require significant time and attention of management and technical personnel. These companies are also subject to the risks of loss or impairment of intellectual property rights or licences, cyber security risks resulting in undesirable legal, financial, operational and reputational consequences. All these may have impact on the business and/or profitability of the technology companies in which the Target Fund invests and this may in turn adversely affect the value of investment of the Target Fund.

**Risks related to Companies with Weighted Voting Rights**

The Target Fund may invest in "new economy" companies including companies with a weighted voting rights (WVR) structure. These are typically emerging and innovative companies, such as pre-revenue biotech start-ups or technology companies. The WVR structure deviates from the "one share, one vote" principle. This concentrated control limits shareholders' ability to influence corporate

<b>Specific risks associated with the Target Fund</b>	
	<p>matters and, as a result, the company may take actions that shareholders do not view as beneficial. There may be a risk of greater misalignment between the interests of the company's controlling shareholder and those of the rest of the company's shareholders as a whole. This may weaken shareholders' rights and in turn corporate governance in these companies. Performance of these companies could be adversely affected. This may have a negative impact on the Target Fund where it invests in the ordinary shares of such companies.</p>
<b>Industries Sector Risk</b>	<p>Industrial companies are affected by supply and demand both for their specific product or service and for industrial sector products in general. Government regulation, world events, exchange rates and economic conditions, technological developments and liabilities for environmental damage and other liabilities will likewise affect the performance of these companies. Performance of these companies may be cyclical with occasional sharp price movements which may result from changes in the economy, fuel prices, labour agreements and insurance costs. This may have a negative impact on the business and/or profitability of the companies in which the Target Fund invests and therefore may adversely affect the value of investments of the Target Fund.</p>
<b>Consumer Discretionary Sector Risk</b>	<p>The performance of companies in the consumer discretionary sector are correlated to the growth rate of the consumer market, individual income levels and their impact on levels of domestic consumer spending, which in turn depend on the worldwide economic conditions, which have seen significant deterioration in the past. There are many factors affecting the level of consumer spending, including but not limited to interest rates, currency exchange rates, economic growth rate, inflation, deflation, political uncertainty, taxation, stock market performance, unemployment level and general consumer confidence. Any future slowdowns or declines in the economy or consumer spending in the relevant market may materially and adversely affect the business of the companies in the consumer discretionary sector. This may adversely affect the value of investments of the Target Fund.</p>
<b>Healthcare Sector Risk</b>	<p>The economic prospects of the health care sector are generally subject to greater influences from governmental policies and regulations than those of many other industries. Certain health care companies may allocate greater than usual financial resources to research and product development and experience above-average price movements associated with the perceived prospects of success of the research and development programs. In</p>

Specific risks associated with the Target Fund	
	<p>addition, certain health care companies may be adversely affected by lack of commercial acceptance of a new product or process or by technological change and obsolescence. In addition, the internet healthcare sector is relatively new and evolving. Interpretation and enforcement of laws and regulations involve significant uncertainty. Under certain circumstances, it may be difficult to determine if certain actions may be deemed in violation of applicable laws and regulations. Internet healthcare companies also process and store a large amount of data, and any improper use or disclosure of such data could have a material adverse impact on their business. Internet healthcare companies may be subject to medical liability claims. These factors may adversely affect the value of investments of the Target Fund.</p>
<b>Financial Sector Risk</b>	<p>Companies in the financial sector are subject to extensive governmental regulation, which may adversely affect the scope of their activities, the prices they can charge and the amount of capital they must maintain. Governmental regulation may change frequently. The financial services sector is exposed to risks that may impact on the value of investments in the financial services sector more severely than investments outside this sector, including operating with substantial financial leverage. The financial services sector may also be adversely affected by increases in interest rates and loan losses, decreases in the availability of money or asset valuations and adverse conditions in other related markets. This may adversely affect the value of investments of the Target Fund.</p>
<b>Risks relating to the Underlying Index of the Target Fund</b>	<p><u>New index risk.</u> The Underlying Index is a new index. The Target Fund may be riskier than other exchange traded funds tracking more established indices with longer operating history.</p> <p><u>Risks relating to the Underlying Index.</u> The Target Fund may be subject to the following risks in relation to the Underlying Index:</p> <p>(i) If the Underlying Index is discontinued or the Management Company's license from the Index Provider under the relevant licence agreement is terminated, the Management Company may, in consultation with the trustee of the Target Fund, seek the SFC's prior approval to replace the Underlying Index with an index that is tradable and has similar objectives to the Underlying Index. Such change shall be made in accordance with the provisions of the Trust deed and with the prior approval of</p>



## Specific risks associated with the Target Fund

the SFC. For the avoidance of doubt, index tracking will remain the Target Fund's investment objective.

The Management Company has been granted a licence by Hang Seng Indexes Company Limited to use the Underlying Index as a basis for determining the composition of the Target Fund and to use certain trade marks in the Underlying Index. The licence granted shall take effect from the date of the agreement (i.e. 14 August 2020), and shall continue until terminated pursuant to the agreement. There is no guarantee that the licence agreement will be perpetually renewed.

The Target Fund may be terminated if the Underlying Index is discontinued and/or the licence agreement is terminated and the Management Company is unable to identify or agree with any Index Provider terms for the use of a suitable replacement index, using, in the opinion of the Management Company, the same or substantially similar formula for the method of calculation as used in calculating the Underlying Index and which meets the acceptability criteria under Chapter 8.6(e) of the Code. Any such replacement index will be subject to the prior approval of the SFC under the Code and Unit holders of the Target Fund will be duly notified of the same. Accordingly, investors of the Target Fund should note that the ability of the Target Fund to track the Underlying Index depends on the continuation in force of the licence agreement in respect of the Underlying Index or a suitable replacement. The Target Fund may also be terminated if the Underlying Index ceases to be compiled or published and there is no replacement index, using, in the opinion of the Management Company, the same or substantially similar formula for the method of calculation as used in calculating the Underlying Index.

The Management Company and the Index Provider may by mutual agreement terminate or postpone the parties' obligations under the licence agreement upon the occurrence of a force majeure event such that the terms of the licence agreement can no longer be performed. There is no guarantee or assurance of exact or identical replication at any time of the performance of the relevant Underlying Index.

Specific risks associated with the Target Fund	
	<p>(ii) There may be changes in the constituent securities of the Underlying Index from time to time. For example, a constituent security may be delisted or a new eligible security may be added to the Underlying Index. In such circumstances, in order to achieve the investment objective of the Target Fund, the Management Company may rebalance the composition of a basket. The price of the units of the Target Fund may rise or fall as a result of these changes. Thus, an investment in units of the Target Fund will generally reflect the Underlying Index as its constituents change from time to time, and not necessarily the way it is comprised at the time of an investment in the units of the Target Fund.</p> <p>(iii) The process and the basis of computing and compiling the Underlying Index and any of its related formulae, constituent companies and factors may also be changed or altered by the Index Provider at any time without notice. There is also no warranty, representation or guarantee given to the investors as to the accuracy or completeness of the Underlying Index, its computation or any information related thereto.</p>
<b>Securities Lending Transactions Risks</b>	<p><u><b>Collateral risk.</b></u> As part of the securities lending transactions, the Target Fund must receive at least 100% of the valuation of the securities lent as collateral marked-to-market on a daily basis. However, there is a risk of shortfall of collateral value due to inaccurate pricing of the collateral, adverse market movements in the collateral value, change of value of securities lent. This may cause significant losses to the Target Fund if the borrower fails to return the securities lent out. The Target Fund may also be subject to liquidity and custody risk of the collateral, as well as legal risk of enforcement.</p> <p><u><b>Counterparty risk.</b></u> If the borrower defaults, there is a risk that the collateral held by the Target Fund may be realised at a value lower than the value of the securities lent. This may be due to adverse market movements in the value of the collateral, intra-day increase in the value of the securities lent, a deterioration in the credit rating of the collateral issuer, default or insolvency of the collateral issuer or the illiquidity of the market in which the collateral is traded.</p> <p><u><b>Operational risk.</b></u> Securities financing transactions entail operational risks such as settlement failure or delays in the settlement of instructions. There can be no assurance that</p>

Specific risks associated with the Target Fund	
	the objective sought to be obtained from use of securities lending transactions will be achieved.
Other Risks	<p><u>Operating risk.</u> There is no assurance that the performance of the Target Fund will be identical to the performance of the Underlying Index. The level of fees, taxes and expenses payable by the Target Fund will fluctuate in relation to the net asset value of the Target Fund. Although the amounts of certain ordinary expenses of the Target Fund can be estimated, the growth rate of the Target Fund, and hence its net asset value, cannot be anticipated. Accordingly, no assurance can be given as to the performance of the Target Fund or the actual level of its expenses. The Management Company may terminate the Target Fund. On the termination of the Target Fund, the Target Fund will be liquidated and investors will receive distributions of cash although the Management Company has the power to decide to make distributions in specie.</p> <p><u>No market in the units risk.</u> Although the units of the Target Fund are to be listed on the SEHK and the Management Company will use its best endeavours to put in place arrangements so that there is at all times at least one (1) market maker for the units of the Target Fund, investors should be aware that there may be no liquid trading market for the units of the Target Fund or that such market maker(s) may cease to fulfil that role. Further, there can be no assurance that units of the Target Fund will experience trading or pricing patterns similar to those of other exchange traded fund which are traded on the SEHK and which are based upon indices.</p> <p><u>Termination of market maker risk.</u> A market maker may cease to act as a market maker for the Target Fund in accordance with the terms of its agreement including upon giving prior written notice. The termination notice period for at least one (1) market maker for units of the Target Fund will be ninety (90) days. The liquidity for the units of the Target Fund may be affected if there is no market maker for the units of the Target Fund. The Management Company will use its best endeavours to put in place arrangements so that that there is at least one (1) market maker for the Target Fund to facilitate efficient trading of units of the Target Fund. It is possible that there is only one (1) SEHK market maker for the Target Fund or the Management Company may not be able to engage a substitute market maker within the termination notice period</p>

## Specific risks associated with the Target Fund

of a market maker, and there is also no guarantee that any market making activity will be effective.

*Liquidity risk.* Units of the Target Fund will be a new security and following listing on the SEHK, it is unlikely that the units of the Target Fund will initially be widely held. Accordingly, any investor buying units of the Target Fund in small numbers may not necessarily be able to find other buyers should that investor wish to sell. To address this risk, at least one (1) market maker has been appointed. In turn this may affect the liquidity and trading price of the units in the secondary market. Therefore, unit holders of the Target Fund may not be able to sell their units in the secondary market in as timely a manner as some other equity products denominated in HKD listed in Hong Kong, and the trading price may not fully reflect the intrinsic value of the units of the Target Fund.

*Investment in other collective investment schemes risk.* The Target Fund may invest up to 10% of its net asset value in other collective investment schemes in exceptional circumstances. The fees and costs charged in respect of such collective investment schemes will be borne by the Target Fund. Although the Management Company will only invest in these collective investment schemes if it considers that doing so is in the best interest of the Target Fund and its unit holders, there is no guarantee that these collective investment schemes will achieve their respective investment objectives and any tracking error of these collective investment schemes will also contribute to the tracking error of the Target Fund. Further, although the Management Company will only invest in other collective investment schemes that track indices that have a high correlation with the Underlying Index of the Target Fund, the difference of the underlying constituents between the indices tracked by the relevant collective investment schemes and the Underlying Index may also contribute to tracking error. In addition, the tax provision made by the other collective investment schemes may be more or less than their actual Mainland China tax liabilities. Any shortfall of such tax provision may adversely affect the performance of the other collective investment schemes.

*Tracking error risk.* Although the Management Company will adopt a full replication strategy to reduce tracking error, the Management Company may also use representative sampling in exceptional circumstances, such as where it may not be able to acquire certain Index Securities which are

### Specific risks associated with the Target Fund

constituents of the Underlying Index due to restrictions or limited availability. As such there can be no assurance of exact or identical replication at any time of the performance of the Underlying Index. Factors such as the fees and expenses of the Target Fund, imperfect correlation between the Target Fund's assets and the Index Securities, inability to rebalance the Target Fund's holdings of Index Securities in response to changes in the constituents of the Underlying Index, rounding of the Index Securities' prices, and changes to the regulatory policies may affect the Management Company's ability to achieve close correlation with the Underlying Index. These factors may cause the Target Fund's returns to deviate from the Underlying Index.

*Risk relating to distributions paid out of capital.* The Management Company may, at its discretion, pay dividend out of capital. The Management Company may also, at its discretion, pay dividend out of gross income while all or part of the fees and expenses of the Target Fund are charged to/paid out of the capital of the Target Fund, resulting in an increase in distributable income for the payment of dividends by the Target Fund and therefore, the Target Fund may effectively pay dividend out of the capital. Investors of the Target Fund should note that the payment of distributions out of or effectively out of capital represents a return or a withdrawal of part of the amount they originally invested or capital gain attributable to that amount. Any such distributions may result in an immediate reduction in the net asset value per unit of the Target Fund.

### Risk Management Strategy

Risk management of the Fund forms an integral part of the investment process. The Fund's portfolio is constructed and managed within pre-determined guidelines including risk returns trade-off, which will be reviewed periodically by the Manager. Assessment of risk is an important part of the asset allocation process. The investment team of the Manager has the discretion to select instruments/securities from the authorised investment list.

## 6 FEES, CHARGES AND EXPENSES

Unless stated otherwise, all fees, charges and/or expenses disclosed in the Information Memorandum are exclusive by way of example and not limitation; goods and services tax, value added tax, consumption tax, levies, duties and other taxes as may be imposed by the Government of Malaysia from time to time (collectively known as “Taxes”). If these fees, charges and/or expenses are subject to any Taxes, such Taxes shall be borne and payable by the Unit Holders and/or the Fund (as the case may be) at the prevailing rate, including any increase or decrease to the rate, in addition to the fees, charges and/or expenses stated herein.

### 6.1 Charges

This table describes the charges that you may **directly** incur when you buy or redeem units of the Fund (*rounded to 2 decimal points*):

Entry Charge	Distribution Channel	Entry Charge
	Direct Sales	Up to 5.00% of the NAV per unit of the Class(es).
	IUTA	Up to 5.00% of the NAV per unit of the Class(es).
<p><i>Notes:</i></p> <p><i>There will be no entry charge payable by AmBank Group staff.</i></p> <p><i>Sophisticated Investors are advised that they may negotiate for lower entry charge prior to conclusion of sales.</i></p> <p><i>The Manager reserves the right to waive or reduce the entry charge from time to time at its absolute discretion.</i></p>		
<b>Exit Penalty</b>	There will be no exit penalty for this Fund.	
<b>Other Charges</b>	<p>Other direct charges that you may incur are as follows:</p> <p><b>Transfer fee</b> Nil</p> <p><b>Bank charges or fees</b> Bank charges or fees, if any, will be borne by you.</p> <p><b>Switching fee</b> <u>Switching between funds managed by the Manager</u> Unit Holders are only allowed to switch to other funds where the currency denomination is the same as the Class of the Fund switched out. For switches between any of the funds</p>	

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	managed by the Manager, Sophisticated Investors will be charged on the differences of entry charge between funds switched, which is up to a maximum of 6.00% of NAV per unit of the fund switched into. No entry charge will be imposed if the fund to be switched into has a lower entry charge.
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Switching between Class(es) of the Fund

Unit Holders are not allowed to switch between Class(es).

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## 6.2 Ongoing Fees and Expenses

Due to the multiple Classes in the Fund, the fees and expenses for the Fund are apportioned based on the size of the Class relative to the whole Fund. This means the multi-class ratio ("MCR") is calculated by taking the "Opening Value of a Class" for a particular day and dividing it with the "Opening Value of the Fund" for that same day. This apportionment is expressed as a ratio and calculated as a percentage.

As an illustration, assuming there is an indirect fee chargeable to the Fund of HKD100 and the size of the HKD Class is 40%, RM-Hedged Class is 30%, AUD Class is 15% and SGD Class is 15% of the Fund, the ratio of the apportionment based on the percentage will be 40:30:15:15 (HKD:RM-Hedged:AUD:SGD) i.e. 40% being borne by HKD Class, 30% being borne by RM-Hedged Class, 15% being borne by AUD Class and SGD Class respectively.

"Opening Value of the Fund" refers to the NAV of the Fund before income and expenses.

"Opening Value of a Class" refers to the NAV of a Class before income and expenses.

The fees and expenses that you may **indirectly** incur are as follows.

### (a) Annual Management Fee

An annual management fee of up to 1.00% p.a. of the Fund's NAV is charged and then apportioned to each Class based on the MCR. The management fee is calculated on a daily basis and will be paid monthly to us. From the illustration below, it shows that there is no double charging of management fee.

An illustration of the calculation and apportionment of the daily management fee is as follows:

Assuming a total fund size of HKD100 million and the Target Fund's management fee is 0.99% p.a. and investments have been made in RM-Hedged Class and HKD Class, then the daily accrued management fee for the day would be:

	<u>HKD</u>
Investments	85,000,000.00
Others (Liquid assets)	15,000,000.00
NAV (before fees)	<u>100,000,000.00</u>

#### **Management fee for the day:**

[ (Investments + Liquid assets) x 1.00% ] ÷ Number of days in a year

1. Charged by the Target Fund:  

$$= (\text{HKD}85,000,000.00 \times 0.99\%) \div 365$$
2,305.48
2. Charged by the Fund:
  - a) Investments  

$$= (\text{HKD}85,000,000.00 \times 0.01\%) \div 365$$
23.29
  - b) Liquid assets  

$$= (\text{HKD}15,000,000.00 \times 1.00\%) \div 365$$
410.96
  - c) 
$$= 23.29 + 410.96$$
434.25

#### **Class-level apportionment (assumed ratio: HKD:RM-Hedged, 60:40)**

HKD Class	260.55
RM-Hedged Class	173.70
<b>Total</b>	<b>434.25</b>

#### **(b) Annual Trustee Fee**

The Trustee is entitled to an annual trustee fee for acting as trustee for the Fund. This fee is calculated daily and paid monthly. The trustee fee is up to 0.03% p.a. of the NAV of the Fund (excluding foreign sub-custodian fee and charges, where applicable). An illustration of the trustee fee per day is as follows:

Assuming the NAV of the Fund is HKD100 million and the trustee fee is 0.03% p.a. of the NAV of the Fund, then the daily accrued trustee fee would be:

	<u>HKD</u>
<b>Trustee's fee for the day charged to the Fund:</b>	
(NAV of the Fund x Trustee fee) ÷ Number of days in a year	
$= (\text{HKD}100,000,000.00 \times 0.03\%) \div 365$	82.19



**(c) Fund Expenses**

The Manager and the Trustee may be reimbursed out of the Fund for any cost reasonably incurred in the administration of the Fund. The Fund's expenses currently include but are not limited to audit fees, tax agent's fees, printing and postages of annual and quarterly reports, bank charges, investment committee fee for independent members, lodgement fees for Fund's reports, foreign custodians' charges (if any) in respect of any foreign investments of the Fund, fees paid to brokers or dealers (if any) and other expenses as permitted by the Deed.

**THERE ARE FEES AND CHARGES INVOLVED AND SOPHISTICATED INVESTORS ARE ADVISED TO CONSIDER THEM BEFORE INVESTING IN THE FUND.**

## 7 TRANSACTION INFORMATION

### 7.1 Valuation of Assets

In undertaking any of its investments, the Manager will ensure that all the assets of the Fund are valued at fair value in compliance with the SC guidelines and relevant laws at all times. Investments of the Fund are valued in accordance to the following:

- Collective investment schemes

The valuation for investment in listed collective investment schemes shall be determined by reference to the market price.

However, if –

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

then the listed collective investment schemes should be valued at fair value, as determined in good faith by the Manager, based on the methods or bases approved by the Trustee after appropriate technical consultation.

- Deposits

The value of any deposits placed with financial institutions shall be determined on each Business Day, with reference to the principal value of such investments and the accrued income for the relevant period.

- Derivatives

The valuation is based on marked to market prices. The methods or bases of valuation will have to be verified by the Auditor of the Fund and approved by the Trustee.

### 7.2 Pricing and Valuation Points

The Fund adopts a single pricing policy i.e. subscription and redemption of units will be carried out at the NAV per unit. The valuation point of the Fund will be on daily basis (e.g. each business day).

The Fund also adopts forward pricing which means price for units will be calculated at the next valuation point after the complete documentation is received by the Manager.

Valuation point refers to such time(s) on a Business Day as may be decided by the Manager wherein the NAV per unit of the relevant Class(es) is calculated. Since the

Fund may invest in foreign markets, the valuation of the Class(es) will be carried out on the next Business Day (T+1) by 5.00 p.m. This is to cater for the currency translation of the Target Fund to the Class(es)'s base currency based on the bid exchange rate quoted by Bloomberg or Reuters (*now known as Refinitiv*) at 4.00 pm (UK time) which is equivalent to 11.00 pm or 12.00 am midnight (Malaysian time) on the same day, or such other time as stipulated in the Investment Management Standards issued by the Federation of the Investment Managers Malaysia (FIMM).

Sophisticated Investor will buy units at the NAV per unit of the relevant Class as at the next valuation point after an instruction for purchase is received plus applicable entry charge of the Class; and redemption will be calculated based on the NAV per unit of the relevant Class as at the next valuation point after an instruction for redemption is received.

### **Incorrect Pricing**

In the event of any incorrect pricing of units of the Class(es), the Manager shall take immediate remedial action to rectify the incorrect pricing. Where the incorrect pricing:

- (i) is equal or more than one per centum (1.00%) of the NAV per unit; and
- (ii) the total impact on an individual account is less than RM 10.00 or its foreign currency equivalent in absolute amount.

then the Manager shall reimburse the relevant Class and/or the affected Unit Holder in the following manner:

- (a) where the error is as a result of over valuation (i.e. the price quoted is higher than the actual price), the Manager shall reimburse:
  - (i) the relevant Class (for the difference between the redemption amount paid out by the relevant Class and the amount per the amended valuation); and/or
  - (ii) the Unit Holders (for the difference between the value of subscription amount paid by the Unit Holder and the amount per the amended valuation).
- (b) where the error is as a result of under valuation (i.e. the price quoted is lower than the actual price), the Manager shall reimburse:
  - (i) the relevant Class (for difference between the value of subscription amount paid by the Unit Holder and the amount per the amended valuation); and/or
  - (ii) the Unit Holders (for difference between the redemption amount paid out by the relevant Class and the amount per the amended valuation).

Subject to any regulatory requirements, the Manager shall have the right to amend, vary or revise the above said limits or threshold from time to time.

## **Policy on rounding adjustment**

The NAV per unit for the Fund is rounded to four (4) decimal points. Redemption proceeds, units created, fees and charges are rounded to two (2) decimal points.

## **NAV per unit of the Class(es)**

Due to the multiple Classes in the Fund, the valuation of the Fund will be done in the Fund's base currency i.e. HKD. As such, all assets and/or cash that are not denominated in HKD will be converted to HKD for valuation purposes. The foreign exchange rate used for this purpose shall be based on the bid exchange rate quoted by Bloomberg or Reuters at 4.00 pm (UK time) which is equivalent to 11.00 pm or 12.00 am midnight (Malaysian time) on the same day, or such other time as stipulated in the Investment Management Standards issued by the FIMM.

## **Illustration:**

The following is a hypothetical example of the computation of the NAV per unit in Class currency at each valuation point based on the Multi Class Fund (MCF) Ratio with the assumption that the investment has been made in RM-Hedged Class and HKD Class:

“Opening Value of the Fund” refers to the NAV of the Fund before income and expenses.  
 “Opening Value of a Class” refers to the NAV of a Class before income and expenses.

		<b>Fund (HKD) Total</b>	<b>RM-Hedged Class</b>	<b>HKD Class</b>
<b><u>Day 1 – by 4.00pm</u></b>				
Sales amount received	A		RM20,000,000.00	HKD10,000,000.00
NAV per unit	B		RM1.0200	HKD1.0000
Units in Circulation	C=A÷B		19,607,843.14	10,000,000.00
Foreign exchange (“FX”) translation on Day 1 (FX as per Valuation date – using FIMM FX guidelines)	D		1.80	1.00
Value of the Fund (HKD)	E=AxD	HKD46,000,000.00	HKD36,000,000.00	HKD10,000,000.00
<b><u>Day 2</u></b>				
Opening Value of the Fund (HKD)	E	HKD46,000,000.00	HKD36,000,000.00	HKD10,000,000.00
Multi Class Fund (MCF) Ratio <sup>^</sup>	F	100%	78.26%	21.74%
Add: Income (HKD) (Proportionate based on MCF Ratio <sup>^</sup> )	G	HKD15,000.00	HKD11,739.00	HKD3,261.00

		<b>Fund (HKD) Total</b>	<b>RM-Hedged Class</b>	<b>HKD Class</b>
Less: Administration expenses (HKD) (Proportionate based on MCF Ratio <sup>A</sup> )	H	(HKD1,000.00)	(HKD782.60)	(HKD217.40)
<b>NAV before management fee and trustee fee for the day</b>	<b>I=E+G-H</b>	<b>HKD46,014,000.00</b>	<b>HKD36,010,956.40</b>	<b>HKD10,003,043.60</b>
- investment in Target Fund (85% of NAV)	J=I x 85%	HKD39,111,900.00		
- investment in other liquid assets (15% of NAV)	K=I x 15%	HKD6,902,100.00		

#### Class expenses

Management fee (% p.a.)

- charged on investment in Target Fund L 0.01%

- charged on other liquid assets M 1.00%

Management fee for the day (HKD) (Proportionate based on MCF Ratio<sup>A</sup>)  $N = \frac{(J \times L) + (K \times M)}{365}$  (199.81) (156.37) (43.44)

Trustee fee (% p.a.) P 0.03%

Trustee fee for the day (HKD) (Proportionate based on MCF Ratio<sup>A</sup>)  $Q = \frac{(I \times P)}{365 \times F}$  (37.82) (29.60) (8.22)

**NAV** **S=I-N-Q** **HKD46,013,762.37** **HKD36,010,770.43** **HKD10,002,991.94**

**Units in Circulation** **C** **19,607,843.14** **10,000,000.00**

**NAV per unit in Base Currency (HKD)** **T=S÷C** **HKD01.8365** **HKD1.0003**

FX translation on Day 2 (FX as per Valuation date – as per FIMM FX guidelines) U 1.82 1.00

**NAV per unit in Class currency** **T÷U** **RM1.0091** **HKD1.0003**

Sales/(Redemption) amount received for Day 2 V RM2,000,000.00 (HKD500,000.00)

FX translation on Day 2 (FX as per Valuation date – as per FIMM FX guidelines) W 1.82 1.00

		<b>Fund (HKD) Total</b>	<b>RM-Hedged Class</b>	<b>HKD Class</b>
Value of the sales/redemption (HKD)	$X = V \times W$	HKD3,140,000.00	HKD3,640,000.00	(HKD500,000.00)
Value of the Fund (HKD)	$Y = S + X$	HKD49,153,762.37	HKD39,650,770.43	HKD9,502,991.94
<b>Day 3</b>				
<b>Opening Value of the Fund (HKD)</b>	<b>Y</b>	<b>HKD49,153,762.37</b>	<b>HKD39,650,770.43</b>	<b>HKD9,502,991.94</b>

*Note: ^ Multi Class Fund (MCF) Ratio is apportioned based on the size of the Class relative to the whole Fund. This means the MCF Ratio is calculated by taking the Opening Value of a Class divided by the Opening Value of the Fund. This apportionment is expressed as a ratio and calculated as a percentage.*

### **Making an investment**

Assuming that a Sophisticated Investor wants to invest HKD10,000 in the HKD Class of the Fund and the NAV per unit is HKD1.0000 and entry charge is 5.00% of the NAV per unit of the HKD Class. The Sophisticated Investor will need to pay the amount as illustrated below to the Manager:

<b>Items</b>	<b>HKD/Units</b>	<b>Explanation</b>
(i) Amount to be invested (investment amount)	HKD10,000	
(ii) Units issued to Sophisticated Investor	10,000 units	HKD10,000/ HKD1.0000 per unit
(iii) Entry charge incurred by Sophisticated Investor	500	10,000 units x HKD1.0000 x 5.00%
(iv) Amount payable by Sophisticated Investor	HKD10,500	HKD10,000 + HKD500

### **Redeeming an investment**

Assuming a Sophisticated Investor wish to redeem 10,000 units from the HKD Class of the Fund and the NAV per unit of the HKD Class is HKD1.0005 with no exit penalty. Hence, the total amount payable to the Sophisticated Investor is HKD10,005 as illustrated below:

<b>Items</b>	<b>HKD/Units</b>	<b>Explanation</b>
(i) Units redeemed	10,000 units	
(ii) Gross amount payable to Sophisticated Investor	HKD10,005	10,000 units x HKD1.0005
(iii) Exit penalty incurred by Sophisticated Investor	0	No exit penalty

(iv) Amount payable to Sophisticated Investor	HKD10,005	
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### 7.3 Making an Investment

<b>Minimum Initial Investment</b>	<p><b>HKD Class:</b> HKD5,000  <b>RM Class:</b> RM5,000  <b>RM-Hedged Class:</b> RM5,000</p> <p><i>Note: The Manager reserves the right to change the stipulated amount from time to time. You may request for a lower amount subject to the Manager's discretion to accept.</i></p>
<b>Minimum Additional Investment</b>	<p><b>HKD Class:</b> HKD1,000  <b>RM Class:</b> RM1,000  <b>RM-Hedged Class:</b> RM1,000</p> <p><i>Note: The Manager reserves the right to change the stipulated amount from time to time. You may request for a lower amount subject to the Manager's discretion to accept.</i></p>
<b>Step 1 Eligibility</b>	<p><b>Sophisticated Investors, with 18 years of age and above for individual who are not US Persons.</b></p> <p><i>Notes:</i></p> <ol style="list-style-type: none"> <li>(1) <i>The Manager has the right to reject any application by a US Person. However, if you are investing through our appointed distributor who operates under a nominee system of ownership, kindly consult the respective distributor accordingly.</i></li> <li>(2) <i>If a Unit Holder is a US Person or subsequently becomes a US Person and such fact comes to the attention of the Manager:</i> <ol style="list-style-type: none"> <li>a) <i>The Manager is entitled to act in accordance with FATCA, relevant laws, rules, regulations, notes and circulars issued by the relevant authorities from time to time including but not limited to withholding such amount of the income derived from the units held by such US Person (if any); and</i></li> <li>b) <i>The Manager shall by a notice in writing to that US Person require him/her to either redeem all the units of the Fund or transfer all the units of the Fund to a non-US Person within thirty (30) days from the date of the notice. Upon expiry of thirty (30) days from the date of such notice, the Manager reserves the right to compulsorily redeem all the units held by such US Person.</i></li> </ol> </li> </ol>
<b>Step 2</b>	<p><b><u>For initial investment:</u></b></p> <ol style="list-style-type: none"> <li>(1) A full set of account opening form;</li> </ol>

<b>Forms To Be Completed and Documents Required</b>	<ul style="list-style-type: none"> <li>(2) Proof of payment;</li> <li>(3) Suitability assessment form;</li> <li>(4) Personal Data Protection Act consent form (if applicable);</li> <li>(5) FATCA and CRS documentation:               <ul style="list-style-type: none"> <li>a) Self-certification by individual / entity;</li> <li>b) W-8BEN / W-8BEN-E Form (if applicable); and</li> <li>c) W-9 Form (if applicable); and</li> </ul> </li> <li>(6) Additional documents requested by the Manager (if applicable).</li> </ul> <p><b><i>Individual investor/jointholder</i></b></p> <p>For a single applicant, photocopy of National Registration Identity Card (NRIC) for Malaysian or passport for foreigner. For joint applicant, photocopy of NRIC for Malaysian or passport for foreigner of first named joint applicant and the subsequent named joint applicant.</p> <p><b><i>Non-individual/corporate investors</i></b></p> <ul style="list-style-type: none"> <li>(1) Copy of NRIC/passport of all authorised signatory(ies);</li> <li>(2) Copy of NRIC/passport of directors/shareholders/partners;</li> <li>(3) A certified true copy of the Memorandum and Articles of Association, business registration documents, certificate of registration or its equivalent;</li> <li>(4) A certified true copy of Form 24 and 49 or its equivalent;</li> <li>(5) An original/extract copy of a board resolution approving investments in the Fund or its equivalent;</li> <li>(6) List of authorised personnel to effect any instructions pertaining to the Fund if the list of authorised personnel is not mentioned in the board resolution or its equivalent;</li> <li>(7) A copy of the latest audited financial statement of accounts;</li> <li>(8) Any other approvals required from relevant authorities; and</li> <li>(9) Any other documents requested by the Manager.</li> </ul> <p><b><u>For additional investment:</u></b></p> <ul style="list-style-type: none"> <li>(1) Transaction form or letter of instruction (for non-individual or corporate investors only); and</li> <li>(2) Proof of payment.</li> </ul>
<b>Step 3 Manner of Payment and Delivery</b>	<p>Upon clearance based on our “Know-Your-Customer” (KYC) policy, you can deposit payment into our account upon being advised by us. Your application will be accepted and shall be processed based on the net amount received. If you deposit payment into our account without notifying us, we reserve the</p>



	<p>right to reject your application and hold such amount until claimed.</p> <p>Payments can be made by depositing payment into our account using either cheque, bank draft or telegraphic transfer payable to:</p> <p><b>“AmFunds Management Berhad – Trust A/C”</b></p> <p><b>For individual investors:</b> You are advised to write your name, NRIC/ passport number and contact number at the back of the cheque or bank draft.</p> <p><b>For corporate investors:</b> You are advised to write your company name, company no. and contact number at the back of the cheque or bank draft.</p> <p>You can submit the application with complete documentation (including the proof of payment) and payment to us or submit the same to any of our appointed distributors. If we do not receive complete documentation with the payment we reserve the right to reject the application. If you deposit payment into our account and do not notify or provide us with the complete documentation, we shall reject your application and hold such amount until claimed. Sales of units will be processed upon receipt of complete documentation and proof of payment.</p> <p>We reserve the right to vary the manner of payment from time to time, and shall be communicated to you.</p> <p><i>Note: Where payment is by cheque, the cheque must be issued by the Sophisticated Investor. In the case of bank draft, a copy of the application for the bank draft as approved by the relevant bank must be submitted with the bank draft. <b>Any payment from third party other than the Sophisticated Investor will be rejected.</b></i></p>
<p><b>Processing an Application/ Cut-off Time</b></p>	<ul style="list-style-type: none"> <li>• If an application with complete documentation is accepted by the Manager or our appointed distributors <b>before 4.00 p.m.</b> on a Business Day, it will be processed at the closing NAV per unit of the same Business Day.</li> <li>• If an application with complete documentation is accepted by the Manager or our appointed distributors <b>after 4.00 p.m.</b> on a Business Day or on a non-Business Day, it will be processed at the closing NAV per unit of the next Business Day.</li> </ul>

	<p><i>Notes:</i></p> <ul style="list-style-type: none"> <li><i>The Manager reserves the right to reject any application that is unclear, incomplete and/or not accompanied by the required documents or proof of payment. Incomplete applications will not be processed until all the necessary information has been received.</i></li> <li><i>You should note that different distributors may have different cut off times in respect of receiving application request. You are advised to contact the relevant distributors to obtain further information and should check with the relevant distributors on their cut off time in respect of receiving application request.</i></li> </ul>
<b>Cooling-off Right</b>	Not applicable for this Fund.
<b>Confirmation of an Application</b>	You shall be issued a transaction advice within two (2) weeks of processing your application. No certificates are issued. Instead your details are entered into the register of Unit Holders, which is kept at our head office and can be inspected during business hours.
<b>Miscellaneous Application Information</b>	You will be responsible for all losses and expenses of the Fund in the event of any failure to make payments according to the procedures outlined in this Information Memorandum. In addition, a RM20 charge will be imposed if a cheque does not clear. Such losses and expenses shall be deducted by the Manager from your account with us. We reserve the right to reject any application. We also reserve the right to change or discontinue any of our application procedures.

**SOPHISTICATED INVESTORS ARE ADVISED NOT TO MAKE PAYMENT IN CASH TO ANY INDIVIDUAL AGENT WHEN PURCHASING UNITS OF THE FUND.**

## 7.4 Making Redemptions

<b>Minimum Redemption / Switching</b>	<p><b>All Classes:</b> 1,000 units</p> <p><i>Note: The Manager reserves the right to change the stipulated amount from time to time. You may request for a lower amount subject to the Manager's discretion to accept.</i></p>
<b>Minimum Holding / Balance</b>	<p><b>All Classes:</b> 1,000 units</p> <p><i>Note: The Manager reserves the right to change the stipulated amount from time to time. You may request for a lower amount subject to the Manager's discretion to accept.</i></p>
<b>Forms To Be Completed</b>	<ol style="list-style-type: none"> <li>(1) Transaction form signed by individual unit holder(s)/ authorised signatory(ies); or</li> <li>(2) Letter of instruction (for non-individual or corporate investors only).</li> </ol>

<b>Submission of Redemption Request / Cut-off Time</b>	<p>Redemption request can be made on any Business Day by completing the transaction form or letter of instructions.</p> <ul style="list-style-type: none"> <li>• If a redemption request with complete documentation is accepted by the Manager or our appointed distributors <b>before 4.00 p.m.</b> on a Business Day, it will be processed at the closing NAV per unit of the same Business Day.</li> <li>• If a redemption request with complete documentation is accepted by the Manager or our appointed distributors <b>after 4.00 p.m.</b> on a Business Day or on a non-Business Day, it will be processed at the closing NAV per unit of the next Business Day.</li> </ul> <p><i>Notes:</i></p> <ul style="list-style-type: none"> <li>• <i>The Manager reserves the right to reject any application that is unclear, incomplete and/or not accompanied by the required documents. Incomplete applications will not be processed until all the necessary information has been received.</i></li> <li>• <i>You should note that different distributors may have different cut off times in respect of receiving redemption request. You are advised to contact the relevant distributors to obtain further information and should check with the relevant distributors on their cut off time in respect of receiving redemption request.</i></li> </ul>
<b>Payment of Redemption Proceeds</b>	Within fourteen (14) calendar days of receiving the redemption request with complete documentation.
<b>Manner of Payment</b>	<p>Redemption proceeds will be made in the currencies which the units are denominated will be paid to a bank account (active account) held in your own name or the first named Unit Holder (for joint account) either by telegraphic transfer, cheque or bank draft.</p> <p><i>Note: We reserve the right to vary the manner of payment from time to time, and shall be communicated to you.</i></p>
<b>Miscellaneous Redemption Information</b>	We reserve the right to defer the calculation of redemption price with the consent of the Trustee (or as permitted by the SC) after receiving the redemption request if in our judgment, an earlier payment would adversely affect the Fund.

**No redemption will be paid in cash under any circumstances.**

## 7.5 Distribution Payment

<b>Mode of Income Distribution</b>	<p>Subject to the availability of income, distribution (if any) is incidental.</p> <p><u>RM and RM-Hedged Classes</u> Distribution, if any, will be deposited into your bank account held in your name or the first named Unit Holder (for joint account) or to pay such income distribution by way of a bank draft under any circumstances where the income distribution cannot be transferred.</p> <p>If you do not state your option in the account opening form or transaction form, and if income distribution is paid, such income will be automatically reinvested in the forms of units.</p> <p><u>Other Classes except for RM and RM-Hedged Classes</u> Distribution, if any, will be automatically reinvested into your account with us at no cost, based on the NAV per unit of the relevant Class at the end of Business Day of the income distribution date.</p> <p><i>Notes: Income distribution amount (if any) for each of the Classes could be different and is subject to the sole discretion of the Manager. For RM and RM-Hedged Classes only, if income distribution earned does not exceed RM500, it will be automatically reinvested.</i></p>
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## 7.6 Unclaimed Moneys

Any moneys payable to you which remains unclaimed (hereinafter referred to as unclaimed amount) for the last twelve (12) months or such period as may be prescribed under the Unclaimed Moneys Act 1965 from the date of payment will be paid to Registrar of Unclaimed Moneys in accordance with the requirements of the Unclaimed Moneys Act 1965. Thereafter, all claims need to be made to the Registrar of Unclaimed Moneys.

## 7.7 Other Relevant Information when Making an Investment

### Switching Facility

Unit Holders are only allowed to switch to other funds where the currency denomination is the same as the Class of the Fund switched out. For switches between any of the funds managed by the Manager, Unit Holders will be charged on the differences of the entry charge between funds switched, which is up to a maximum of 6% of NAV per unit of the fund switched into. No entry charge will be imposed if the fund to be switched into has a lower entry charge.

Unit Holders are not allowed to switch between Class(es).

Please note that the price of the Fund to be switched out and the price of another Fund to be switched into may be of different days.

### **Transfer Facility**

Transfer facility is not available for this Fund.

### **Temporary Suspension of Determination of NAV and of the Issue and Redemption of Units**

The Manager may suspend the determination of the NAV of the Fund, the issue of units and the redemption of units in the following circumstances:

- (a) during any period when the Malaysian market on which a material part of the investments of the Fund is closed, or during which dealings are substantially suspended or restricted;
- (b) during the existence of any state of affairs which constitutes an emergency as a result of which disposal of investments of the Fund is not possible;
- (c) during any breakdown in the means of communication normally employed in determining the price of the Fund's investments on any market;
- (d) when for any other reason the prices of any investments owned by the Fund cannot promptly or accurately be ascertained;
- (e) during any period when remittance of monies which will or may be involved in the realization of or in the payment for any of the Fund's investments cannot, in the opinion of the Manager, be carried out at normal rates of exchange;
- (f) in the event of the publication of a notice convening a Unit Holders meeting; or
- (g) if in our judgement, an earlier payment of redemption proceeds would adversely affect the Fund.

Unit Holders who have requested for subscription and/or switching and/or redemption of their units will be notified in writing of any such suspension of the right to subscribe, to switch or to require redemption of units and will be promptly notified upon termination of such suspension. Any suspension shall be in accordance with the Deed.

### **Customer Identification Program**

Pursuant to the relevant laws of Malaysia on money laundering, we have an obligation to prevent the use of the Fund for money laundering purposes. As such, we and/or our appointed distributors have put in place a "Know Your Customer" ("KYC") policy where procedures are in place to identify and verify the investor's identification through documents such as identity card, passport, constituent documents or any other official documents.

We and/or our appointed distributors reserve the right to request such information, either at the time an application is made or thereafter, as is necessary to verify the identity of an investor (or each of the investors in the case of joint investors) and/or to periodically update our records. We and/or our appointed distributors require you to provide us with your information and information of beneficial owner such as name, date of birth, national registration card number, residential and business address, (and mailing address if different), name of beneficial owner, address of beneficial owner, national registration card number of beneficial owner, date of birth of beneficial owner or other information and official identification.

For corporate clients, we and/or our appointed distributors require you to provide us the name of the company, principal place of business, source of income/asset, identification documents of the directors/shareholders/partners, board resolution pertaining to the investment and the person authorized to operate the account, all of which as per requirements under regulation when you open or re-open an account.

We and/or our appointed distributors also reserve the right to request additional information including the source of the funds, source of wealth, net worth, annual income and identity of any beneficial owners as may be required to support the verification information and to allow us to complete adequate due diligence. In the event of delay or failure by the investor to produce any information required for verification purpose, we and/or our appointed distributors may refuse to accept an application request. In relation to a subscription application, any monies received will be returned without interest/profit to the account from which the monies were originally debited, and in relation to redemption application, no units will be redeemed to the investor. We and/or our appointed distributors also reserve the right to place restrictions on transactions or redemptions on your account until your identity is verified.

In the event of any breaches to the applicable laws on money laundering, we have a duty to notify the relevant authority.

### **Anti-Money Laundering (“AML”)/KYC Obligation on distributor**

If you have invested in the Fund via a distributor, there may be additional information that the distributor may need to provide to us, which may include the release of your particulars and details of ultimate beneficiaries / ultimate beneficial owners investing in the Fund to us. Without such information being provided, we may be required to reject your subscription or redemption request until such information is provided by the distributor to us.

### **Cross Trade**

The Manager may conduct cross trades between funds and private mandates it currently manages provided that all criteria imposed by the regulators are met.

Notwithstanding, cross trades between the personal account of an employee of the Manager and the Fund's account and between the Manager's proprietary trading accounts and the Fund's account are strictly prohibited. The execution of cross trade

will be reported to the investment committee and disclosed in the Fund's report accordingly.

### **Rebates and Soft Commission**

It is our policy to channel all rebates, if any, received from brokers or dealers to the Fund. However, soft commissions for goods and services which are of demonstrable benefit to Unit Holders and in the form of research and advisory services that assist in the decision making process relating to the Fund's investments as allowed under regulatory requirements and incidental to investment management of the Fund and the dealing with the broker or dealer is executed on terms which are the most favourable for the Fund are retained by us.

### **Borrowing/Financing**

The Fund is prohibited from borrowing other assets (including borrowing of securities within the meaning of *Securities Borrowing and Lending Guidelines*) in connection with its activities. However, the Fund may borrow cash for the purpose of meeting repurchase requests for units of the Fund and for short-term bridging requirements. Such borrowings are subject to the following:

- (a) the Fund's cash borrowing is only on a temporary basis and that borrowings are not persistent;
- (b) the borrowing period should not exceed one month;
- (c) the aggregate borrowings of the Fund should not exceed 10% of the Fund's NAV at the time the borrowing is incurred; and
- (d) the Fund only borrows from financial institutions.

## **8 THE MANAGEMENT COMPANY**

### **8.1 Corporate Information of the Manager**

AFM was incorporated on 9 July 1986 and is a wholly owned by AmInvestment Bank Berhad with effective from 21 July 2016. As at LPD, AFM has more than thirty (30) years of experience in the unit trust industry.

AFM is the holder of a Capital Markets and Services Licence for the regulated activities of fund management, dealing in securities restricted to unit trusts and dealing in private retirement scheme issued under the Act.

### **8.2 Roles, Duties and Responsibilities of the Manager**

The Manager is responsible for setting the investment policies and objective for the Fund. The Manager is also responsible for the promotion and administration of the Fund which include but not limited to issuing units, preparing and issuing information memorandum.

AFM is responsible to manage, invest, realize, reinvest or howsoever deal with the Fund in accordance with the investment objective and guidelines, including investment limits and restrictions of the Fund.

### **8.3 Designated Fund Manager**

#### **Wong Yew Joe**

Wong Yew Joe is the designated person responsible for the fund management function of the Fund. He is the Chief Investment Officer of AFM overseeing investments in the firm. He has more than twenty (20) years of experience in financial services and funds management. Over this tenure, his roles covered investment analysis, trading and portfolio management. He also played a key role in product development, business development and managing client relationships.

Yew Joe first joined the Funds Management Division in 2006 as a fund manager. His last post was the Head of Fixed Income and oversaw investments in Islamic fixed income instruments and other related instruments. He holds a Bachelor of Commerce (Accounting and Finance) from the University of Southern Queensland, Australia. He also holds a Capital Markets Services Representative's License for the regulated activity of fund management.

### **8.4 Material Litigation**

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



***Note: Please refer to our website ([www.aminvest.com](http://www.aminvest.com)) for further information on the Manager which may be updated from time to time.***

## **9 THE TRUSTEE**

### **9.1 About Deutsche Trustees Malaysia Berhad**

Deutsche Trustees Malaysia Berhad (“DTMB”), Registration No. 200701005591 (763590-H) was incorporated in Malaysia on 22 February 2007 and commenced business in May 2007. The Company is registered as a trust company under the Trust Companies Act 1949, with its business address at Level 20, Menara IMC, 8 Jalan Sultan Ismail, 50250 Kuala Lumpur.

DTMB is a member of Deutsche Bank Group (“Deutsche Bank”). Deutsche Bank provides commercial and investment banking, retail banking, transaction banking and asset and wealth management products and services to corporations, governments, institutional investors, small and medium-sized businesses, and private individuals.

### **9.2 Experience in Trustee Business**

DTMB is part of Deutsche Bank’s Securities Services, which provides trust, custody and related services on a range of securities and financial structures. As at LPD, DTMB is the trustee for 193 collective investment schemes including unit trust funds, wholesale funds, exchange-traded funds and private retirement schemes.

DTMB’s trustee services are supported by Deutsche Bank (Malaysia) Berhad (“DBMB”), a subsidiary of Deutsche Bank, financially and for various functions, including but not limited to financial control and internal audit.

### **9.3 Roles, Duties and Responsibilities of the Trustee**

DTMB’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 performing these functions, the Trustee has to exercise due care and vigilance and is required to act in accordance with the relevant provisions of the Deed, the CMSA 2007 and all relevant laws.

### **9.4 Material Litigation and Arbitration**

As at LPD, neither the Trustee nor its delegate is (a) engaged in any material litigation and arbitration, including those pending or threatened, nor (b) 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 delegate.

## **9.5 Trustee's Delegate**

The Trustee has appointed DBMB as the custodian of the assets of the Fund. DBMB is a wholly-owned subsidiary of Deutsche Bank AG. DBMB offers its clients access to a growing domestic custody network that covers over thirty (30) markets globally and a unique combination of local expertise backed by the resources of a global bank. In its capacity as the appointed custodian, DBMB's roles encompass safekeeping of assets of the Fund; trade settlement management; corporate actions notification and processing; securities holding and cash flow reporting; and income collection and processing.

All investments of the Fund are registered in the name of the Trustee for the Fund, or where the custodial function is delegated, in the name of the custodian to the order of the Trustee for the Fund. As custodian, DBMB shall act only in accordance with instructions from the Trustee.

## **9.6 Disclosure on Related-Party Transactions/Conflict of Interests**

As the Trustee for the Fund and the Manager's delegate for the fund accounting and valuation services, there may be related party transactions involving or in connection with the Fund in the following events:

- (1) Where the Fund invests in the products offered by Deutsche Bank AG and any of its group companies (e.g. money market placement, etc.);
- (2) Where the Fund has obtained financing from Deutsche Bank AG and any of its group companies, as permitted under the SC Guidelines and other applicable laws;
- (3) Where the Manager appoints the Trustee to perform its back office functions (e.g. fund accounting and valuation); and
- (4) Where the Trustee has delegated its custodian functions for the Fund to DBMB.

The Trustee will rely on the Manager to ensure that any related party transactions, dealings, investments and appointments are on terms which are the best available for or to the Fund and are on an arm's length basis as if between independent parties.

While the Trustee has internal policies intended to prevent or manage conflicts of interests, no assurance is given that their application will necessarily prevent or mitigate conflicts of interests. DTMB's commitment to act in the best interests of the Unit Holders of the Fund do not preclude the possibility of related party transactions or conflicts.

## 10 SALIENT TERMS OF THE DEED

**Please note that if an investor invests through a distributor via a nominee system of ownership, the investor will not be deemed a Unit Holder under the Deed.**

### 10.1 Rights and Liabilities of Unit Holders

A Sophisticated Investor is deemed to be a Unit Holder when units are issued upon the Manager accepting completed documentation with payment.

Each unit held in the Fund entitles a Unit Holder to an equal and proportionate beneficial interest in the Fund. However, a Unit Holder does not own or have a right to any particular asset held by the Fund and cannot participate in management decisions except in very limited circumstances as set out in the Deed.

As a Unit Holder, you have the right to:

- (a) Receive income distribution (if any);
- (b) Have your units redeemed;
- (c) Transfer your units, subject to Manager's discretion;
- (d) Participate in termination or winding up of the Fund;
- (e) Call, attend and vote at meetings of unit holders (the rules governing the holding of meetings are set out in the law and the Deed);
- (f) Receive monthly statement of accounts, annual and quarterly reports of the Fund; and
- (g) To exercise such other rights and privileges as provided for in the Deed.

The law and the Deed limit a Unit Holder's liability to the value of their investments in the Fund. Accordingly, if the Fund's liabilities exceed its assets, no Unit Holder by reason alone of being a Unit Holder, will be personally liable to indemnify the Trustee or the Manager or any of their respective creditors.

### 10.2 Fees and Charges Permitted by the Deed

The following are the maximum fees and charges as provided in the Deed:

<b>Entry Charge</b>	Up to 10.00% of the NAV per unit of the Class(es)
<b>Exit penalty</b>	Up to 10.00% of the NAV per unit of the Class(es)
<b>Annual Management Fee</b>	Up to 5.00% p.a. of the NAV of the Class(es)
<b>Annual Trustee Fee</b>	Up to 0.03% p.a. of the NAV of the Fund (excluding foreign custodian fees and charges, where applicable)

The increase in the fees and charges can only be made in accordance with the Deed and the relevant laws. Any increase in the fees and/or the charges above the level disclosed in the Information Memorandum may be made provided that the maximum level stated in the Deed shall not be breached. Any increase in the fees or charges above the maximum level disclosed in the Deed shall require Unit Holders' approval at a duly convened Unit Holders' meeting and subsequently a supplemental deed and supplemental information memorandum will be issued.

In the event of any increase in the fees and/or the charges above the level disclosed in the Information Memorandum and within the level disclosed in the Deed, a supplemental information memorandum will be issued.

### **10.3 Permitted Expenses Payable out of the Fund**

The expenses (or parts thereof) which are directly related and necessary for the day to day operation and administration of the Fund are payable out of the Fund's assets. As provided in the Deed, these would include (but are not limited to) the following:

- (a) commissions/fees paid to brokers/dealers in effecting dealings in the investments of the Fund, shown on the contract notes or confirmation notes;
- (b) taxes and other duties charged on the Fund by the government and/or other authorities;
- (c) costs, fees and expenses properly incurred by the Auditor and tax agent of the Fund;
- (d) costs, fees and expenses incurred for the valuation of any investment of the Fund by independent valuers for the benefit of the Fund;
- (e) 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;
- (f) costs, fees and expenses incurred for any meeting of the Unit Holders save where such meeting is convened for the benefit of the Manager and/or the Trustee;
- (g) costs, commissions, fees and expenses of the sale, purchase, insurance and any other dealing of any asset of the Fund;
- (h) costs, fees and expenses incurred in engaging any specialist approved by the Trustee for investigating or evaluating any proposed investment of the Fund;
- (i) costs, fees and expenses incurred in engaging any valuer, adviser (including but not limited to legal advisors/lawyers) or contractor for the benefit of the Fund;
- (j) costs, fees and expenses incurred in the preparation and audit of the taxation, returns and accounts of the Fund;
- (k) 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;
- (l) 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);

- (m) remuneration and out of pocket expenses of the independent members of the investment committee of the Fund, unless the Manager decides otherwise;
- (n) 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;
- (o) costs, fees and expenses incurred in relation to printing and postage of annual and quarterly reports;
- (p) (where the custodial function is delegated by the Trustee) charges and fees paid to sub-custodians in respect of the foreign investments of the Fund (if any); and
- (q) any tax and/or other indirect or similar tax now or hereafter imposed by law or required to be paid in connection with any costs, fees and expenses incurred under sub-paragraphs (a) to (p) above.

#### **10.4 Retirement, Removal or Replacement of the Trustee**

Provided always that the Manager has in place a corporation approved by the relevant authorities to act as the trustee of the Fund, the Trustee may retire upon the expiration of twelve (12) months' notice in writing to the Manager of its desire so to do, or such other period as the Manager and the Trustee may agree upon.

The Trustee may be removed and another trustee may be appointed by Special Resolution of the Unit Holders at a duly convened meeting of which notice has been given to the Unit Holders in accordance with the Deed.

#### **10.5 Retirement, Removal or Replacement of the Manager**

The Manager may be removed by the Trustee where:

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

and the Manager shall not accept any extra payment or benefit in relation to such removal.

Subject to the approval of the relevant authorities, the Manager shall have the power to retire in favour of some other corporation and as necessary under any relevant law upon giving to the Trustee twelve (12) months' notice in writing of its desire to do so or such other period as the Manager and the Trustee may agree subject to the conditions stated in the Deed.

## **10.6 Termination of the Fund**

### **Termination of Trust by the Manager**

The Manager may determine the trust hereby created and wind up the Fund in accordance with the relevant laws. Notwithstanding the aforesaid, if the Fund is left with no Unit Holders, the Manager shall be entitled to terminate the Fund.

Upon the termination of the trust by the Manager, the Trustee shall as soon as practicable, give to each Unit Holder of the Fund being wound up notice of such termination; the Manager shall notify the existing Unit Holders in writing of the following options:

- (a) to receive the net cash proceeds derived from the sale of all the investment and assets of the Fund less any payment for liabilities of the Fund and any cash produce available for distribution in proportion to the number of Units held by them respectively;
- (b) to switch to any other wholesale fund managed by the Manager upon such terms and conditions as shall be set out in the written notification; or
- (c) to choose any other alternative as may be proposed by the Manager.

### **Termination of Trust by the Trustee**

In any of the following events:

- (a) if the Manager has gone into liquidation, except for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee and the relevant authorities;
- (b) if, in the opinion of the Trustee, the Manager has ceased to carry on business; or
- (c) if, in the opinion of the Trustee, the Manager has acted to the prejudice of Unit Holders failed to comply with the provisions of the Deed or contravened any of the provisions of any relevant law;

the Trustee shall summon a meeting of Unit Holders in accordance with the provisions of the Deed for the purpose of seeking directions from the Unit Holders.

If at any such meeting a Special Resolution to terminate the trust in respect to the Fund and to wind-up the Fund is passed by the Unit Holders, the Trustee shall apply to the court for an order confirming such Special Resolution.

Upon such application by the Trustee, the court may, if it considers it to be in the interests of the Unit Holders, confirm the Special Resolution and make such orders as it thinks necessary or expedient for the termination of the trust in respect of the Fund and the effective winding-up of the Fund.

The termination of the trust and the winding up of the Fund shall not affect the continuity of any other trusts and wholesale funds created and established hereunder.

## **10.7 Termination of a Class of Units**

If the Fund has more than one class of Units, the Manager may terminate a particular class of Units in accordance with the relevant laws. The Manager may only terminate a particular class of Units if the termination of that class of Units does not prejudice the interests of Unit Holders of any other class of Units. For the avoidance of doubt, the termination of a class of Units shall not affect the continuity of any other class of Units of the Fund.

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

- (a) the Trustee and the Manager shall notify the relevant authorities in writing of the passing of the Special Resolution;
- (b) the Trustee or the Manager shall as soon as practicable inform all Unit Holders of the Fund of the termination of that class of Units; and
- (c) the Trustee or the Manager shall publish a notice on the termination of that class of Units in at least one (1) national Bahasa Malaysia newspaper and one (1) national English newspaper, if those Units are available in Malaysia.

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

## **10.8 Unit Holders' Meeting**

### **Quorum required for a Unit Holders' meeting**

The quorum required for a meeting of the Unit Holders shall be five (5) Unit Holders, whether present in person or by proxy, provided 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 or the applicable class of Units, as the case may be, at the time of the meeting.



## Virtual Unit Holders' meeting

Subject to any applicable laws, the Manager and/or the Trustee shall have the power to convene a virtual meeting of Unit Holders by video conference, web-based communication, electronic or such other communication facilities or technologies available from time to time, subject to the fulfilment of the following conditions:

- (a) the Manager and/or the Trustee shall:
  - (i) ensure that there is reliable infrastructure to enable the conduct of a virtual meeting including enabling the Unit Holders to exercise their rights to speak and vote at the virtual meeting;
  - (ii) provide guidance to the Unit Holders on the requirements and method of participating in the virtual meeting using the selected platform;
  - (iii) identify a broadcast venue as the place of meeting and to state the online platform that will be used for the virtual meeting in the written notice to the Unit Holders;
  - (iv) ensure only Unit Holders are allowed to participate in the virtual meeting; and
  - (v) observe the applicable directive, safety and precautionary requirements prescribed by the relevant authorities;
- (b) the broadcast venue shall be a physical venue in Malaysia where the chairman of the meeting shall be physically present;
- (c) participation by a Unit Holder in a Unit Holders' meeting by any of the communication facilities referred to in this section shall be deemed as present at the said Unit Holders' meeting and shall be counted towards the quorum notwithstanding the fact that the Unit Holder is not physically present at the main venue of where the Unit Holders' meeting is to be held; and
- (d) the provisions of the Deed shall apply mutatis mutandis to a virtual meeting of Unit Holders.

Unless otherwise prescribed by the relevant laws, a Unit Holders' meeting summoned pursuant to this section shall not be deemed to have proceeded for such period or periods where any of the communication facilities referred to in this section have been disconnected. The chairman of the meeting shall have the discretion to adjourn the meeting which had been disconnected and which cannot be reconnected within a reasonable time, to another date and time to be agreed by the Unit Holders present at the meeting.

## 10.9 Meeting Directed by the Unit Holders

The Manager shall, within twenty-one (21) days of receiving a direction from not less than fifty (50) Unit Holders or one-tenth (1/10) of all the Unit Holders of the Fund or of that class of Units, as the case may be, summon a meeting of the Unit Holders of the Fund or of a particular Class of the Fund by:

- (a) sending by post at least seven (7) days before the date of the proposed meeting a notice of the proposed meeting to all the Unit Holders, at the Unit Holder's last known address or, in the case of Jointholders, to the Jointholder whose name

- stands first in the records of the Manager to the Jointholder's last known address;
- (b) publishing at least fourteen (14) days before the date of the proposed meeting an advertisement giving notice of the proposed meeting in a national language national daily newspaper and in one other newspaper approved by the relevant authorities; and
  - (c) specifying in the notice the place and time of the meeting and the terms of the resolutions to be proposed at the meeting.

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

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

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

#### **10.10 Meeting Summoned by the Manager or the Trustee**

The Manager or the Trustee may summon a meeting of Unit Holders for any purpose whatsoever by:

- (a) giving at least fourteen (14) days' written notice to Unit Holders; and
- (b) specifying in the notice, the place and time of the meeting and the terms of the resolutions to be proposed.

## 11 RELATED PARTY TRANSACTIONS OR CONFLICT OF INTEREST

All transactions with related parties are to be executed on terms which are best available to the Fund and which are not less favourable to the Fund than an arm's length transaction between independent parties. The Fund may have dealings with parties related to the Manager. The related parties defined are AmlIslamic Funds Management Sdn Bhd ("AIFM"), AmInvestment Bank Berhad, AmInvestment Group Berhad, AmBank (M) Berhad and AmBank Islamic Berhad.

Trading in securities by an employee is allowed, provided that the policies and procedures in respect of the personal account dealing are observed and adhered to. The directors, investment committee members and employees are required to disclose their portfolio holdings and dealing transactions as required under the Personal Account Dealing Policy and the Management of Conflict of Interest Policy. Further, the abovementioned shall make disclosure of their holding of directorship and interest in any company.

The directors of AIFM may have direct or indirect interest through their directorship in AIFM. Following are the details of the directors as at 1 July 2021:

- Tai Terk Lin is the independent director of AIFM.
- Goh Wee Peng is the non-independent director of AIFM.

For further details of the director's profile, please refer our website ([www.aminvest.com](http://www.aminvest.com)).

To the best of Trustee's knowledge, there has been no event of conflict of interest or related party transaction which exists between the Trustee and the Manager or any potential occurrence of it.

## 12 ADDITIONAL INFORMATION

### 12.1 Keeping You Informed

#### **When you invest**

A transaction advice slip/ tax invoice will be sent to you.

#### **Statement of investment**

We will send you a half-yearly statement. It will state the balance of units held by you together with all transactions made since the last statement.

#### **Reports**

We will send you:

- The annual report within two (2) months of the Fund's financial year end; and
- Quarterly reports within two (2) months of the end of the period covered.

#### **Tax voucher**

We will send you tax vouchers (if any) which will set out the information that is needed to complete your tax return form.

#### **Internet**

We publish updated information on our website [www.ambankgroup.com](http://www.ambankgroup.com) or [www.aminvest.com](http://www.aminvest.com).

**Please take note that if you have invested through our appointed distributor via a nominee system of ownership, please obtain the above-mentioned information from that distributor.**

### 12.2 Keeping Us Informed

#### **Changing your account details**

You will be required to inform us or your personal adviser from our appointed distributor in writing on any changes of your account details. Account details will amongst other things, include the following:

- your address;
- bank account details;
- signing instructions; and
- how income distributions are to be paid (if any).

Kindly ensure that you keep us or your personal adviser from our appointed distributor updated on any changes to your account details. This will enable us to keep you informed of the latest development of your investments and to ensure any payment of income distribution (if any) is paid successfully to your account or such cheque/ bank draft reaches you successfully at your updated address. Failure to inform us of any changes to your account details may result in us being unable to contact you and failure to make any income distribution payment to you, such income

distribution will become unclaimed moneys and be treated as unclaimed moneys under Section 7.6.

**Investor feedback and complaints**

We encourage feedback from you in order for us to upgrade our services to meet your needs. Additionally, if you have any complaints, you may direct your complaints to your personal adviser from our appointed distributor. You may also direct your feedback or complaints to us by contacting our customer service representative at (03) 2032 2888 or email [enquiries@aminvest.com](mailto:enquiries@aminvest.com). If you wish to write to us, please address your letter to:

AmFunds Management Berhad  
9<sup>th</sup> & 10<sup>th</sup> Floor, Bangunan AmBank Group  
No. 55, Jalan Raja Chulan  
50200 Kuala Lumpur

## 13 DIRECTORY

Head Office      AmFunds Management Berhad  
9<sup>th</sup> & 10<sup>th</sup> Floor, Bangunan AmBank Group  
No. 55, Jalan Raja Chulan  
50200 Kuala Lumpur  
Tel: (03) 2032 2888      Fax: (03) 2031 5210  
Email: [enquiries@aminvest.com](mailto:enquiries@aminvest.com)

Postal Address      AmFunds Management Berhad  
P.O. Box 13611, 50816 Kuala Lumpur

For enquiries about this Fund and any other funds offered by AmFunds Management Berhad, please call (03) 2032 2888 between 8.45 a.m. to 5.45 p.m. (Monday-Thursday), 8.45 a.m. to 5.00 p.m. (Friday)

