

# MASTER PROSPECTUS

THIS MASTER PROSPECTUS DATED 30 NOVEMBER 2019 IS A REPLACEMENT MASTER PROSPECTUS THAT REPLACES AND SUPERSEDES THE MASTER PROSPECTUS DATED 31 MAY 2018, THE SUPPLEMENTAL REPLACEMENT MASTER PROSPECTUS DATED 25 FEBRUARY 2019 AND THE SECOND SUPPLEMENTAL REPLACEMENT MASTER PROSPECTUS DATED 31 OCTOBER 2019.

## Incorporating 12 Funds:

**Kenanga IncomeEXTRA Fund**  
(Formerly known as *Libra IncomeEXTRA Fund*)

**Kenanga EquityEXTRA Fund**  
(Formerly known as *Libra EquityEXTRA Fund*)

**Kenanga BondEXTRA Fund**  
(Formerly known as *Libra BondEXTRA Fund*)

**Kenanga MoneyEXTRA Fund**  
(Formerly known as *Libra MoneyEXTRA Fund*)

**Kenanga DividendEXTRA Fund**  
(Formerly known as *Libra DividendEXTRA Fund*)

**Kenanga TacticalEXTRA Fund**  
(Formerly known as *Libra TacticalEXTRA Fund*)

**Kenanga Consumer and Leisure Asia Fund**  
(Formerly known as *Libra Consumer and Leisure Asia Fund*)

**Kenanga Liquidity Fund**  
(Formerly known as *Libra Liquidity Fund*)

**Kenanga Resource Equity Fund**  
(Formerly known as *Libra Resource Equity Fund*)

**Kenanga SyariahEXTRA Fund**  
(Formerly known as *Libra SyariahEXTRA Fund*)

**Kenanga Amanah Saham Wanita**  
(Formerly known as *Libra Amanah Saham Wanita*)

**Kenanga ASnitaBOND Fund**  
(Formerly known as *Libra ASnitaBOND Fund*)

## Date of Constitution:

25 August 1999

25 August 1999

23 September 2002

23 September 2002

3 March 2005

3 March 2005

9 May 2007

23 December 2008

21 May 2010

7 February 1996

30 April 1998

3 March 2005

## MANAGER

**Kenanga Investors Berhad** 199501024358 (353563-P)

## TRUSTEES

**Maybank Trustees Berhad** 196301000109 (5004-P)

**CIMB Commerce Trustee Berhad** 199401027349 (313031-A)

**CIMB Islamic Trustee Berhad** 198801000556 (167913-M)

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

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS, WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE 'RISK FACTORS' COMMENCING ON PAGE 46.

# kenanga

**Kenanga Investors**



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## **RESPONSIBILITY STATEMENTS**

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

## **STATEMENTS OF DISCLAIMER**

The Securities Commission Malaysia has authorised the Funds and a copy of this Master Prospectus has been registered with the Securities Commission Malaysia.

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

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

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

## **ADDITIONAL STATEMENTS**

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

The application of the word “EXTRA” to the Funds’ names does not guaranteed any return on investment.

The word “Dividend” in “DividendEXTRA” is referring to the dividend that the Fund earns from the investment made by the fund manager. Investors are reminded that the dividend earned by the Fund is not a distribution declared by the Fund to its investors.

Kenanga ASnitaBOND Fund (formerly known as Libra ASnitaBOND Fund), Kenanga Amanah Saham Wanita (formerly known as Libra Amanah Saham Wanita) and Kenanga SyariahEXTRA Fund (Libra SyariahEXTRA Fund) have been certified as Shariah-compliant by the Shariah Adviser appointed for those Funds.

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

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## **1. DEFINITIONS**

<b>Act or CMSA</b>	means the Capital Markets and Services Act 2007 as may be amended from time to time.
<b>baitulmal</b>	refers to an Islamic treasury institution intended for community development as well as to provide for disadvantaged Muslims.
<b>BNM</b>	means Bank Negara Malaysia.
<b>Bursa Malaysia</b>	means the stock exchange managed or operated by Bursa Malaysia Securities Berhad.
<b>Business Day</b>	means a day on which the Bursa Malaysia is open for trading.
<b>Cooling-Off Period</b>	means grace period for investors to reconsider their investment.
<b>Deed(s)</b>	means the deeds or master deeds for the respective Funds and any other supplemental deeds or master supplemental deeds that may be entered into between the Manager and the Trustee of the respective Funds and registered with the SC.
<b>deposits</b>	has the same meaning as defined in the Financial Services Act 2013 and Islamic Financial Services Act 2013.
<b>derivatives/structured products</b>	means financial contracts whose value depend on, or are derived from, the value of an underlying asset, reference rate or index.
<b>Eligible Market</b>	<p>means a market that is regulated by a regulatory authority, operates regularly, open to the public and has adequate liquidity for the purposes of the Funds.</p> <p>For investments in a foreign market*, a foreign market is an eligible market where it has satisfactory provisions relating to:</p> <ul style="list-style-type: none"> <li>(a) the regulation of the foreign market;</li> <li>(b) the general carrying on of business in the market with due regard to the interests of the public;</li> <li>(c) adequacy of market information;</li> <li>(d) corporate governance;</li> <li>(e) disciplining of participants for conduct inconsistent with just and equitable principles in the transaction of business, or for a contravention of, or a failure to comply with the rules of the market; and</li> <li>(f) arrangements for the unimpeded transmission of income and capital from the foreign market.</li> </ul> <p>*Note: Investments in a foreign market are limited to markets where the regulatory authority is an ordinary or associate member of the International Organization of Securities Commissions (IOSCO).</p>
<b>equity-related securities</b>	means securities that are convertible or exchangeable to equity; eg. Warrants, convertible loan stocks.
<b>EPF</b>	means the Employees Provident Fund.
<b>FBMKLCI</b>	means FTSE Bursa Malaysia KLCI.

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<b>FBM100</b>	means FTSE Bursa Malaysia Top 100 Index.																								
<b>FBM EMAS Shariah Index</b>	means FTSE Bursa Malaysia EMAS Shariah Index.																								
<b>financial institutions</b>	<p>If the institution is in Malaysia, a licensed bank, licensed investment bank or a licensed Islamic bank.</p> <p>If the institution is outside Malaysia, any institution that is licensed, registered, approved or authorised by the relevant banking regulator to provide financial services.</p>																								
<b>Fixed income instruments</b>	means an instrument which provides returns in the form of fixed periodic payments and the return of principal at maturity, including but not limited to short term instruments such as government bills, commercial papers and fixed deposit, medium term notes and long term instruments such as bonds.																								
<b>Fund (s)</b>	<p>means the following unit trust schemes offered for sale through this Master Prospectus are individually referred as “the Fund” or collectively referred as “the Funds”:</p> <table> <tr> <td><b>Kenanga IncomeEXTRA Fund</b> <i>(formerly known as Libra IncomeEXTRA Fund)</i></td><td><b>KIEF</b></td></tr> <tr> <td><b>Kenanga EquityEXTRA Fund</b> <i>(formerly known as Libra EquityEXTRA Fund)</i></td><td><b>KEEF</b></td></tr> <tr> <td><b>Kenanga BondEXTRA Fund</b> <i>(formerly known as Libra BondEXTRA Fund)</i></td><td><b>KBEF</b></td></tr> <tr> <td><b>Kenanga MoneyEXTRA Fund</b> <i>(formerly known as Libra MoneyEXTRA Fund)</i></td><td><b>KMEF</b></td></tr> <tr> <td><b>Kenanga DividendEXTRA Fund</b> <i>(formerly known as Libra DividendEXTRA Fund)</i></td><td><b>KDEF</b></td></tr> <tr> <td><b>Kenanga TacticalEXTRA Fund</b> <i>(formerly known as Libra TacticalEXTRA Fund)</i></td><td><b>KTEF</b></td></tr> <tr> <td><b>Kenanga Consumer and Leisure Asia Fund</b> <i>(formerly known as Libra Consumer and Leisure Asia Fund)</i></td><td><b>KCLAF</b></td></tr> <tr> <td><b>Kenanga Liquidity Fund</b> <i>(formerly known as Libra Liquidity Fund)</i></td><td><b>KLF</b></td></tr> <tr> <td><b>Kenanga Resource Equity Fund</b> <i>(formerly known as Libra Resource Equity Fund)</i></td><td><b>KREF</b></td></tr> <tr> <td><b>Kenanga SyariahEXTRA Fund</b> <i>(formerly known as Libra SyariahEXTRA Fund)</i></td><td><b>KSEF</b></td></tr> <tr> <td><b>Kenanga Amanah Saham Wanita</b> <i>(formerly known as Libra Amanah Saham Wanita)</i></td><td><b>KASW</b></td></tr> <tr> <td><b>Kenanga ASnitaBOND Fund</b> <i>(formerly known as Libra ASnitaBOND Fund)</i></td><td><b>KABF</b></td></tr> </table>	<b>Kenanga IncomeEXTRA Fund</b> <i>(formerly known as Libra IncomeEXTRA Fund)</i>	<b>KIEF</b>	<b>Kenanga EquityEXTRA Fund</b> <i>(formerly known as Libra EquityEXTRA Fund)</i>	<b>KEEF</b>	<b>Kenanga BondEXTRA Fund</b> <i>(formerly known as Libra BondEXTRA Fund)</i>	<b>KBEF</b>	<b>Kenanga MoneyEXTRA Fund</b> <i>(formerly known as Libra MoneyEXTRA Fund)</i>	<b>KMEF</b>	<b>Kenanga DividendEXTRA Fund</b> <i>(formerly known as Libra DividendEXTRA Fund)</i>	<b>KDEF</b>	<b>Kenanga TacticalEXTRA Fund</b> <i>(formerly known as Libra TacticalEXTRA Fund)</i>	<b>KTEF</b>	<b>Kenanga Consumer and Leisure Asia Fund</b> <i>(formerly known as Libra Consumer and Leisure Asia Fund)</i>	<b>KCLAF</b>	<b>Kenanga Liquidity Fund</b> <i>(formerly known as Libra Liquidity Fund)</i>	<b>KLF</b>	<b>Kenanga Resource Equity Fund</b> <i>(formerly known as Libra Resource Equity Fund)</i>	<b>KREF</b>	<b>Kenanga SyariahEXTRA Fund</b> <i>(formerly known as Libra SyariahEXTRA Fund)</i>	<b>KSEF</b>	<b>Kenanga Amanah Saham Wanita</b> <i>(formerly known as Libra Amanah Saham Wanita)</i>	<b>KASW</b>	<b>Kenanga ASnitaBOND Fund</b> <i>(formerly known as Libra ASnitaBOND Fund)</i>	<b>KABF</b>
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<b>Guidelines</b>	means Guidelines on Unit Trust Funds issued by the Securities Commission as may be amended from time to time.																								
<b>Islamic deposits</b>	has the same meaning as defined in the Islamic Financial Services Act 2013.																								
<b>IUTA</b>	means institutional unit trust advisers, an IUTA is an institution, body or organisation that is able to distribute unit trust funds. An IUTA must be registered with the Federation of Investment Managers Malaysia (FiMM).																								
<b>long term</b>	means a period of more than three (3) years.																								

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<b>MARC</b>	Malaysian Rating Corporation Berhad.
<b>Manager/Management Company/KIB/We</b>	Kenanga Investors Berhad
<b>Master Prospectus</b>	means the master prospectus for the Funds.
<b>medium term</b>	means a period between one (1) to three (3) years.
<b>MSCI AC Asia</b>	Morgan Stanley Capital International All Country Asia Consumer Discretionary Index.
<b>MSCI AC Asia Pacific ex-Japan</b>	Morgan Stanley Capital International All Country Asia Pacific ex-Japan.
<b>MSCI ACWI</b>	Morgan Stanley Capital International All Country World Index.
<b>Net Asset Value (NAV)</b>	Net asset value of the Fund is the total value of the Fund's assets minus its liabilities at the valuation point.
<b>Net Asset Value (NAV) per Unit</b>	Net asset value per Unit of the Fund is the NAV divided by its total number of Units in circulation.
<b>OTC</b>	Over-the-counter trades refer to the trading of financial instruments directly between two parties without going through the securities exchange. OTC trades are negotiable and both parties agree upon the particular of the trade prior to settlement in the future.
<b>RAM</b>	RAM Rating Services Berhad.
<b>SACSC</b>	means the Shariah Advisory Council of the Securities Commission Malaysia.
<b>Securities Commission or SC</b>	means the Securities Commission Malaysia established under the Securities Commission Malaysia Act 1993.
<b>Shariah</b>	means Islamic law comprising the whole body of rulings pertaining to human conducts derived from the sources of Shariah namely the Qur'an (the holy book of Islam), and Sunnah (practices and explanations rendered by the Prophet Muhammad (pbuh) and other sources of Shariah such as ijtihad (exertion of individual efforts to determine the true ruling of the divine law on matters whose revelations are not explicit) of Shariah scholars.
<b>Shariah Adviser</b>	refers to BIMB Securities Sdn Bhd or any Shariah adviser appointed for Kenanga ASnitaBOND Fund (formerly known as Libra ASnitaBOND Fund), Kenanga Amanah Saham Wanita (formerly known as Libra Amanah Saham Wanita) and Kenanga SyariahEXTRA Fund (formerly known as Libra SyariahEXTRA Fund) which includes its permitted assigns, successors in title and any new or replacement Shariah adviser.
<b>Shariah requirements</b>	means a phrase or expression which generally means making sure that any human conduct must not involve any elements which are prohibited by the Shariah and that in performing that conduct all the essential elements that make up the conduct must be present and each essential element must meet all the necessary conditions required by the Shariah for that element.

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<b>short term</b>	means a period of less than one (1) year.
<b>Special Resolution</b>	means a resolution passed at a meeting of Unit Holders duly convened in accordance with the Deed and carried by a majority in number representing at least three-fourths of the value of the Units held by the Unit Holders voting at the meeting in person or by proxy.
<b>sukuk</b>	refers to certificates of equal value which evidence undivided ownership or investment in the assets using Shariah principles and concepts endorsed by the SACSC and/or any relevant Shariah Advisory Boards.
<b>Trustee(s)</b>	<p>Maybank Trustees Berhad for <i>Kenanga IncomeEXTRA Fund</i> (formerly known as <i>Libra IncomeEXTRA Fund</i>), <i>Kenanga EquityEXTRA Fund</i> (formerly known as <i>Libra EquityEXTRA Fund</i>), <i>Kenanga BondEXTRA Fund</i> (formerly known as <i>Libra BondEXTRA Fund</i>), <i>Kenanga MoneyEXTRA Fund</i> (formerly known as <i>Libra MoneyEXTRA Fund</i>), <i>Kenanga TacticalEXTRA Fund</i> (formerly known as <i>Libra TacticalEXTRA Fund</i>), <i>Kenanga Amanah Saham Wanita</i> (formerly known as <i>Libra Amanah Saham Wanita</i>), <i>Kenanga SyariahEXTRA Fund</i> (formerly known as <i>Libra SyariahEXTRA Fund</i>);</p> <p>CIMB Commerce Trustee Berhad for <i>Kenanga Resource Equity Fund</i> (formerly known as <i>Libra Resource Equity Fund</i>), <i>Kenanga DividendEXTRA Fund</i> (formerly known as <i>Libra DividendEXTRA Fund</i>), <i>Kenanga Consumer and Leisure Asia Fund</i> (formerly known as <i>Libra Consumer and Leisure Asia Fund</i>), <i>Kenanga Liquidity Fund</i> (formerly known as <i>Libra Liquidity Fund</i>) ; and</p> <p>CIMB Islamic Trustee Berhad for <i>Kenanga ASnitaBOND Fund</i> (formerly known as <i>Libra ASnitaBOND Fund</i>).</p>
<b>Unit</b>	means an undivided share in the beneficial interest and/or right in the Fund and a measurement of the interest and/or right of a Unit Holder in the Fund.
<b>Unit Holders</b>	means the person(s) for the time being registered under the provisions of the Deed(s) as the holder(s) of Units and includes the Manager and joint-holders.

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## **2. CORPORATE DIRECTORY**

<b>MANAGER</b>	<b>Kenanga Investors Berhad</b> Company No. 199501024358 (353563-P)
<b>REGISTERED OFFICE</b>	Level 17, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia. Tel: 03-2172 2888 Fax: 03-2172 2999
<b>BUSINESS OFFICE</b>	Level 14, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia. Tel: 1800 88 3737 Fax: 03-2172 3080 E-mail: <a href="mailto:investorservices@kenanga.com.my">investorservices@kenanga.com.my</a> Website: <a href="http://www.kenangainvestors.com.my">www.kenangainvestors.com.my</a>
<b>TRUSTEE</b> <b>(For KIEF, KEEF, KMEF, KBEF, KTEF, KASW and KSEF)</b>	<b>Maybank Trustees Berhad</b> Company No. 196301000109 (5004-P)
<b>REGISTERED AND BUSINESS OFFICE</b>	8 <sup>th</sup> Floor, Menara Maybank, 100, Jalan Tun Perak, 50050 Kuala Lumpur. Tel: 03-2074 8580 / 2074 8952 Fax: 03-2070 9387
<b>TRUSTEE</b> <b>(For KREF, KDEF, KCLAF and KLF)</b>	<b>CIMB Commerce Trustee Berhad (CCTB)</b> Company No. 199401027349 (313031-A)
<b>REGISTERED OFFICE</b>	Level 13, Menara CIMB Jalan Stesen Sentral 2, Kuala Lumpur Sentral 50470 Kuala Lumpur Tel: 03-2261 8888 Fax: 03-2261 0099
<b>BUSINESS OFFICE</b>	Level 21, Menara CIMB Jalan Stesen Sentral 2, Kuala Lumpur Sentral 50470 Kuala Lumpur Tel: 03-2261 8888 Fax: 03-2261 9889



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**TRUSTEE  
(For KABF)**

**CIMB Islamic Trustee Berhad (CITB)**  
Company No. 198801000556 (167913-M)

**REGISTERED OFFICE**

Level 13, Menara CIMB  
Jalan Stesen Sentral 2, Kuala Lumpur Sentral  
50470 Kuala Lumpur  
Tel: 03-2261 8888  
Fax: 03-2261 0099

**BUSINESS OFFICE**

Level 21, Menara CIMB  
Jalan Stesen Sentral 2, Kuala Lumpur Sentral  
50470 Kuala Lumpur  
Tel: 03-2261 8888  
Fax: 03-2261 9889

**SHARIAH ADVISER**

**BIMB Securities Sdn Bhd**  
Company No. 199401004484 (290163-X)

**REGISTERED OFFICE AND  
BUSINESS OFFICE**

Level 32, Menara Multi-Purpose  
Capital Square  
8, Jalan Munshi Abdullah  
50100 Kuala Lumpur.  
Tel: 603 – 2613 1600  
Fax: 603 – 2613 1799  
Website: [www.bimbsec.com.my](http://www.bimbsec.com.my)

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### **3. THE FUNDS**

#### **3.1 Kenanga IncomeEXTRA Fund (KIEF) (formerly known as Libra IncomeEXTRA Fund)**

KIEF is an open-ended unit trust fund, investing in fixed income securities (including money market instruments) and equities.

##### **FUND CATEGORY**

Balanced

##### **FUND TYPE**

Income and Growth

##### **INCEPTION DATE**

10 September 1999

##### **INVESTMENT OBJECTIVE**

The principal objective of the Fund is to provide income\* and capital appreciation over a medium to long term investment horizon by investing in a balanced portfolio of fixed income instruments and equities.

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

*\* Distribution of income will primarily be done by way of reinvestment into additional Units. Kindly refer to the distribution policy at page 66 of this Master Prospectus for full details.*

##### **INVESTMENT STRATEGY**

The Fund will invest primarily in income-generating securities from both fixed income and equity asset classes. The Fund will be anchored by a relatively stable portfolio of fixed income securities which would be held for their regular income yield. Concurrently, the Fund will also invest in equities that offer high dividend yields. Growth will be the secondary objective of the Fund, which the Manager expects to derive from the gradual capital appreciation of the high-dividend yielding stocks, as well as from selected picks of fundamentally undervalued stocks. While the fund is actively managed, the frequency of its trading strategy will very much depend on market opportunities.

##### **ASSET ALLOCATION**

The Fund will invest 40% to 60% in equities, and 40% to 60% in fixed income securities (including money market instruments and liquid assets). Liquid assets will be maintained at all times at a minimum of 2% of the Fund's NAV.

##### **RISK MANAGEMENT STRATEGIES**

Please refer to page 46-52 for detailed explanation of risk management strategies employed by the fund manager.

##### **TEMPORARY DEFENSIVE POSITIONS**

During adverse equity market conditions, the Fund may hold a significantly lower amount of equities than the prescribed minimum of 40% and invest instead in liquid and defensive assets\*.

*\* Lower-risk assets such as fixed income securities and/or deposits.*

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## **PERFORMANCE BENCHMARK**

The composite benchmark consists of 50% MSCI AC Asia Pacific ex-Japan<sup>1</sup> and 50% Maybank 12-months fixed deposit rate<sup>2</sup>.

<sup>1</sup> Source: [www.bloomberg.com](http://www.bloomberg.com), <sup>2</sup> Source: [www.maybank2u.com.my](http://www.maybank2u.com.my)

The Fund has a flexible asset allocation between equities and fixed income securities with a bias for absolute returns. This means that the Fund is focused on achieving a positive return, albeit in a downtrend market rather than beating the benchmark. A composite benchmark comprising indices for the two major assets classes (equity and fixed income securities) is used to provide investors with a reference point for their investments.

Over the long term, equity asset allocation would range between 40% – 60% of the Fund's NAV, and fixed income securities and cash would range between 40% – 60% of the Fund's NAV. Therefore, the composite benchmark is a reflection of the Fund's average asset allocation over the long term of 50% of the Fund's NAV in equity and 50% of the Fund's NAV in fixed income securities and cash.

By definition, absolute returns are the static measure of the actual return an asset achieves over a period of time. Essentially, the Fund seeks to deliver positive returns independent of how the fixed income securities, cash and equity markets perform.

The risk profile of the Fund is not the same as the risk profile of the performance benchmark. There is no guarantee that the Fund will always outperform its benchmark.

## **PERMITTED INVESTMENTS**

Unless otherwise prohibited by the relevant authorities or any relevant law and provided always that there are no inconsistencies with the objective of the Fund, the Fund is permitted under the Deed to invest in the following:

- Securities traded on the Bursa Malaysia or any other market considered as an Eligible Market;
- Securities not listed in or traded under the rules of an Eligible Market ("Unlisted Securities");
- Securities or instruments listed or traded on foreign markets where the regulatory authority is a member of the International Organization of Securities Commissions (IOSCO);
- Fixed income securities;
- Money market instruments;
- Collective Investment Schemes;
- Derivatives for hedging purposes only;
- Liquid assets; and
- Any other kind of investments as permitted by the relevant authorities from time to time.

## **INVESTMENT RESTRICTIONS**

The investment limits or restrictions for KIEF shall be as follows, or any other limits as may be prescribed by the SC from time to time:

Exposure Limit:

- The value of the Fund's investments in unlisted securities must not exceed 10% of the Fund's NAV.
- The above exposure limit of unlisted securities does not apply to "unlisted securities" that are:
  - (a) Equities not listed or quoted on a stock exchange but have been approved by the relevant regulatory authority for such listing and quotation, and are offered directly to the Fund by the issuer;
  - (b) Debentures traded on an organised OTC market; and
  - (c) Structured products

Investment Spread Limits:

- The value of the Fund's investments in ordinary shares issued by any single issuer must not exceed 10% of the Fund's NAV;
- The value of the Fund's investments in transferable securities and money market instruments issued by any single issuer must not exceed 15% of the Fund's NAV;

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- The value of the Fund's placement in deposits with any single financial institution must not exceed 20% of the Fund's NAV;
- For investments in derivatives:
  - (a) the exposure to the underlying assets must not exceed the investment spread limits stipulated in the Guidelines;
  - (b) the value of the Fund's OTC derivative transaction with any single counter-party must not exceed 10% of the Fund's NAV; and
  - (c) the Fund's exposure from its derivatives position should not exceed the Fund's NAV at all times.
- The aggregate value of the Fund's investments in transferable securities, money market instruments, deposits, and OTC derivatives issued by or placed with (as the case may be) any single issuer/financial institution must not exceed 25% of the Fund's NAV.
- The value of the Fund's investments in units/shares of any collective investment scheme must not exceed 20% of the Fund's NAV; and
- The value of the Fund's investments in transferable securities and money markets instruments issued by any group of companies must not exceed 20% of the Fund's NAV.

**Investment Concentration Limits:**

- The Fund's investments in transferable securities (other than debentures) must not exceed 10% of the securities issued by single issuer;
- The Fund's investments in debentures must not exceed 20% of the debentures issued by any single issuer.
- The Fund's investments in money market instruments must not exceed 10% of the instruments issued by any single issuer. However, the limit does not apply to money market instruments that do not have a pre-determined issue size; and
- The Fund's investments in collective investment schemes must not exceed 25% of the units/shares in any one collective investment scheme.

**INVESTMENT ABROAD**

The Fund may invest in the following foreign markets: Hong Kong, Singapore, Indonesia, Thailand, Philippines, Taiwan and Korea.

**Details of the policy on the application of the investment restrictions are set out on page 45.**

**DISTRIBUTION POLICY**

Half yearly (if any).

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### **3.2 Kenanga EquityEXTRA Fund (KEEF) (formerly known as Libra EquityEXTRA Fund)**

KEEF is an open-ended unit trust fund with a medium to long term investment horizon, which invests primarily in equities and equity-related securities.

#### **FUND CATEGORY**

Equity

#### **FUND TYPE**

Growth

#### **INCEPTION DATE**

10 September 1999

#### **INVESTMENT OBJECTIVE**

The primary objective of the Fund is to maximise capital returns over a medium to long term period by investing in an actively-managed, diversified portfolio of equities and equity-related securities.

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

#### **INVESTMENT STRATEGY**

The fund manager for KEEF shall generally adopt an active investment strategy for different market conditions to enhance risk-adjusted returns through riding market cycles, situational opportunities, value emergence and trend reversal plays.

The fund manager's strategy is to identify key sectors or groups of stocks that the fund manager believes should perform well under an anticipated economic condition. Individual stock selection will then focus on well-managed, financially sound companies with attractive relative valuations and potential for high earnings growth over the medium to long term time frame. The analysis includes ratio analysis on the financial performance of companies, trend analysis to forecast future performance, and stock valuation methods. Occasionally, when market trading is skewed towards index-linked stocks with large market capitalisation, the Fund will attempt to track the performance of the FBM100 by adjusting its portfolio composition accordingly. While the fund is actively managed, the frequency of its trading strategy will very much depend on market opportunities.

#### **ASSET ALLOCATION**

The Fund will invest a minimum of 70% of its NAV in equities and equity-related securities. Liquid assets will be maintained at all times at a minimum of 2% of the Fund's NAV.

#### **RISK MANAGEMENT STRATEGIES**

Please refer to page 46-52 for detailed explanation of risk management strategies employed by the Manager.

#### **TEMPORARY DEFENSIVE POSITIONS**

During adverse market conditions, or when the fund manager anticipates a downturn in market conditions, the Fund may hold a significantly higher amount of liquid and defensive assets\*. The fund manager would be expected to re-align the Fund with the principal strategies when market conditions turn for the better.

\* Lower-risk assets such as fixed income securities and/or deposits.

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## **PERFORMANCE BENCHMARK**

The benchmark of the Fund is FBM100<sup>1</sup>. The risk profile of the Fund is similar to the risk profile of the performance benchmark. However, there is no guarantee that the Fund will always outperform its benchmark.

<sup>1</sup> Source: [www.bursamalaysia.com](http://www.bursamalaysia.com).

## **PERMITTED INVESTMENTS**

Unless otherwise prohibited by the relevant authorities or any relevant law and provided always that there are no inconsistencies with the objective of the Fund, the Fund is permitted under the Deed to invest in the following:

- Ordinary shares and other equity-related securities such as convertible securities, preference shares, warrants listed on Bursa Malaysia or other public exchanges in Malaysia;
- Liquid assets, unlisted fixed income securities and commercial papers traded in money market;
- Futures contracts traded in futures market, for hedging purposes only;
- The securities that the Fund would deem appropriate for investment should, in general, be issued by companies that exhibit good management track record whereby in addition to strong corporate governance, management is transparent and look after minority interests, a sound history of long term profitability and earning resilience, a strong balance sheet which indicates that balance sheet is not 'over geared'\* when compared to peers in the respective industry (since each industry is slightly different), and have a good competitive position whereby the company should be among the top 5 companies in their respective industry, in terms of market share; and
- Any other kind of investment or investments as permitted by the relevant authorities from time to time.

### Note:

\*The term not 'over geared' is defined as net gearing ratio {(total debt-cash)/ total equity} of the company should not be more than 2 times.

## **INVESTMENT RESTRICTIONS**

The investment limits/restrictions for KEEF shall be as follows, or any other limits as may be prescribed by the SC from time to time:

### Exposure Limit:

- The value of the Fund's investments in unlisted bonds and fixed income securities as well as commercial papers traded in the money market must not exceed 50% of the Fund's NAV.

### Investment Spread Limits:

- The value of the Fund's investments in ordinary shares issued by any single issuer must not exceed 10% of the Fund's NAV;
- The value of the Fund's investments in transferable securities and money market instruments issued by any single issuer must not exceed 15% of the Fund's NAV;
- The value of the Fund's placement in deposits with any single financial institution must not exceed 20% of the Fund's NAV;
- The Fund's exposure from its derivatives position should not exceed the Fund's NAV at all times;
- For investments in derivatives, the exposure to the underlying assets of that derivative must not exceed the investment spread limits stipulated in the Guidelines and the value of the Fund's OTC derivative transaction with any single counter-party must not exceed 10% of the Fund's NAV;
- The value of the Fund's investments in structured products issued by a single counter-party must not exceed 15% of the Fund's NAV;
- The aggregate value of the Fund's investments in transferable securities, money market instruments, deposits, OTC derivatives and structured products issued by or placed with (as the case may be) any single issuer/ financial institution must not exceed 25% of the Fund's NAV;
- The value of the Fund's investments in units/shares of any collective investment scheme must not exceed 20% of the Fund's NAV; and
- The value of the Fund's investments in transferable securities and money market instruments issued by any group of companies must not exceed 20% of the Fund's NAV.

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Investment Concentration Limits:

- The Fund's investments in transferable securities (other than debentures) must not exceed 10% of the securities issued by any single issuer;
- The Fund's investments in debentures must not exceed 20% of the debentures issued by any single issuer;
- The Fund's investments in money market instruments must not exceed 10% of the instruments issued by any single issuer. However, the limit does not apply to money market instruments that do not have a pre-determined issue size; and
- The Fund's investments in collective investment schemes must not exceed 25% of the units/shares in any one collective investment scheme.

**Details of the policy on the application of the investment restrictions are set out on page 45.**

#### **DISTRIBUTION POLICY**

Annually (if any).

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### **3.3 Kenanga BondEXTRA Fund (KBEF) (formerly known as Libra BondEXTRA Fund)**

KBEF is an open-ended unit trust fund, investing primarily in high yield\*, long term fixed income securities. Its key performance is entirely in search of consistent absolute returns over the long term investment horizon. The Fund expects to maintain a weighted average portfolio maturity appropriate to its stated investment objective. Under normal circumstances, the weighted average term to maturity of investments is expected to be approximately 4 to 8 years.

*\* Relative to Malaysian Government Securities.*

#### **FUND CATEGORY**

Bond

#### **FUND TYPE**

Growth

#### **INCEPTION DATE**

8 October 2002

#### **INVESTMENT OBJECTIVE**

The primary objective of the Fund is to provide investors with aggressive long term capital growth through investment in high yielding\* fixed income securities with a relatively high level of market and financial risks.

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

*\* Relative to Malaysian Government Securities.*

#### **INVESTMENT STRATEGY**

Before constructing the Fund's portfolio, the fund manager will analyse the macro environment to enhance risk-adjusted returns by identifying market cycles, situational opportunities, value emergence and trend reversal plays.

With respect to fixed income instruments, the fund manager will focus on consistent, above-average returns (relative to the Fund's performance benchmark) from fundamental research. Emphasis is placed on credit-worthy issuers of debt and investment-grade fixed income instruments. A disciplined application of the 'top-down' investment process is therefore applied, with due consideration given to the credit standing of individual issuers. The fund manager will seek to diversify the investments of the Fund across sectors and individual securities in order to mitigate the risk profile of the portfolio. The frequency of its trading strategy will depend on market opportunities.

#### **ASSET ALLOCATION**

The Fund will invest a minimum of 70% of its NAV in fixed income instruments with a minimum credit rating of P3 or BBB3 by RAM or equivalent rating by other rating agencies. Liquid assets will be maintained at all times at a minimum of 2% of the Fund's NAV.

#### **RISK MANAGEMENT STRATEGIES**

Please refer to page 46-52 for detailed explanation of risk management strategies employed by the fund manager.



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## **TEMPORARY DEFENSIVE POSITIONS**

During adverse market conditions, or when the fund manager anticipates a downturn in market conditions, the Fund may lower its fixed income securities exposure below 70% and increase its investments in liquid assets. The fund manager would be expected to re-align the Fund with the principal strategies when market conditions turn for the better.

## **PERFORMANCE BENCHMARK**

The benchmark of the Fund is the Maybank 12-months fixed deposit rate<sup>1</sup>. The risk profile of the Fund is not the same as the risk profile of the performance benchmark. There is no guarantee that the Fund will always outperform its benchmark.

<sup>1</sup> Source: [www.maybank2u.com.my](http://www.maybank2u.com.my)

## **PERMITTED INVESTMENTS**

Unless otherwise prohibited by the relevant authorities or any relevant law and provided always that there are no inconsistencies with the objective of the Fund, the Fund is permitted under the Deed to invest in the following:

- Fixed income securities issued by the Malaysian government or BNM or any other government related bodies. Such instruments include Malaysian Government Securities, treasury bills and Bank Negara bills;
- Issues guaranteed by the government of Malaysia or BNM or any state government in Malaysia;
- Issues by banks or financial institutions such as banker's acceptances and negotiable certificates of deposit;
- Corporate bonds. These issues are usually approved by BNM and/or the SC, and/or are rated by RAM or MARC. The credit rating of an issue may also be enhanced through bank guarantees or corporate guarantees;
- Futures contracts traded in futures market, for hedging purposes only; and
- Any other kind of investment or investments as permitted by the relevant authorities from time to time.

## **INVESTMENT RESTRICTIONS**

The investment limits/restrictions for KBEF are as follows, or any other limits as may prescribed by the SC from time to time:

### **Exposure Limit:**

- The value of the Fund's investments in unlisted securities must not exceed 10% of the Fund's NAV.
- The above exposure limit of unlisted securities does not apply to unlisted securities that are debentures traded on an organised OTC market.

### **Investment Spread Limits:**

- The value of the Fund's investments in debentures issued by any single issuer must not exceed 20% of the Fund's NAV. The single issuer limit may be increased to 30% of the Fund's NAV if the debentures are rated by any domestic or global rating agency to be of the best quality and offer highest safety for timely payment of interest and principal;
- The value of the Fund's investments in debentures issued by any one group of companies must not exceed 30% of the Fund's NAV;
- The value of the Fund's placement in deposits with any single financial institution must not exceed 20% of the Fund's NAV;
- The Fund's exposure from its derivatives position should not exceed the Fund's NAV at all times;
- For investments in derivatives, the exposure to the underlying assets of that derivative must not exceed the investment spread limits stipulated in the Guidelines and the value of the Fund's OTC derivatives transaction with any single counter-party must not exceed 10% of the Fund's NAV;
- The value of the Fund's investments in structured products issued by a single counter-party must not exceed 15% of the Fund's NAV;
- The aggregate value of the Fund's investments in transferable securities, money market instruments, deposits, OTC derivatives and structured products issued by or placed with (as the case may be) any

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single issuer/financial institution must not exceed 25% of the Fund's NAV. However, the aggregate value of the Fund's investment must not exceed 30% of the Fund's NAV where the single issuer limit is increased to 30% of the Fund's NAV if the debentures are rated by any domestic or global rating agency to be of the best quality and offer highest safety for timely payment of interest and principal; and

- The value of the Fund's investments in units/shares of any collective investment scheme must not exceed 20% of the Fund's NAV.

**Investment Concentration Limits:**

- The Fund's investment in debentures must not exceed 20% of the debentures issued by any single issuer;
- No maximum limit is imposed if the issuer is the Malaysian government or BNM or the issue is an issue guaranteed by any of the aforementioned institutions;
- The Fund's investments in money market instruments must not exceed 10% of the instruments issued by any single issuer. However, the limit does not apply to money market instruments that do not have a pre-determined issue size; and
- The Fund's investments in collective instruments schemes must not exceed 25% of the units/shares in any one collective investment scheme.

If a rated corporate issue is downgraded to below the minimum credit rating of local short term rating of P3 by RAM or MARC-3 by MARC, or local long term rating of BBB3 by RAM or equivalent rating by other rating agencies, and it causes the investment limit to be breached, the fund manager would use their best efforts to dispose the holdings before maturity, failing which, it shall be held to maturity.

**Details of the policy on the application of the investment restrictions are set out on page 45.**

**DISTRIBUTION POLICY**

Half yearly (if any).

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### **3.4 Kenanga MoneyEXTRA Fund (KMEF) (formerly known as Libra MoneyEXTRA Fund)**

KMEF is an open-ended unit trust fund investing primarily in money market instruments which are very short term, highly liquid and near-cash; and partially in fixed income securities. The Fund expects to maintain a weighted average portfolio maturity appropriate to its stated investment objective. Under normal circumstances, the weighted average term to maturity of the investments is expected to be approximately 1 to 24 months.

#### **FUND CATEGORY**

Fixed Income

#### **FUND TYPE**

Income

#### **INCEPTION DATE**

8 October 2002

#### **INVESTMENT OBJECTIVE**

The primary objective of the Fund is to maintain a high degree of liquidity while providing current income through a direct investment portfolio investing in short term, high quality\* Ringgit-denominated money market instruments.

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

*\* Minimum credit rating of P2/A3 by RAM or equivalent by other rating agencies.*

#### **INVESTMENT STRATEGY**

Before constructing the Fund's portfolio, the fund manager will analyse the macro environment to enhance risk-adjusted returns by identifying market cycles, situational opportunities, value emergence and trend reversal plays.

With respect to money market instruments and fixed income securities, the fund manager will focus on consistent, above-average returns (relative to the Fund's performance benchmark) from fundamental research. Emphasis is placed on credit-worthy issuers of debt and investment-grade money market instruments and fixed income securities. A disciplined application of the 'top-down' investment process is therefore applied, with due consideration given to the credit standing of individual issuers. The fund manager will seek to diversify the investments of the Fund across sectors and individual securities in order to mitigate the risk profile of the portfolio.

#### **ASSET ALLOCATION**

The Fund will invest a minimum of 70% of its NAV in short-term money market instruments (including commercial papers with a rating of P1 by RAM or its equivalent rating by other rating agencies; short-term deposits; and other liquid assets such as short-term securities which are issued and/or guaranteed by the government, or issued by quasi-government bodies including Khazanah, Cagamas and BNM as permitted under the Fund's Permitted Investments).

Up to 30% of the Fund's NAV will be invested in money market instruments, bonds with a minimum credit rating of A3 by RAM or its equivalent by other rating agencies and commercial papers with a credit rating of P2 by RAM or its equivalent rating by other rating agencies.

Liquid assets will be maintained at all times at a minimum of 2% of the Fund's NAV.

#### **RISK MANAGEMENT STRATEGIES**

Please refer to pages 46-52 for detailed explanation of risk management strategies employed by the Manager.

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## **TEMPORARY DEFENSIVE POSITIONS**

During adverse market conditions, or when the fund manager anticipates a downturn in market conditions, the Fund may hold up to 100% in cash and short term deposits. The fund manager would be expected to re-align the Fund with the principal strategies when market conditions turn for the better.

## **PERFORMANCE BENCHMARK**

The benchmark of the Fund is the Maybank 1-month fixed deposit rate<sup>1</sup>. The risk profile of the Fund is not the same as the risk profile of the performance benchmark. There is no guarantee that the Fund will always outperform its benchmark.

<sup>1</sup> Source: [www.maybank2u.com.my](http://www.maybank2u.com.my)

## **PERMITTED INVESTMENTS**

Unless otherwise prohibited by the relevant authorities or any relevant law and provided always that there are no inconsistencies with the objective of the Fund, the Fund is permitted under the Deed to invest in the following:

- Fixed income securities issued by the Malaysian government or BNM or any other government related bodies. Such instruments include Malaysian Government Securities, treasury bills and Bank Negara bills;
- Issues guaranteed by the government of Malaysia or BNM or any state government in Malaysia;
- Issues by banks or financial institutions such as banker's acceptances and negotiable certificates of deposit;
- Corporate bonds. These issues are usually approved by BNM and/or the SC, and/or are rated by RAM or MARC. The credit rating of an issue may also be enhanced through bank guarantees or corporate guarantees;
- Futures contracts traded in futures market, for hedging purposes only; and
- Any other kind of investment or investments as permitted by the relevant authorities from time to time.

## **INVESTMENT RESTRICTIONS**

The investment limits/restrictions for KMEF shall be as follows, or any other limits as may prescribe by the SC from time to time:

Exposure Limit:

- The value of the Fund's investments in unlisted securities must not exceed 10% of the Fund's NAV.
- The above exposure limit of unlisted securities does not apply to unlisted securities that are debentures traded on an organised OTC market.

Investment Spread Limits:

- The value of the Fund's investments in debentures issued by any single issuer must not exceed 20% of the Fund's NAV. The single issuer limit may be increased to 30% of the Fund's NAV if the debentures are rated by any domestic or global rating agency to be of the best quality and offer highest safety for timely payment of interest and principal;
- The value of the Fund's investments in debentures issued by any one group of companies must not exceed 30% of the Fund's NAV;
- The value of the Fund's placement in deposits with any single financial institution must not exceed 20% of the Fund's NAV;
- The Fund's exposure from its derivatives position should not exceed the Fund's NAV at all times;
- For investments in derivatives, the exposure to the underlying assets of that derivatives must not exceed the investment spread limits stipulated in the Guidelines and the value of the Fund's OTC derivatives transaction with any single counter-party must not exceed 10% of the Fund's NAV;

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- The value of the Fund's investments in structured products issued by a single counter-party must not exceed 15% of the Fund's NAV;
- The aggregate value of the Fund's investments in transferable securities, money market instruments, deposits, OTC derivatives and structured products issued by or placed with (as the case may be) any single issuer/financial institution must not exceed 25% of the Fund's NAV. However, the aggregate value of the Fund's investment must not exceed 30% of the Fund's NAV where the single issuer limit is increased to 30% of the Fund's NAV if the debentures are rated by any domestic or global rating agency to be of the best quality and offer highest safety for timely payment of interest and principal; and
- The value of the Fund's investments in units/shares of any collective investment scheme must not exceed 20% of the Fund's NAV.

If a money market instrument or a fixed income security is downgraded to below the minimum credit rating of P2 or A3 by RAM or equivalent rating by other rating agencies, the fund manager will assess the downgraded credit to determine the viability of the securities' issuer. A decision is then made on whether to dispose of the securities or to hold it until maturity.

For a defaulted corporate bond, meetings are held with the securities' issuer, trustees and other holders of the defaulted securities to discuss restructuring and/or repayment plans with a view towards recovery and settlement of the securities.

**Investment Concentration Limits:**

- The Fund's investment in debentures must not exceed 20% of the debentures issued by any single issuer;
- No maximum limit is imposed if the issuer is the Malaysian government or BNM or the issue is an issue guaranteed by any of the aforementioned institutions;
- The Fund's investments in money market instruments must not exceed 10% of the instruments issued by any single issuer. However, the limit does not apply to money market instruments that do not have a pre-determined issue size; and
- The Fund's investments in collective investment schemes must not exceed 25% of the units/shares in any one collective investment scheme.

**Details of the policy on the application of the investment restrictions are set out on page 45.**

**DISTRIBUTION POLICY**

Monthly (if any).

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### **3.5 Kenanga DividendEXTRA Fund (KDEF) (formerly known as Libra DividendEXTRA Fund)**

KDEF is an open-ended unit trust fund with a medium to long term investment horizon, which invests principally in high dividend yield\* stocks. KDEF is a Malaysian focus fund but for tactical call, the Fund may invest up to 30% of its NAV offshore.

\* *Above market average.*

#### **FUND CATEGORY**

Equity

#### **FUND TYPE**

Income

#### **INCEPTION DATE**

18 March 2005

#### **INVESTMENT OBJECTIVE**

The Fund seeks to achieve relatively stable returns via income and capital appreciation over the medium to long term by investing principally in high dividend yield\* stocks.

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

\* *Above market average.*

#### **INVESTMENT STRATEGY**

The fund manager for KDEF shall generally adopt an active investment strategy for different market conditions to enhance risk-adjusted returns through riding market cycles, situational opportunities, value emergence and trend reversal plays.

The fund manager's strategy is to identify key sectors or groups of stocks that the fund manager believes should perform well under an anticipated economic condition. Individual stock selection will focus on dividend stocks but may occasionally target on high growth or value stocks in which could potentially translate to higher dividend pay-outs in the future, over the medium to long term time frame. The analysis includes ratio analysis on the financial performance of companies, trend analysis to forecast future performance, and stock valuation methods. Occasionally, when market trading is skewed towards index-linked stocks with large market capitalisation, the Fund will attempt to track the performance of the FBM100 by adjusting its portfolio composition accordingly. Nonetheless, the Fund will focus on dividend paying stocks as per the Investment Objective. While the Fund is actively managed, the frequency of its trading strategy will very much depend on market opportunities.

#### **ASSET ALLOCATION**

The Fund will invest a minimum of 70% of its NAV in equities and equity-related securities. Liquid assets will be maintained at all times at a minimum of 2% of the Fund's NAV.

#### **RISK MANAGEMENT STRATEGIES**

Please refer to page 46-52 for detailed explanation of risk management strategies employed by the fund manager.

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## **TEMPORARY DEFENSIVE POSITIONS**

During adverse market conditions, or when the fund manager anticipates a downturn in market conditions, the Fund may hold a significantly higher amount of liquid and defensive assets\*. The fund manager would be expected to re-align the Fund with the principal strategies when market conditions turn for the better.

*\* Lower-risk assets such as fixed income securities and/or deposits.*

## **PERFORMANCE BENCHMARK**

The benchmark of the Fund is the FBM100<sup>1</sup>.

<sup>1</sup> Source: [www.bursamalaysia.com](http://www.bursamalaysia.com).

The risk profile of the Fund is not the same as the risk profile of the performance benchmark. There is no guarantee that the Fund will always outperform its benchmark.

## **PERMITTED INVESTMENTS**

Unless otherwise prohibited by the relevant authorities or any relevant law and provided always that there are no inconsistencies with the objective of the Fund, the Fund is permitted under the Deed to invest in the following:

- Listed ordinary shares and other equity-related securities such as convertible securities, preference shares, warrants, liquid assets and fixed income securities traded in money market;
- Futures contracts traded in futures markets of an exchange approved under the Act, for hedging purposes only;
- The securities that the Fund would deem appropriate for investment should, in general, be issued by well managed companies where dividends are expected to be maintained or grow, with potential growth of the companies and the industry, and exhibit good management track record; and
- Other kinds of investments in Malaysia and outside Malaysia as agreed by the Manager and Trustee, and permitted by the relevant authorities from time to time.

## **INVESTMENT RESTRICTIONS**

The investment restrictions for KDEF are as follows, or any other limits as may be prescribed by the SC from time to time:

Exposure Limit:

- The value of the Fund's investments in unlisted securities must not exceed 10% of the Fund's NAV.
- The above exposure limit of unlisted securities does not apply to unlisted securities that are equities not listed or quoted on a stock exchange but have been approved by the relevant regulatory authority for such listing and quotation, and are offered directly to the Fund by the issuer.

Investment Spread Limits:

- The value of the Fund's investments in ordinary shares issued by any single issuer must not exceed 10% of the Fund's NAV;
- The value of the Fund's investments in transferable securities and money market instruments issued by any single issuer must not exceed 15% of the Fund's NAV;
- The value of the Fund's placement in deposits with any single financial institution must not exceed 20% of the Fund's NAV;
- The Fund's exposure from its derivatives position should not exceed the Fund's NAV at all times;
- For investments in derivatives, the exposure to the underlying assets of that derivative must not exceed the investment spread limits stipulated in the Guidelines and the value of the Fund's OTC derivative transaction with any single counter-party must not exceed 10% of the Fund's NAV;
- The value of the Fund's investments in structured products issued by a single counter-party must not exceed 15% of the Fund's NAV;

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- The aggregate value of the Fund's investments in transferable securities, money market instruments, deposits, OTC derivatives and structured products issued by or placed with (as the case may be) any single issuer/financial institution must not exceed 25% of the Fund's NAV;
- The value of the Fund's investments in units/shares of any collective investment scheme must not exceed 20% of the Fund's NAV; and
- The value of the Fund's investments in transferable securities and money market instruments issued by any group of companies must not exceed 20% of the Fund's NAV.

**Investment Concentration Limits:**

- The Fund's investments in transferable securities (other than debentures) must not exceed 10% of the securities issued by any single issuer;
- The Fund's investments in debentures must not exceed 20% of the debentures issued by any single issuer;
- The Fund's investments in money market instruments must not exceed 10% of the instruments issued by any single issuer. However, the limit does not apply to money market instruments that do not have a pre-determined issue size; and
- The Fund's investments in collective investment schemes must not exceed 25% of the units/shares in any one collective investment scheme.

**INVESTMENT ABROAD**

The Fund may invest up to 30% of its NAV in equity and equity-related securities listed in the following foreign markets:

- The Stock Exchange of Hong Kong Limited and Hong Kong Futures Exchange Limited in Hong Kong;
- The Stock Exchange of Thailand in Thailand; and
- The Singapore Exchange Limited (SGX) in Singapore.

**Details of the policy on the application of the investment restrictions are set out on page 45.**

**DISTRIBUTION POLICY**

Annually (if any).

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### **3.6 Kenanga TacticalEXTRA Fund (KTEF) (formerly known as Libra TacticalEXTRA Fund)**

KTEF is an open-ended unit trust fund investing in quoted equities of companies primarily with large market capitalisation (big caps), bonds and other money market instruments according to the market outlook and economic conditions. KTEF will invest primarily in a portfolio of equities comprising of large-cap companies in search for returns against the backdrop of a bullish market. During market uncertainty, KTEF shall adopt a defensive approach<sup>1</sup> towards fixed income exposure to provide capital preservation<sup>2</sup>. Its key performance is entirely in search of absolute returns over the medium to long term investment horizon.

*Note:*

<sup>1</sup> Please refer to the Fund's temporary defensive position (below).

<sup>2</sup> Unit Holders are to note that this is not a capital guaranteed nor protected Fund. Unit Holder's capital is neither guaranteed nor protected.

#### **FUND CATEGORY**

Equity

#### **FUND TYPE**

Growth

#### **INCEPTION DATE**

18 March 2005

#### **INVESTMENT OBJECTIVE**

The Fund aims to provide investors with medium to long term capital appreciation by investing principally in liquid equities with large market capitalisation (big caps), and fixed income instruments with flexible asset allocation\*.

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

*\* Under normal market conditions, fixed income instruments will be capped at 30% and may go beyond 30% during adverse market conditions.*

#### **INVESTMENT STRATEGY**

The fund manager for KTEF shall generally adopt an active investment strategy for different market conditions to enhance risk-adjusted returns through riding market cycles, situational opportunities, value emergence and trend reversal plays.

The fund manager's strategy is to identify key sectors or groups of stocks that the fund manager believes should perform well under an anticipated economic condition. Individual stock selection will then focus on well-managed, financially sound companies with attractive relative valuations and potential for high earnings growth over the medium to long term time frame. The analysis includes ratio analysis on the financial performance of companies, trend analysis to forecast future performance and stock valuation methods. Occasionally, when market trading is skewed towards index-linked stocks with large market capitalisation, the Fund will attempt to track the performance of the FBM100 by adjusting its portfolio composition accordingly. While the fund is actively managed, the frequency of its trading strategy will very much depend on market opportunities.

#### **ASSET ALLOCATION**

The Fund will invest a minimum of 70% of its NAV in quoted equities and equity-related securities. A maximum of 30% of the Fund's NAV will be invested in fixed income securities with a minimum credit rating of P3 or BBB3 by RAM or equivalent rating by other rating agencies. Liquid assets will be maintained at all times at a minimum of 5% of the Fund's NAV.

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## **RISK MANAGEMENT STRATEGIES**

Please refer to page 46-52 for detailed explanation of risk management strategies employed by the fund manager.

## **TEMPORARY DEFENSIVE POSITIONS**

Under normal market conditions, fixed income instruments will be capped at 30% and may go beyond 30% during adverse market conditions. The fund manager would be expected to re-align the Fund with the principal strategies when market conditions turn for the better.

## **PERFORMANCE BENCHMARK**

The benchmark of the Fund is FBMKLCI<sup>1</sup>.

<sup>1</sup> Source: [www.bursamalaysia.com](http://www.bursamalaysia.com).

The risk profile of the Fund is similar to the risk profile of the performance benchmark. However, there is no guarantee that the Fund will always outperform its benchmark.

## **PERMITTED INVESTMENTS**

Unless otherwise prohibited by the relevant authorities or any relevant law and provided always that there are no inconsistencies with the objective of the Fund, the Fund is permitted by the Deed to invest in the following:

- Securities of Malaysian companies listed on the recognised stock exchange;
- Fixed income securities issued by the Malaysian government or BNM or any other government related bodies. Such instruments include Malaysian Government Securities, treasury bills and Bank Negara bills;
- Issues guaranteed by the government of Malaysia or BNM or any state government in Malaysia;
- Issues by banks or financial institutions such as banker's acceptances and negotiable certificates of deposit;
- Corporate bonds. These issues are usually approved by BNM and/or the SC, and/or are rated by RAM or MARC. The credit rating of an issue may also be enhanced through bank guarantees or corporate guarantees;
- Futures contracts traded in futures market, for hedging purposes only; and
- Any other kind of investment or investments as permitted by the relevant authorities from time to time.

## **INVESTMENT RESTRICTIONS**

The investment limits/restrictions for KTEF shall be as follows, or any other limits as may be prescribed by the SC from time to time:

Exposure Limit:

- The value of the Fund's investments in unlisted securities must not exceed 10% of the Fund's NAV.
- The above exposure limit of unlisted securities does not apply to unlisted securities that are equities not listed or quoted on a stock exchange but have been approved by the relevant regulatory authority for such listing and quotation, and are offered directly to the Fund by the issuer.

Investment Spread Limits:

- The value of the Fund's investments in ordinary shares issued by any single issuer must not exceed 10% of the Fund's NAV;
- The value of the Fund's investments in transferable securities and money market instruments issued by any single issuer must not exceed 15% of the Fund's NAV;
- The value of the Fund's placement in deposits with any single financial institution must not exceed 20% of the Fund's NAV;
- The Fund's exposure from its derivatives position should not exceed the Fund's NAV at all times;
- For investments in derivatives, the exposure to the underlying assets of that derivative must not exceed the investment spread limits stipulated in the Guidelines and the value of the Fund's OTC derivative transaction with any single counter-party must not exceed 10% of the Fund's NAV;

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- The value of the Fund's investments in structured products issued by a single counter-party must not exceed 15% of the Fund's NAV;
- The aggregate value of the Fund's investments in transferable securities, money market instruments, deposits, OTC derivatives and structured products issued by or placed with (as the case may be) any single issuer/financial institution must not exceed 25% of the Fund's NAV;
- The value of the Fund's investments in units/shares of any collective investment scheme must not exceed 20% of the Fund's NAV; and
- The value of the Fund's investments in transferable securities and money market instruments issued by any group of companies must not exceed 20% of the Fund's NAV.

**Investment Concentration Limits:**

- The Fund's investments in transferable securities (other than debentures) must not exceed 10% of the securities issued by any single issuer;
- The Fund's investments in debentures must not exceed 20% of the debentures issued by any single issuer;
- The Fund's investments in money market instruments must not exceed 10% of the instruments issued by any single issuer. However, the limit does not apply to money market instruments that do not have a pre-determined issue size; and
- The Fund's investments in collective investment schemes must not exceed 25% of the units/shares in any one collective investment scheme.

**Details of the policy on the application of the investment restrictions are set out on page 45.**

**DISTRIBUTION POLICY**

Incidental.

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### **3.7 Kenanga Consumer and Leisure Asia Fund (KCLAF) (formerly known as Libra Consumer and Leisure Asia Fund)**

KCLAF is an open-ended regional unit trust fund, which seeks to offer investors a wider investment universe of quality growth stocks by investing primarily in those that offer exposure to the consumer and leisure sector in Asia. The Fund will be a proxy to the growth prospects of this burgeoning sector which is expected to be a major beneficiary of rising disposable income in the region. In turn, investors will earn potentially attractive returns. The Fund's key performance is to search for positive absolute returns over the medium to long term (3-5 years) investment horizon.

As one of the world's most dynamic economic zones, Asia is seeing a rapid expansion of its middle class population who, in turn, have increasingly more disposable income to spend. Sectors related to consumer consumption and leisure are expected to be major beneficiaries of this trend and the Fund will target investments in such sectors which would include gaming, hotels, airlines, retail outlets, restaurant chains, consumer electronics and other supporting industries.

#### **FUND CATEGORY**

Equity

#### **FUND TYPE**

Growth

#### **INCEPTION DATE**

18 July 2007

#### **INVESTMENT OBJECTIVE**

The Fund seeks to provide capital appreciation over the medium to long term by investing in a diversified portfolio comprising stocks of companies in Asia which are considered to have strong growth prospects and are able to benefit from the rising wealth effect of the region's middle class population.

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

#### **INVESTMENT STRATEGY**

The fund manager will look for the latest trends and themes reflective of the consumer and leisure focus of the Fund. This would involve an analysis of diverse but relevant sectors and sub-sectors ranging from tourism, hotels, airlines, gaming, general retail, consumer electronics and premium real estate (such as shopping malls or commercial real estate) to the more economically inelastic brewing and tobacco sectors. This list is not exhaustive and the fund manager believes that there are ample areas to invest in within this theme to enable an adequate diversification for different market conditions.

The Fund's investment universe will primarily comprise of companies with a well-established track record, a strong business franchise, professionally run management and proven business models that give them a good competitive edge. Many of these companies will have products and services with brand names that are well known in the region, and in some cases, recognisable worldwide. The quality of these companies should be reflected in their financial track record, for example, a history of steady sales growth, firm profit margins, sustained profitability and prudent balance sheet management.

The fund manager will use an appropriate investment valuation framework to invest in only the stock counters in which the fund manager believes the stock price has yet to fully reflect the company's growth potential or underlying fair value. This framework will include techniques such as measuring a company's prospective price-to-earnings ratio, price-to-book ratio or enterprise value per unit against sector and regional peers, or a discounted cash flow valuation model. While the fund is actively managed, the frequency of its trading strategy will very much depend on market opportunities.

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## **ASSET ALLOCATION**

Generally, the Fund will invest at least 70% of its NAV in equities and equity-related securities, while maintaining a minimum of 50% in non-Malaysian equity (Hong Kong, India, Indonesia, Japan, Korea, Philippines, Singapore, Taiwan, and Thailand markets). Liquid assets shall be maintained at a minimum of 2% of the Fund's NAV and fixed income securities within Malaysia shall be maintained at a minimum of 10% of the Fund's NAV.

## **RISK MANAGEMENT STRATEGIES**

Please refer to page 46-52 for detailed explanation of risk management strategies employed by the fund manager.

## **TEMPORARY DEFENSIVE POSITIONS**

In response to adverse economic or market conditions, or when the fund manager anticipates a severe downturn in the market, the Fund as part of its risk management strategy may increase its cash exposure or hold a significantly higher amount of defensive assets, that include short term fixed income securities. This would mean reducing the equity allocation to levels below 70%. The Fund may, when deemed appropriate, utilise futures and/or option contracts but for purposes of hedging currency movements only.

## **PERFORMANCE BENCHMARK**

The benchmark of the Fund is the MSCI AC Asia<sup>1</sup>.

<sup>1</sup> Source: [www.bloomberg.com](http://www.bloomberg.com).

The risk profile of the Fund is similar to the risk profile of the performance benchmark. However, there is no guarantee that the Fund will always outperform its benchmark.

## **PERMITTED INVESTMENTS**

Unless otherwise prohibited by the relevant authorities or any relevant law and provided always that there are no inconsistencies with the objective of the Fund, the Fund is permitted under the Deed to invest in the following:

- Securities of Malaysian companies listed on Bursa Malaysia;
- Securities in foreign markets, which markets are permitted by the relevant authorities from time to time;
- Fixed income securities issued by the Malaysian government or BNM or any other government related bodies. Such instruments include Malaysian Government Securities, treasury bills and Bank Negara Malaysia bills;
- Corporate bonds. These issues are usually approved by BNM and/or the SC, and/or are rated by RAM or MARC. The credit rating of an issue may also be enhanced through bank guarantees or corporate guarantees;
- Issues guaranteed by the government of Malaysia or BNM or any state government in Malaysia;
- Issues by financial institution such as banker's acceptances and negotiable certificates of deposit;
- Liquid assets;
- Futures market and options, for purposes of hedging currency movements only;
- Units or shares in other collective investment schemes; and
- Any other kind of investment as may be agreed upon by the Manager and Trustee from time to time, and permitted by the relevant authority.

## **INVESTMENT RESTRICTIONS**

The investment limits/restrictions for KCLAF shall be as follows, or any other limits as may be prescribed by the SC from time to time:

Exposure Limit:

- The value of the Fund's investments in unlisted securities must not exceed 10% of the Fund's NAV.

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- The above exposure limit of unlisted securities does not apply to unlisted securities that are equities not listed or quoted on a stock exchange but have been approved by the relevant regulatory authority for such listing and quotation, and are offered directly to the Fund by the issuer.

**Investment Spread Limits:**

- The value of the Fund's investments in ordinary shares issued by any single issuer must not exceed 10% of the Fund's NAV;
- The value of the Fund's investments in transferable securities and money market instruments issued by any single issuer must not exceed 15% of the Fund's NAV;
- The value of the Fund's placement in deposits with any single financial institution must not exceed 20% of the Fund's NAV;
- The Fund's exposure from its derivatives position should not exceed the Fund's NAV at all times;
- For investments in derivatives, the exposure to the underlying assets of that derivative must not exceed the investment spread limits stipulated in the Guidelines and the value of the Fund's OTC transaction with any single counter-party must not exceed 10% of the Fund's NAV;
- The value of the Fund's investments in structured products issued by a single counter-party must not exceed 15% of the Fund's NAV;
- The aggregate value of the Fund's investments in transferable securities, money market instruments, deposits, OTC derivatives and structured products issued or placed with (as the case may be) any single issuer/ financial institution must not exceed 25% of the Fund's NAV;
- The value of the Fund's investments in units/shares of any collective investment scheme must not exceed 20% of the Fund's NAV; and
- The value of the Fund's investments in transferable securities and money market instruments issued by any group of companies must not exceed 20% of the Fund's NAV.

**Investment Concentration Limits:**

- The Fund's investments in transferable securities (other than debentures) must not exceed 10% of the securities issued by any single issuer;
- The Fund's investments in debentures must not exceed 20% of the debentures issued by any single issuer;
- The Fund's investments in money market instruments must not exceed 10% of the instruments issued by any single issuer. However, the limit does not apply to money market instruments that do not have a pre-determined issue size; and
- The Fund's investments in collective investment schemes must not exceed 25% of the units/shares in any one collective investment scheme.

**Details of the policy on the application of the investment restrictions are set out on page 45.**

**DISTRIBUTION POLICY**

Annually (if any).

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### **3.8 Kenanga Liquidity Fund (KLF) (formerly known as Libra Liquidity Fund)**

KLF is an open-ended unit trust fund, investing primarily in Ringgit-denominated short term deposits with licensed financial institutions.

#### **FUND CATEGORY**

Money Market

#### **FUND TYPE**

Income

#### **INCEPTION DATE**

18 February 2009

#### **INVESTMENT OBJECTIVE**

The Fund seeks to preserve capital<sup>1</sup> and maintain a high degree of liquidity while providing steady income<sup>2</sup> with minimal risk by investing primarily in short term deposits.

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

**Note:**

<sup>1</sup> Unit Holders are to note that this is not a capital guaranteed nor protected Fund. Unit Holders' capital is neither guaranteed nor protected.

<sup>2</sup> All income distribution will be automatically reinvested into additional Units.

#### **INVESTMENT STRATEGY**

The Fund shall generally adopt an active investment strategy by monitoring short term interest rates offered by licensed financial institutions on a daily basis. The Fund will invest 100% of its NAV in Ringgit-denominated short term deposits with licensed financial institutions.

#### **ASSET ALLOCATION**

The Fund will invest 100% of the Fund's NAV in Ringgit-denominated short term deposits.

#### **RISK MANAGEMENT STRATEGIES**

To mitigate financial institution risks, the Fund will diversify its deposit placements with different financial institutions regulated by BNM.

#### **TEMPORARY DEFENSIVE POSITIONS**

No temporary defensive positions will be taken as the Fund will not be investing in any securities or fixed income instruments.

#### **PERFORMANCE BENCHMARK**

The benchmark of the Fund is the Maybank Islamic Overnight Deposit Rate.

Source: [www.maybank2u.com.my](http://www.maybank2u.com.my).

The risk profile of the Fund is not the same as the risk profile of the performance benchmark. There is no guarantee that the Fund will always outperform its benchmark.

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## **PERMITTED INVESTMENTS**

Unless otherwise prohibited by the relevant authorities or any relevant law and provided always that there are no inconsistencies with the objective of the Fund, the Fund is permitted under the Deed to invest in the following:

- Liquid assets which consist of RM denominated deposits placed with licensed financial institutions; and
- Any other investments as may be permitted by the relevant authorities from time to time.

## **INVESTMENT RESTRICTIONS**

The investment limits/restrictions for KLF shall be as follows, or any other limits as may be prescribed by the SC from time to time:

Exposure Limits:

- The value of the Fund's investments in permitted investments which have a remaining maturity period of not more than 365 days must not be less than 90% of the Fund's NAV; and
- The value of the Fund's investments in permitted investments which have a remaining maturity period of more than 365 days but fewer than 732 days must not exceed 10% of the Fund's NAV.

Investment Spread Limits:

- The value of the Fund's placement in deposits with any single financial institution must not exceed 20% of the Fund's NAV.

**Details of the policy on the application of the investment restrictions are set out on page 45.**

## **DISTRIBUTION POLICY**

Monthly (if any).

**Investment in the Fund is not the same as placement in a deposit with a financial institution. There are risks involved and investors should rely on their own evaluation to assess the merits and risks when investing in the Fund.**

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### **3.9 Kenanga Resource Equity Fund (KREF) (formerly known as Libra Resource Equity Fund)**

KREF is an open-ended global unit trust fund which will invest at least 70% of its NAV in equities and equity-related securities of companies that are involved in the exploration for and the development, production and marketing of resource products such as energy, minerals, agriculture and related industries globally which are listed on the stock exchanges of countries listed in the MSCI ACWI (except for the excluded countries mentioned in the investment strategy of the KREF).

#### **FUND CATEGORY**

Equity

#### **FUND TYPE**

Growth

#### **INCEPTION DATE**

18 March 2011

#### **INVESTMENT OBJECTIVE**

The Fund seeks to achieve capital growth over a medium to long term period by investing primarily in equities and equity-related securities traded globally. The Fund may also invest in fixed income securities, structured products and money market instruments.

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

#### **INVESTMENT STRATEGY**

The Fund aims to achieve its investment objective through a diversified investment portfolio of equity and equity-related securities which are listed on the stock exchanges of countries listed in the MSCI ACWI (except for the excluded countries mentioned in the investment strategy of the KREF). The fund will invest at least 70% of its NAV in equities and equity-related securities of companies that are involved in the exploration for and the development, production and marketing of resource products such as energy, minerals, agriculture and related industries. The Fund may also invest in other investments depending on the market outlook and economic conditions.

The Manager will employ a multi-step investment process, combining a bottom-up investment analysis of companies with a top-down macro-analysis asset allocation at country and sector levels. Sector allocation is derived after analysing macroeconomic trends and country dynamics. The Manager believes that investment performance can be achieved by employing a rigorous research process that enables them to identify sound and profitable companies that generate excess return above the MSCI ACWI, being the benchmark's return as well as by identifying companies that are undervalued.

An active investment strategy which emphasises on appropriate asset allocation, for different market conditions to enhance risk-adjusted returns through riding market cycles, situational opportunities, value emergence and trend reversal plays will be adopted.

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As of 30 September 2019, the countries within the MSCI ACWI consist of the following:

- |                  |             |               |                |                            |
|------------------|-------------|---------------|----------------|----------------------------|
| • Argentina      | • Denmark   | • Ireland     | • Peru         | • Spain                    |
| • Australia      | • Egypt     | • Israel      | • Pakistan     | • Sweden                   |
| • Austria        | • Finland   | • Italy       | • Philippines  | • Switzerland              |
| • Belgium        | • France    | • Japan       | • Poland       | • Taiwan                   |
| • Brazil         | • Germany   | • Korea       | • Portugal     | • Thailand                 |
| • Canada         | • Greece    | • Malaysia    | • Qatar        | • Turkey                   |
| • Chile          | • Hong Kong | • Mexico      | • Russia       | • United Arab Emirates     |
| • China          | • Hungary   | • Netherlands | • Saudi Arabia | • United Kingdom           |
| • Colombia       | • India     | • New Zealand | • Singapore    | • United States of America |
| • Czech Republic | • Indonesia | • Norway      | • South Africa |                            |

Source:- [www.msci.com](http://www.msci.com)

This list of countries may be reviewed by MSCI from time to time.

For the avoidance of doubt, the Manager may invest in all the countries mentioned above except Egypt, Israel, Turkey, Colombia, Mexico, Peru and Chile. While the Fund is actively managed, the frequency of its trading strategy will very much depend on market opportunities.

In addition to equities and equity-related securities, the other types of investments that the Fund may, amongst others, invest in are fixed income securities and structured products. Structured products are financial instruments designed to facilitate highly customised risk-return objectives by taking a traditional securities (such as stocks and bonds), and replacing the usual payment features with non-traditional payoffs derived not from the issuer's own cash flow, but from the performance of one or more underlying asset. These structured products are equity-linked notes (ELNs), which are principal protected instruments and a form of debt instrument where the final payout is based on the return of the underlying equity, which can be a single stock, basket of stocks or an equity index.

## ASSET ALLOCATION

The Fund will invest a minimum of 70% of its NAV in equity and equity-related securities of companies engaged in the exploration for and the development, production and marketing of resource products such as energy, minerals, agriculture and related industries globally which are listed on the stock exchange of countries listed in the MSCI ACWI (except for the excluded countries mentioned above in the investment strategy of the Fund). The Fund may invest a maximum of 28% of the Fund's NAV in fixed income securities and a maximum of 15% of the Fund's NAV in structured products. Cash or liquid assets will be maintained at all times at a minimum of 2% of the Fund's NAV.

An internal allocation for cash and other liquid assets will be maintained to ensure that the Fund is able to meet repurchase requests without jeopardising the Fund's performance. However, this does not preclude the Manager (after consultation with Trustee) from lowering or raising the liquid assets level beyond the stipulated level to allow the Manager to react to the prevailing market conditions and to manage investment risk when circumstances warrant it.

## PERFORMANCE BENCHMARK

The benchmark of the Fund is MSCI ACWI<sup>1</sup>.

<sup>1</sup> Source: [www.bloomberg.com](http://www.bloomberg.com)

There is no available benchmark that accurately reflects the scope of the investment universe of the Fund and hence, the risk profile of the Fund is not the same as the risk profile of the performance benchmark. There is no guarantee that the Fund will always outperform its benchmark.

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## **RISK MANAGEMENT STRATEGIES**

Please refer to page 46-52 for detailed explanation of risk management strategies employed by the Manager.

## **TEMPORARY DEFENSIVE POSITIONS**

During adverse market conditions, or when the Manager anticipates a downturn in market conditions, the Fund may hold up to 100% in liquid assets, which are defensive in nature. The Manager would be expected to realign the Fund with principal strategies when market conditions turn for the better.

## **PERMITTED INVESTMENTS**

Unless otherwise prohibited by the relevant authorities or any relevant law and provided always that there are no inconsistencies with the objective of the Fund, the Fund is permitted under the Deed to invest in the following:

- Securities traded on the Bursa Malaysia or any other market considered as an Eligible Market;
- Securities not listed in or traded under the rules of an Eligible Market ("Unlisted Securities");
- Fixed income securities;
- Money market instruments;
- Structured products;
- Derivatives instruments in Malaysia or any country globally include futures contracts traded in futures market, for hedging purposes only;
- Securities or instruments listed or traded on foreign markets where the regulatory authority is a member of the International Organization of Securities Commissions (IOSCO);
- Cash/Liquid assets; and
- Any other form of investments permitted by the SC which are in line with the Fund's objective.

## **INVESTMENT RESTRICTIONS**

The investment limits/restrictions for KREF are as follows, or any other limits as may be prescribed by the SC from time to time:

Exposure Limit:

- The value of the Fund's investments in unlisted securities must not exceed 10% of the Fund's NAV.
- The above exposure limit of unlisted securities does not apply to unlisted securities that are:
  - (a) Equities not listed or quoted on a stock exchange but have been approved by the relevant regulatory authority for such listing and quotation, and are offered directly to the Fund by the issuer; and
  - (b) Structured products.

Investment Spread Limits:

- The value of the Fund's investments in ordinary shares issued by any single issuer must not exceed 10% of the Fund's NAV;
- The value of the Fund's investments in transferable securities and money market instruments issued by any single issuer must not exceed 15% of the Fund's NAV;
- The value of the Fund's placement in deposits with any single financial institution must not exceed 20% of the Fund's NAV;
- For investments in derivatives:
  - the exposure to the underlying assets must not exceed the investment spread limits stipulated in the Guidelines;
  - the Fund's exposure from its derivatives position should not exceed the Fund's NAV at all times.
- The value of the Fund's investments in structured products issued by a single counter-party must not exceed 15% of the Fund's NAV. The single counter-party limit may be exceeded if the counter-party has a minimum long term rating that indicates very strong capacity for timely payment of financial obligations provided by any domestic or global rating agency and the structured product has a capital protection feature;

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- The aggregate value of the Fund's investments in transferable securities, money market instruments, deposits and structures products issued by or placed with (as the case may be) any single issuer/financial institution must not exceed 25% of the Fund's NAV; and
- The value of the Fund's investments in transferable securities and money markets instruments issued by any group of companies must not exceed 20% of the Fund's NAV.

Investment Concentration Limits:

- The Fund's investments in transferable securities (other than debentures) must not exceed 10% of the securities issued by any single issuer;
- The Fund's investments in debentures must not exceed 20% of the debentures issued by any single issuer and;
- The Fund's investments in money market instruments must not exceed 10% of the instruments issued by any single issuer. However, the limit does not apply to money market instruments that do not have a pre-determined issue size.

The investment limits or restrictions mentioned herein shall be complied with at all times based on the most up-to-date value of the Fund's investments.

**Details of the policy on the application of the investment restrictions are set out on page 45.**

#### **DISTRIBUTION POLICY**

Incidental.

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### **3.10 Kenanga SyariahEXTRA Fund (KSEF) (formerly known as Libra SyariahEXTRA Fund)**

KSEF is an open-ended unit trust fund investing in a blend of quoted Shariah-compliant equities, sukuk and other Islamic money market instruments and Islamic futures contracts for hedging purpose only (the Islamic futures contracts are used to manage one's exposure to unexpected price fluctuations in the Shariah-compliant equity and sukuk markets). Its key performance is entirely in search of consistent absolute returns over the medium to long term investment horizon.

#### **FUND CATEGORY**

Balanced (Islamic)

#### **FUND TYPE**

Growth and to a lesser extent income

#### **INCEPTION DATE**

12 March 1996

#### **INVESTMENT OBJECTIVE**

The Fund aims to provide investors with medium to long term capital appreciation through investments in specified asset classes by adopting a relatively balanced approach towards Shariah-compliant equities and Islamic fixed income exposures. The Fund aims to achieve capital growth with lower short term volatility than is normally associated with a pure equity fund.

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

#### **SHARIAH ADVISER**

The Shariah Adviser for this Fund is BIMB Securities Sdn Bhd. Please refer to page 70-71 for details of their roles and responsibilities.

#### **INVESTMENT STRATEGY**

The fund manager for KSEF shall generally adopt an active investment strategy for different market conditions to enhance risk-adjusted returns through riding market cycles, situational opportunities, value emergence and trend reversal plays.

The fund manager's strategy is to identify key sectors or groups of Shariah-compliant securities that the fund manager believes should perform well under an anticipated economic condition. Individual Shariah-compliant securities selection will then focus on well-managed, financially sound companies with attractive relative valuations and potential for high earnings growth over the medium to long term time frame. The analysis includes ratio analysis on the financial performance of companies, trend analysis to forecast future performance, and stock valuation methods. Occasionally, when market trading is skewed towards index-linked large capitalised Shariah-compliant securities, the Fund will attempt to track the performance of the FBM EMAS Shariah Index by adjusting its portfolio composition accordingly. While the fund is actively managed, the frequency of its trading strategy will very much depend on market opportunities.

With respect to sukuk, the fund manager will focus on consistent, above-average returns (relative to the Fund's performance benchmark) from fundamental research. Emphasis is placed on credit-worthy issuers of sukuk and investment-grade sukuk. A disciplined application of the 'top-down' investment process is therefore applied, with due consideration given to the credit standing of individual issuers. The fund manager will seek to diversify the investments of the Fund across sectors and individual sukuk in order to mitigate the risk profile of the portfolio.

#### **ASSET ALLOCATION**

The Fund will invest between 40% to 60% of its NAV in quoted Shariah-compliant equities and Shariah-compliant equity-related securities. The Fund will also invest between 40% to 60% of its NAV in sukuk with a minimum

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credit rating of P3 or BBB3 by RAM or equivalent rating by other rating agencies and Islamic liquid assets. Islamic liquid assets will be maintained at all times at a minimum of 2% of the Fund's NAV.

## **RISK MANAGEMENT STRATEGIES**

Please refer to page 46-52 for detailed explanation of risk management strategies employed by the Manager.

## **TEMPORARY DEFENSIVE POSITIONS**

During adverse market conditions, or when the fund manager anticipates a downturn in market conditions, the Fund may hold a significantly higher amount of Islamic liquid and defensive assets\*. The fund manager would be expected to re-align the Fund with the principal strategies when market conditions turn for the better.

*\* Lower-risk assets such as sukuk and/or Islamic deposits.*

## **PERFORMANCE BENCHMARK**

The benchmark of the Fund is a composite benchmark comprising 50% of the FBM EMAS Shariah Index<sup>1</sup> and 50% of the Maybank 12 Months Islamic Fixed Deposit-i rate<sup>2</sup>.

<sup>1</sup> Source: [www.bursamalaysia.com](http://www.bursamalaysia.com), <sup>2</sup> Source: [www.maybank2u.com.my](http://www.maybank2u.com.my)

The Fund has a flexible asset allocation between Shariah-compliant equities and sukuk with a bias for absolute (i.e. positive) returns. This means that the Fund is focused on achieving a positive return, albeit in a downtrend market rather than beating the benchmark. A composite benchmark of indices for the two major asset classes (Shariah-compliant equity and sukuk) is used to provide investors with a reference point for their investments.

Over the long term, Shariah-compliant equities asset allocation would range between 40% – 60% of the Fund's NAV, and sukuk and cash would range between 40% – 60% of the Fund's NAV. Therefore, the composite benchmark is a reflection of the Fund's average asset allocation over the long term of 50% of the Fund's NAV in Shariah-compliant equities and 50% of the Fund's NAV in sukuk and cash.

By definition, absolute returns are the static measure of the actual return an asset achieves over a period of time. The Fund seeks to deliver positive returns independent of how the sukuk, cash and Shariah-compliant equities market perform.

The risk profile of the Fund is not the same as the risk profile of the performance benchmark. There is no guarantee that the Fund will always outperform its benchmark.

## **PERMITTED INVESTMENTS**

Unless otherwise prohibited by the relevant authorities or any relevant law and provided always that there are no inconsistencies with the objective of the Fund, the Fund is permitted under the Deed to invest in the following:

- Shariah-compliant securities of Malaysian companies listed on the recognised stock exchange;
- Units of unrelated Islamic property trust funds listed on Bursa Malaysia;
- Unlisted Shariah-compliant securities that are not traded in or under the rules of an Eligible Market;
- Government and semi-government sukuk, Islamic investment accounts, and Islamic money market instruments;
- Cagamas sukuk, sukuk which are either bank-guaranteed or carrying at least a BBB3 rating by RAM or equivalent rating by other rating agencies;
- Government Investment Issues, Islamic accepted bills, Malaysian currency balances in hand and Islamic deposits (Malaysian currency) with licensed financial institutions;
- Islamic futures contracts traded on an exchange approved for hedging purposes only; and
- Any other kind of Shariah-compliant investment or Shariah-compliant investments as permitted by the relevant authorities from time to time.

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In conformity with Shariah requirements, the securities of companies engaged in the following activities or producing the following categories of products shall not be included in the Fund – conventional banking, insurance and financial services; gambling; alcoholic beverages; non-halal foods; interest bearing money market instruments; and any further restrictions as may be determined by the SACSC and/or Shariah Adviser from time to time.

## **INVESTMENT RESTRICTIONS**

The investment limits/restrictions for KSEF shall be as follows, or any other limits as may be prescribed by the SC from time to time:

### **Exposure Limit:**

- The value of the Fund's investments in unlisted Shariah-compliant securities must not exceed 10% of the Fund's NAV.
- The above exposure limit of unlisted Shariah-compliant securities does not apply to unlisted Shariah-compliant securities that are Shariah-compliant equities not listed or quoted on a stock exchange but have been approved by the relevant regulatory authority for such listing and quotation, and are offered directly to the Fund by the issuer and sukuk traded on an organised OTC market.

### **Investment Spread Limits:**

- The value of the Fund's investments in Shariah-compliant ordinary shares issued by any single issuer must not exceed 10% of the Fund's NAV;
- The value of the Fund's investments in Shariah-compliant transferable securities and Islamic money market instruments issued by any single issuer must not exceed 15% of the Fund's NAV;
- The value of the Fund's placement in Islamic deposits with any single financial institution must not exceed 20% of the Fund's NAV;
- The Fund's exposure from its Islamic derivatives position should not exceed the Fund's NAV at all times;
- For investments in Islamic derivatives, the exposure to the underlying assets of that Islamic derivative must not exceed the investment spread limits stipulated in the Guidelines and the value of the Fund's OTC Islamic derivative transaction with any single counter-party must not exceed 10% of the Fund's NAV;
- The value of the Fund's investments in Islamic structured products issued by a single counter-party must not exceed 15% of the Fund's NAV;
- The aggregate value of the Fund's investments in Shariah-compliant transferable securities, Islamic money market instruments, Islamic deposits, OTC Islamic derivatives and Islamic structured products issued by or placed with (as the case may be) any single issuer/ financial institution must not exceed 25% of the Fund's NAV;
- The value of the Fund's investments in units/shares of any Islamic collective investment scheme must not exceed 20% of the Fund's NAV; and
- The value of the Fund's investments in Shariah-compliant transferable securities and Islamic money market instruments issued by any group of companies must not exceed 20% of the Fund's NAV.

### **Investment Concentration Limits**

- The Fund's investments in Shariah-compliant transferable securities (other than sukuk) must not exceed 10% of the Shariah-compliant securities issued by any single issuer;
- The Fund's investments in sukuk must not exceed 20% of the sukuk issued by any single issuer;
- The Fund's investments in Islamic money market instruments must not exceed 10% of the instruments issued by any single issuer. However, the limit does not apply to Islamic money market instruments that do not have a pre-determined issue size; and
- The Fund's investments in Islamic collective investment schemes must not exceed 25% of the units/shares in any one of the Islamic collective investment scheme.

**Details of the policy on the application of the investment restrictions are set out on page 45.**

## **DISTRIBUTION POLICY**

Annually (if any).

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**3.11 Kenanga Amanah Saham Wanita (KASW) (formerly known as Libra Amanah Saham Wanita)**

KASW is an open-ended unit trust fund, investing principally in quoted Shariah-compliant equities and Shariah-compliant equity-related securities.

**FUND CATEGORY**

Equity (Islamic)

**FUND TYPE**

Growth and to a lesser extent income

**INCEPTION DATE**

4 May 1998

**INVESTMENT OBJECTIVE**

The primary objective of the Fund is to offer relatively good and safe capital growth\* over the long term period by investing principally in an actively-managed, diversified portfolio of Shariah-compliant equities and Shariah-compliant equity-related securities.

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

*\* Growth is targeted to be consistent and stable by not taking excessive risk.*

**SHARIAH ADVISER**

The Shariah Adviser for this Fund is BIMB Securities Sdn Bhd. Please refer to page 70-71 for details of their roles and responsibilities.

**INVESTMENT STRATEGY**

The fund manager for KASW shall generally adopt an active investment strategy for different market conditions to enhance risk-adjusted returns through riding market cycles, situational opportunities, value emergence and trend reversal plays.

The fund manager's strategy is to identify key sectors or groups of Shariah-compliant securities that the fund manager believes should perform well under an anticipated economic condition. Individual Shariah-compliant securities selection will then focus on well-managed, financially sound companies with attractive relative valuations and potential for high earnings growth over the medium to long term time frame. The analysis includes ratio analysis on the financial performance of companies, trend analysis to forecast future performance, and stock valuation methods. Occasionally, when market trading is skewed towards index-linked large capitalised Shariah-compliant securities, the Fund will attempt to track the performance of the FBM EMAS Shariah Index by adjusting its portfolio composition accordingly. While the fund is actively managed, the frequency of its trading strategy will very much depend on market opportunities.

**ASSET ALLOCATION**

The Fund will invest a minimum of 70% of its NAV in quoted Shariah-compliant equities and Shariah-compliant equity-related securities. Islamic liquid assets will be maintained at all times at a minimum of 2% of the Fund's NAV.

**RISK MANAGEMENT STRATEGIES**

Please refer to page 46-52 for detailed explanation of risk management strategies employed by the Manager.



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## **TEMPORARY DEFENSIVE POSITIONS**

During adverse market conditions, or when the fund manager anticipates a downturn in market conditions, the Fund may hold significantly higher amount of Islamic liquid and defensive assets\*. The fund manager would be expected to re-align the Fund with the principal strategies when market conditions turn for the better.

*\* Lower-risk assets such as sukuk and/or Islamic deposits.*

## **PERFORMANCE BENCHMARK**

The benchmark of the Fund is the FBM EMAS Shariah Index<sup>1</sup>.

<sup>1</sup> Source: [www.bursamalaysia.com](http://www.bursamalaysia.com)

The risk profile of the Fund is similar to the risk profile of the performance benchmark. However, there is no guarantee that the Fund will always outperform its benchmark.

## **PERMITTED INVESTMENTS**

Unless otherwise prohibited by the relevant authorities or any relevant law and provided always that there are no inconsistencies with the objective of the Fund, the Fund is permitted under the Deed to invest in the following:

- Shariah-compliant ordinary shares and other quoted Shariah-compliant equity-related securities such as convertible Shariah-compliant securities, Shariah-compliant preference shares, Shariah-compliant warrants listed on Bursa Malaysia or traded in or under the rules of other recognised stock exchange in Malaysia or foreign markets permitted by the relevant authorities;
- units or shares in other Islamic collective investment schemes;
- sukuk as well as short term Islamic money market instruments and any other kinds of Shariah-compliant investments as agreed by the Manager and Trustee, from time to time;
- Islamic futures contract traded in futures market of an exchange approved under the Act, provided that the participation is for hedging purposes only; and
- Any other kind of Shariah-compliant investment or Shariah-compliant investments as permitted by the relevant authorities from time to time.

In conformity with Shariah requirements, the securities of companies engaged in the following activities or producing the following categories of products shall not be included in the Fund – conventional banking, insurance and financial services; gambling; alcoholic beverages; non-halal foods; interest bearing money market instruments; and any further restrictions as may be determined by the SACSC and/or Shariah Adviser from time to time.

## **INVESTMENT RESTRICTIONS**

The investment limits/restrictions for KASW shall be as follows, or any other limits as may be prescribed by the SC from time to time:

Exposure Limit:

- The value of the Fund's investments in unlisted Shariah-compliant securities must not exceed 10% of the Fund's NAV.
- The above exposure limit of unlisted Shariah-compliant securities does not apply to unlisted Shariah-compliant securities that are Shariah-compliant equities not listed or quoted on a stock exchange but have been approved by the relevant regulatory authority for such listing and quotation, and are offered directly to the Fund by the issuer.

Investment Spread Limits:

- The value of the Fund's investments in Shariah-compliant ordinary shares issued by any single issuer must not exceed 10% of the Fund's NAV;

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- The value of the Fund's investments in Shariah-compliant transferable securities and Islamic money market instruments issued by any single issuer must not exceed 15% of the Fund's NAV;
- The value of the Fund's placement in Islamic deposits with any single financial institution must not exceed 20% of the Fund's NAV;
- The Fund's exposure from its Islamic derivatives position should not exceed the Fund's NAV at all times;
- For investments in Islamic derivatives, the exposure to the underlying assets of that Islamic derivative must not exceed the investment spread limits stipulated in the Guidelines and the value of the Fund's OTC Islamic derivative transaction with any single counter-party must not exceed 10% of the Fund's NAV;
- The aggregate value of the Fund's investments in Shariah-compliant transferable securities, Islamic money market instruments, Islamic deposits, OTC Islamic derivatives and Islamic structured products issued by or placed with (as the case may be) any single issuer / financial institution must not exceed 25% of the Fund's NAV;
- The value of the Fund's investments in units/shares of any Islamic collective investment scheme must not exceed 20% of the Fund's NAV; and
- The value of the Fund's investments in Shariah-compliant transferable securities and Islamic money market instruments issued by any group of companies must not exceed 20% of the Fund's NAV.

#### Investment Concentration Limits

- The Fund's investments in Shariah-compliant transferable securities (other than sukuk) must not exceed 10% of the Shariah-compliant securities issued by any single issuer;
- The Fund's investments in sukuk must not exceed 20% of the sukuk issued by any single issuer;
- The Fund's investments in Islamic money market instruments must not exceed 10% of the instruments issued by any single issuer. However, the limit does not apply to Islamic money market instruments that do not have a pre-determined issue size; and
- The Fund's investments in Islamic collective investment schemes must not exceed 25% of the units/shares in any one Islamic collective investment scheme.

**Details of the policy on the application of the investment restrictions are set out on page 45.**

#### **DISTRIBUTION POLICY**

Annually (if any).

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### **3.12 Kenanga ASnitaBOND Fund (KABF) (formerly known as Libra ASnitaBOND Fund)**

KABF is an open-ended unit trust fund, investing principally in a portfolio comprising highly liquid, near cash instruments as well as short to medium term sukuk. The Fund expects to maintain a weighted average portfolio maturity appropriate to its stated investment objective. Under normal circumstances, the weighted average term to maturity of the investments is expected to be approximately 2 to 5 years.

#### **FUND CATEGORY**

Bond (sukuk)

#### **FUND TYPE**

Income

#### **INCEPTION DATE**

18 March 2005

#### **INVESTMENT OBJECTIVE**

The Fund aims to provide capital preservation<sup>1</sup> with regular income<sup>2</sup> over the short to medium term period by investing in Islamic money market instruments and sukuk.

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

#### **Note:**

<sup>1</sup> *Unit Holders are to note that this is not a capital guaranteed nor protected Fund. Unit Holders' capital is neither guaranteed nor protected.*

<sup>2</sup> *All income distribution will be automatically reinvested into additional Units.*

#### **SHARIAH ADVISER**

The Shariah Adviser for this Fund is BIMB Securities Sdn Bhd. Please refer to page 70-71 for details of their roles and responsibilities.

#### **INVESTMENT STRATEGY**

Before constructing the Fund's portfolio, the fund manager will analyse the macro environment to enhance risk-adjusted returns by identifying market cycles, situational opportunities, value emergence and trend reversal plays.

The Fund will adopt an investment strategy which will provide returns comparable to that of short term Islamic money market deposits, and which will at the same time, preserve the Fund's principal value and maintain a high degree of liquidity.

With respect to sukuk, the fund manager will focus on consistent, above-average returns (relative to the Fund's performance benchmark) from fundamental research. Emphasis is placed on credit-worthy issuers of sukuk and investment-grade sukuk. A disciplined application of the top-down investment process is therefore applied, with due consideration given to the credit standing of individual issuers. The fund manager will seek to diversify the investments of the Fund across sectors and individual sukuk in order to mitigate the risk profile of the portfolio.

#### **ASSET ALLOCATION**

The Fund will invest a minimum of 70% of its NAV in sukuk. Cash, Islamic deposits and other Islamic liquid assets will be maintained at all times at a minimum of 2% of the Fund's NAV.

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## **RISK MANAGEMENT STRATEGIES**

Please refer to page 46-52 for detailed explanation of risk management strategies employed by the Manager.

## **TEMPORARY DEFENSIVE POSITIONS**

During adverse market conditions, or when the fund manager anticipates a downturn in market conditions, the Fund may lower its sukuk exposure below 70% and increase its investments in Islamic liquid assets. The fund manager would be expected to re-align the Fund with the principal strategies when market conditions turn for the better.

## **PERFORMANCE BENCHMARK**

The benchmark of the Fund is the Maybank 12 Months Islamic Fixed Deposit-i rate<sup>1</sup>.

<sup>1</sup> Source: [www.maybank2u.com.my](http://www.maybank2u.com.my)

The risk profile of the Fund is not the same as the risk profile of the performance benchmark. There is no guarantee that the Fund will always outperform its benchmark.

## **PERMITTED INVESTMENTS**

Unless otherwise prohibited by the relevant authorities or any relevant law and provided always that there are no inconsistencies with the objective of the Fund, the Fund is permitted under the Deed to invest in the following:

- Government and semi-government sukuk, General Investment Accounts, Special Investment Account, Islamic money market instruments, private sukuk, Islamic treasury products listed on the Bursa Malaysia;
- Shariah-compliant instruments issued by bank and financial institutions;
- Government Investment Issues, Islamic Accepted Bills, Malaysia currency balances in hand and Islamic deposits (Malaysian currency) with licensed financial institutions including investment certificates;
- Cagamas sukuk, sukuk which are either bank-guaranteed or carrying at least a BBB3 rating by RAM or equivalent rating by other rating agencies;
- Islamic futures contracts traded on an exchange approved under the Act provided that, the participation is for hedging purposes and is approved by the Shariah Adviser; and
- Any other kind of Shariah-compliant investments in Malaysia and outside Malaysia as agreed upon by the Manager and Trustee.

In conformity with Shariah requirements, the securities of companies engaged in the following activities or producing the following categories of products shall not be included in the Fund – conventional banking, insurance and financial services; gambling; alcoholic beverages; non-halal foods; interest bearing money market instruments; and any further restrictions as may be determined by the SACSC and/or Shariah Adviser from time to time.

## **INVESTMENT RESTRICTIONS**

The investment limits/restrictions for KABF shall be as follows, or any other limits as may be prescribed by the SC from time to time:

Exposure Limit:

- The value of the Fund's investments in unlisted Shariah-compliant securities must not exceed 10% of the Fund's NAV.
- The above exposure limit of unlisted Shariah-compliant securities does not apply to unlisted Shariah-compliant securities that are sukuk traded on an organised OTC market.

Investment Spread Limits:

- The value of the Fund's investments in sukuk issued by any single issuer must not exceed 20% of the Fund's NAV. The single issuer limit may be increased to 30% of the Fund's NAV if the sukuk are rated by any domestic or global rating agency to be of the best quality and offer highest safety for timely payment of profit and principal;

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- The value of the Fund's investments in sukuk issued by any one group of companies must not exceed 30% of the Fund's NAV;
- The value of the Fund's placement in Islamic deposits with any single financial institution must not exceed 20% of the Fund's NAV;
- The aggregate value of the Fund's investments in Shariah-compliant transferable securities, Islamic money market instruments, Islamic deposits and Islamic structured products issued by or placed with (as the case may be) any single issuer / financial institution must not exceed 25% of the Fund's NAV. However, the aggregate value of the Fund's investment must not exceed 30% of the Fund's NAV where the single issuer limit is increased to 30% of the Fund's NAV if the sukuk are rated by any domestic or global rating agency to be of the best quality and offer highest safety for timely payment of profit and principal;
- The value of the Fund's investments in units/shares of any Islamic collective investment scheme must not exceed 20% of the Fund's NAV; and
- No maximum limit is imposed if the issuer is the Malaysian government or BNM or the issue is an issue guaranteed by any of the aforementioned institutions.

**Investment Concentration Limits:**

- The Fund's investments in sukuk must not exceed 20% of the sukuk issued by any single issuer;
- The Fund's investments in Islamic money market instruments must not exceed 10% of the instruments issued by any single issuer. However, the limit does not apply to Islamic money market instruments that do not have a pre-determined issue size; and
- The Fund's investments in Islamic collective investment schemes must not exceed 25% of the units/shares in any one Islamic collective investment scheme.

**Details of the policy on the application of the investment restrictions are set out on page 45.**

**DISTRIBUTION POLICY**

Annually (if any).

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### **3.13 Policy on Application of Investment Restrictions of the Funds**

**Kenanga IncomeEXTRA Fund, Kenanga EquityEXTRA Fund, Kenanga BondEXTRA Fund, Kenanga MoneyEXTRA Fund, Kenanga DividendEXTRA Fund, Kenanga TacticalEXTRA Fund, Kenanga Consumer and Leisure Asia Fund, Kenanga Liquidity Fund, Kenanga Resource Equity Fund, Kenanga SyariahEXTRA Fund, Kenanga Amanah Saham Wanita and Kenanga ASnitaBOND Fund.**

Any entitlement accruing on the investment held may be excluded when determining compliance with the investment restrictions. However, the entitlement should not be exercised if the exercise results in the breach of any restrictions specified. Nevertheless, the right of convertibility may be exercised even if it results in the breach of the restrictions, provided there are justifiable reasons and prior approval of the Trustee has been obtained, and the Management Company takes all necessary steps and actions to rectify the breach within a reasonable time of not more than one (1) month from the date of the breach.

A 5% allowance in excess of any limit or restriction may be permitted, where the breach occurred through an appreciation or depreciation of the NAV of the Fund, whether as a result of an appreciation or depreciation in the value of the investments, or as a result of repurchase of units or payment made by the Fund. The Management Company should not make any further acquisitions and will take necessary steps and actions to rectify the breach within a reasonable period of not more than three (3) months from the date of the breach. Such limits and restrictions, however, do not apply to securities that are issued or guaranteed by the government of Malaysia or BNM.

As the minimum liquid assets level for the Fund is specified to ensure sufficient short term liquidity in the Fund to meet operating expenses and possible redemption of the Fund's units, where the level of liquid assets for the Fund drop below the minimum level specified, the Management Company will take all necessary steps and actions to meet the minimum level specified within ten (10) calendar days.

Liquid assets of the Fund may be held in the form of cash, deposits with licensed institutions and/or other institutions licensed or approved to accept deposits and any other instruments, including short term commercial papers, which are convertible into cash within seven (7) days as may be approved by the Trustee. Liquid assets of KSEF, KASW and KABF must comply with Shariah requirements.

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#### **4. RISK FACTORS**

The risk management team works in tandem with the investment team to ensure the level of risk is suitable to the Funds' overall performance targets. The Funds are constructed and managed within the pre-set investment guidelines i.e. the risk budgets. The risk mitigation strategies adopted by the Manager includes diversification, due diligence, reviews and hedging.

##### **General Risks**

Whilst the Manager believes that the investment policy will be effective and that investment in unit trust funds may be rewarding, investors should be aware that there are risks associated with their investment in unit trust funds.

##### **a) Risk of Non-Compliance**

The Fund's objective may be affected should the Management Company and the fund managers not adhere to the Fund's investment mandate. To maintain the Fund's integrity, sufficient internal policies, controls and monitoring must be in place to protect the interests of Unit Holders. In this instance, the compliance unit of the Management Company would oversee the operations of the Fund to reduce and mitigate instances of non-compliance with internal policies and the relevant laws, regulations and guidelines.

##### **b) Fund Manager Risk**

The performance of the Fund depends on the experience, knowledge and expertise of the fund manager and the investment strategies adopted. The risk remains that the securities which the fund manager selected will not perform as expected. This could cause the Fund's returns to lag behind similar funds' returns.

##### **c) Returns Not Guaranteed**

As a result of the risk elements described herein, the returns from the Fund are not guaranteed. The Fund's NAV may go down as well as up.

##### **d) Loan Financing Risk**

This risk occurs when investors take a loan/financing to finance their investment. The inherent risk of investing with financing includes investors being unable to service the loan repayments/financing payments. 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 value per unit at the point of purchase towards settling the loan/financing.

Islamic unit trust fund's investors are advised to seek for Islamic financing to finance their acquisition.

##### **e) Political Risk**

The investments of the Fund may be adversely affected by political instability as well as exchange controls, changes in taxation, foreign investment policies, restriction on repatriation of investments and other restrictions and controls which may be imposed by the relevant authorities in the relevant countries. The Manager shall implement a stringent screening process in respect of the country and region prior to investing to assess the impact of such risk to the performance of the investments.

##### **f) Regulatory Risk**

Any changes in national or economic policies or regulations may have an adverse effect on the capital markets and could consequently have an impact on the investments of the Fund. To mitigate the impact of regulatory risk, the Manager will seek to keep abreast of regulatory developments that may affect specific investments of the Fund while attempting to pre-empt any regulatory changes that may adversely impact the investments of the Fund.

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### **Specific Risks in Equity Funds**

#### **a) Market Risk**

Market risk refers to the possibility that an investment will lose value because of a general decline in financial markets, due to economic, political and/or other factors, which may affect the performance of the Fund. This is a class of risk that inherently exists in an economy and cannot be avoided by any business or company. Market risk cannot be removed from an investment portfolio by diversification. Investors should, therefore, note that the performance of the Fund might go up or down in accordance with market movement.

#### **b) Stock Specific Risk**

Stock specific risk refers to the possibility that an investment will lose value due to factors that are very specific to a company or a small group of companies. Also referred to as unsystematic or diversifiable risk, this class of risk represents the risk unique to a particular company or group of companies due to factors such as capital structure, quality of management, nature of business, and new governmental regulation affecting a particular group of companies. This risk may be greatly reduced through diversification. The fund manager's expertise will also help to reduce exposure to specific risk through proper research prior to sector and stock selection, and by adopting defensive stock selection strategies at appropriate times.

#### **c) Liquidity Risk**

In a weak and thinly traded market where the transaction volume is low, the investments in the Fund may not be liquidated in the desired amounts without causing the market price of the securities to fall sharply. The fund manager aims to reduce liquidity risk by investing mainly in companies with large market capitalisation of not less than RM200 million, and are fairly liquid.

#### **d) Currency Risk**

The Funds that invest abroad are subject to currency risk as some of their investments will be denominated in foreign currencies. The value of these Funds as expressed in RM will fluctuate in tandem with the changes in the exchange rate between the RM and other currencies. This risk can be mitigated by investing in a portfolio of assets with diverse foreign currencies to avoid over-concentration in a single foreign currency. The Funds may also seek to reduce this risk by hedging the currency exposure. Hedging the currency exposure would cap downside currency risks but also limit any upside returns from a currency appreciation.

#### **e) Country Risk**

The Fund's exposure in foreign investments may be affected by risks specific to the country which it invests in. Such risks may include changes in the general political and economic conditions, government policies, tax regime and currency fluctuations. These changes can adversely affect operating profit as well as the value of the assets that the Fund has invested in. Diversifying the Fund's exposure into various foreign markets will mitigate the country risk of the portfolio.

#### **f) Shariah Status Reclassification Risk**

This risk refers to the risk that the currently held Shariah-compliant securities in the portfolio of Islamic Funds may be reclassified as Shariah non-compliant in the periodic review of the securities by the SACSC, the Shariah Adviser or the Shariah Supervisory Boards of relevant Islamic indices. If this occurs, the Manager will take the necessary steps to dispose of such securities.

Opportunity loss could occur due to the restriction on the Funds to retain the excess capital gains derived from the disposal of the reclassified Shariah non-compliant securities. In such an event, the Funds are required:



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- (i) to dispose such securities with immediate effect or within one (1) calendar month if the value of the securities exceeds or is equal to the investment cost on the effective date of Reclassification of the List of Shariah-compliant securities ("Reclassification") by the SACSC, the Shariah Adviser or the Shariah Supervisory Boards of relevant Islamic indices. The Funds are allowed to keep dividends received and capital gains from the disposal of the securities up to the effective date of Reclassification. However, any dividends received and excess capital gains from the disposal of the Shariah non-compliant securities after the effective date of Reclassification should be channelled to *baitulmal* and/or approved charitable bodies;
- (ii) to hold such securities if the value of the said securities is below the investment cost on the effective date of Reclassification until the total subsequent dividends received (if any) and the market price of the securities is equal to the cost of investment at which time disposal has to take place within one (1) calendar month, capital gains (if any) from the disposal of the securities should be channelled to *baitulmal* and/or approved charitable bodies; or
- (iii) to dispose such securities at a price lower than the investment cost which will result in a decrease in the Funds' value.

Please refer to Shariah Investment Guidelines in Section 5 of the Master Prospectus for further details.

#### **g) Structured Products Risk**

The Fund may enter into structured products instruments, which are financial instruments designed to facilitate highly customised risk-return objectives. This is accomplished by taking a traditional securities, and replacing the usual payment features with non-traditional payoffs derived not from the issuer's own cash flow, but from the performance of one or more underlying assets. Unit holders should be aware that there is a risk of higher volatility in the NAV per unit of the Fund when structured products are part of the Fund's investment asset.

There are various risks associated with structured products use. The process by which the Management Company assesses, monitors and controls some of the more important types of risk such as market risk, liquidity risk and currency risk which have a direct influence on the Fund's NAV are mentioned in this section. The Manager will ensure that the exposure to structured product instruments will NOT at any time exceed 15% of the Fund's NAV at all times. The Fund's investments in structured products (if any) shall always be subject to the restrictions stipulated under the sub-heading, investment spread limits; sub-paragraph of investment restriction on structured products.

#### **h) Warrants Risk**

There are specific risks in the use of warrants as they have an expiry date and hence, may experience time decay and the erosion of value accelerates as the warrants advance to its expiry date.

#### **i) Sectorial Risk**

Sectorial risk refers to the possibility that an investment will lose value in relation to a downturn in demand for goods and services offered by a particular sector in which the Fund invests in. Typically, this is linked to adverse economic conditions.

#### **j) Credit/Default Risk**

Credit risk relates to the creditworthiness of the issuers of fixed income securities/sukuk and their expected ability to make timely payment of interest/profit and/or principal. Any adverse situations faced by the issuer may impact the value as well as liquidity of the fixed income securities/sukuk. In the case of rated fixed income securities/sukuk, this may lead to a credit downgrade. Default risk relates to the risk that an issuer of a fixed income securities/sukuk either defaulting on payments or failing to make payments in a timely

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manner which will in turn adversely affect the value of the fixed income securities/sukuk. This could adversely affect the value of the fund.

The fund manager expects to be able to reduce credit risk substantially by conducting thorough credit analysis before investment, by investing mainly in issues with at least a P3 by RAM or equivalent rating by other rating agencies for short term papers and BBB by RAM or equivalent rating by other rating agencies for long term bonds/sukuk and by diversifying the portfolio.

Investors are to note that some of the equity funds are permitted to invest in bonds/sukuk and also placement of cash with financial institutions for diversification purposes. The credit rating of the bond/sukuk issuers and the financial institutions may be downgraded by the rating agencies due to credit default. As a result, it may affect the performance of the Funds.

**k) Counterparty Risk**

There is a risk that a financial institution may default on its repayment/payment obligations with regard to repurchase agreements and other contracts, or derivative investments made by the Fund. The Management Company aims to mitigate this risk by performing fundamental credit research and analysis to determine the creditworthiness of its counterparty, and thereby impose careful credit limit as a precautionary step to limit any loss that may arise directly or indirectly as a result of the defaulted transaction. Any default by the counterparty would affect the NAV of the Fund. In mitigating this risk, the Management Company will invest in the instrument via counterparties such as banks or financial institutions with a high credit rating, at least 'A' by Standard & Poor's or its equivalent by any other reputable domestic or global rating agency. Thereafter, the Management Company will constantly monitor the credit rating of the counterparty. If the rating of the counterparty falls below the minimum requirements, the Management Company may look to sell/redeem the instrument, or replace with another instrument with a similar underlying asset or another instrument that meets the objective of the Fund.

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**Specific Risks Associated when investing in Fixed Income/Sukuk Funds**

**a) Market Risk**

Market risk refers to the possibility that an investment will lose value because of a general decline in financial markets, due to economic, political and/or other factors, which may affect the performance of the Fund. This is a class of risk that inherently exists in an economy and cannot be avoided by any business or company. Market risk cannot be removed from an investment portfolio by diversification. Investors should, therefore, note that the performance of the Fund might go up or down in accordance with market movement.

**b) Credit/Default Risk**

Credit risk relates to the creditworthiness of the issuers of the fixed income securities/sukuk and their expected ability to make timely payment of interest/profit and/or principal. Any adverse situations faced by the issuer may impact the value as well as liquidity of the fixed income securities/sukuk. In the case of rated fixed income securities/sukuk, this may lead to a credit downgrade. Default risk relates to the risk that an issuer of a fixed income securities/sukuk either defaulting on payments or failing to make payments in a timely manner which will in turn adversely affect the value of the fixed income securities/sukuk. This could adversely affect the value of the fund.

The fund manager expects to be able to reduce credit risk substantially by conducting thorough credit analysis before investment, by investing mainly in issues with at least a P3 by RAM or equivalent rating by other rating agencies for short term papers and BBB by RAM or equivalent rating by other rating agencies for long term bonds/sukuk and by diversifying the portfolio.

**c) Interest Rate Risk**

This risk relates to unforeseen movements in the direction of interest rates. When interest rates rise, the price of fixed income/sukuk instruments generally declines and this will lower the market value of the Fund's investment in fixed income/sukuk instruments. The reverse applies when interest rates fall. Anticipating interest rate movements is a critical element in determining the portfolio maturity structure of the Fund. The manager's top-down investment approach ensures that a thorough evaluation of macro-economic variables is undertaken before an interest rate strategy is implemented. In addition, it is also intended to have a sufficiently diverse range of maturities of fixed income/sukuk instruments that the Fund Invests in.

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

**d) Liquidity Risk**

Liquidity risk is defined as the ease with which a securities can be sold at or near its fair value depending on the volume traded on the market. Should a securities become illiquid, it may be sold at a discount to its fair value, thus lowering that value of the Fund's investments and subsequently the value of Unit Holders' investments. To mitigate liquidity risk, the Fund maintains sufficient level of liquid assets to meet anticipated payments and liquidation of units by Unit Holders.

**e) Inflation/Purchasing Power Risk**

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

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**f) Warrants Risk**

For balanced funds (KIEF and KSEF), where investment in warrants are applicable and permitted, there are specific risks in the use of warrants as they have an expiry date and hence, may experience time decay and the erosion of value accelerates as the warrants advance to its expiry date.

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**Specific Risks Associated when investing in Money Market Funds**

**a) Financial Institution Risk**

Financial institution risk occurs when a licensed financial institution which the Fund placed its deposits with, defaults on its obligations to pay back the deposits and interests/profits on demand. To mitigate financial institution risks, the Fund will diversify its placement of deposits with different financial institutions regulated by BNM.

**b) Interest Rate Risk**

Interest rate risk refers to how changes in the interest rate environment would affect the performance of the Fund. Deposit rates offered by financial institutions will fluctuate according to the overnight policy rate determined by BNM and this may affect the Fund's investments in short term deposits at the point of investment. Depending on the deposit rates locked in at the point of investment, the Fund's returns may be high when deposit rates are high and the Fund's returns may be low when deposit rates are low.

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

**It is important to note that events affecting the investments cannot always be foreseen. Therefore, it is not always possible to protect investments against all risks. Different investment instruments generally exhibit different levels of risk. Please note that the returns of the Funds are not guaranteed.**

**The investment of the Funds carries risk and investors are recommended to read the whole Master Prospectus to assess the risks of the Funds.**

**Investors are reminded that the above list of risks may not be exhaustive and if necessary, they should consult their adviser(s), e.g. their bankers, lawyers, stockbrokers or independent professional advisers for a better understanding of the risks.**

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## **5. ADDITIONAL INFORMATION IN RELATION TO ISLAMIC FUNDS**

### **Shariah Investment Guidelines Adopted by BIMB Securities Sdn Bhd**

The following guidelines are adopted by BIMB Securities in determining the Shariah status of investments of the Funds:

- The Funds must at all times and all stages of its operation comply with Shariah principles as resolved by the SACSC or in cases where no specific rulings are made by the SACSC, the decisions of the Shariah Adviser.
- The Funds must be raised and operated, and finally redeemed by the investors on the basis of contracts which are acceptable in Shariah. The banking facilities and short-term money market instruments used for the Funds have to be Shariah-compliant. Similarly, all the other investment instruments including securities, sukuk, etc. must be Shariah-compliant.
- For Shariah-compliant securities listed on the Bursa Malaysia, the Funds' investments must be strictly confined to those Shariah-compliant securities on the list approved by the SACSC.
- For Islamic money market instruments and Shariah-compliant securities or sukuk, they shall be based on the data readily available on Bank Negara Malaysia and SC websites.
- The SACSC has adopted a standard methodology to determine the Shariah compliance of companies listed on Bursa Malaysia. This methodology takes into consideration both the quantitative and qualitative aspects of the listed companies.

#### **(a) Quantitative analysis:**

The quantitative part is a two-tier benchmark applied to the business activities of the companies and to the financial ratios of the companies. The business activity benchmarks consist of a 5-percent benchmark and a 20-percent benchmark.

##### **(i) Business activity benchmarks**

For the business activity benchmarks, the revenue or income contribution of Shariah non-compliant business activities to the group revenue or group profit before taxation of the listed companies will be computed and compared against the relevant business activity benchmarks, and must be less than the 5% or 20% benchmarks as follows:

The 5% benchmark would be applicable to the following business activities:

- ❖ Conventional banking;
- ❖ Conventional insurance;
- ❖ Gambling;
- ❖ Liquor and liquor-related activities;
- ❖ Pork and pork-related activities;
- ❖ Non-halal food and beverages;
- ❖ Shariah non-compliant entertainment;
- ❖ Interest income<sup>1</sup> from conventional accounts and instruments (including interest income awarded arising from a court judgement or arbitration);
- ❖ Dividends<sup>1</sup> from Shariah non-compliant investments;
- ❖ Tobacco and tobacco-related activities; and
- ❖ Other activities deemed non-compliant according to Shariah.

<sup>1</sup> *Interest income and dividends from Shariah non-compliant investments will be compared against the group revenue. However, if the main activity of the company is holding of investment, the dividends from Shariah non-compliant investments will be compared against the group revenue and group profit before taxation.*

The 20% benchmark would be applicable to the following activities:

- ❖ Share trading in Shariah non-compliant securities;
- ❖ Stockbroking business other than Islamic Stockbroking company;

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- ❖ Rental received from Shariah non-compliant activities; and
- ❖ Other activities deemed non-compliant according to Shariah.

(ii) Financial ratio benchmarks

The financial ratios for cash in conventional accounts and instruments as well as interest bearing debts over the total assets of the listed companies are also considered in the analysis carried out by the SACSC to determine their Shariah compliance status.

The financial ratios applied are as follows:

- **Ratio of cash over total assets**

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

- **Ratio of debt over total assets**

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

Both benchmark ratios, which are intended to measure *riba* and *riba*-based elements within a listed company's balance sheet, must be less than 33%.

**(b) Qualitative analysis:**

As for qualitative aspect of the Shariah compliance analysis, an additional criterion will be considered namely the public perception or image of the listed company which must be acceptable from the Shariah perspective.

- The SACSC had considered the following criteria for a Special Purpose Acquisition Company (SPAC) to be classified as Shariah-compliant:
  - ❖ The proposed business activity should be Shariah-compliant;
  - ❖ The entire proceeds raised from the Initial Public Offering should be placed in an Islamic account; and
  - ❖ In the event that the proceeds are invested, the entire investment should be Shariah-compliant.
- Shariah-compliant securities include ordinary shares, warrants (issued by the companies themselves). This means that warrants are classified as Shariah-compliant securities provided the underlying shares are also Shariah-compliant. On the other hand, loan stocks and bonds are Shariah non-compliant securities unless they are structured based on SACSC's approved Shariah rulings, concepts and principles.
- For investment in foreign securities, the Funds are only allowed to invest in securities which are on the Approved List of Dow Jones Islamic Market Index (DJIM) or other approved lists by the Shariah Adviser. In the event of reclassification of foreign Shariah-compliant securities to be Shariah non-compliant, the Funds are to abide by the rules as laid down by the SACSC and by this Shariah Investment Guidelines. In the event that the Funds wish to invest in foreign securities not covered by DJIM or other approved lists by the Shariah Adviser, the Funds must submit to the Shariah Adviser the latest information pertaining to the issuer's business activities, its complete financial statements and other related information to enable the Shariah Adviser to carry out Shariah screening.
- As for investment in foreign sukuk or any foreign investment instrument, the Funds must submit to the Shariah Adviser all pertinent information including the memoranda and prospectuses, its structures, utilisation of the proceeds, Shariah contracts and Shariah pronouncements by the relevant Shariah advisers advising the sukuk issuance or instrument, for the Shariah Adviser to confirm the Shariah status of the sukuk or instrument.

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- The decision of the Shariah Adviser shall be final.
- To facilitate the purchase and sale of foreign securities, there may be a need to have cash placement in a conventional bank account outside Malaysia. In such circumstances, conventional account should be non-interest bearing and the sole purpose is only to facilitate purchase and sale of foreign securities.

#### **Cleansing Process for the Funds**

##### **a) Wrong Investment**

This refers to Shariah non-compliant investment made by the Manager. The said investment shall be disposed of/withdrawn with immediate effect if possible; or otherwise within one (1) calendar month of knowing the status of the securities/investment irrespective of market price considerations. In the event that the investment resulted in gain (through capital gain and/or dividend), it has to be channeled to *baitulmal* and/or charitable bodies approved by the Shariah Adviser. For the avoidance of doubt, dividends shall include both received before and after disposal of the Shariah non-compliant securities/investment. The Shariah Adviser advises that this cleansing process (i.e. channeling of gain from wrongful investment to *baitulmal* and/or approved charitable bodies) shall be carried out within two (2) calendar months from the said disposal/withdrawal date. If the disposal of the securities/investment resulted in losses to the Funds, the losses are to be borne by the Manager.

##### **b) Reclassification of Shariah Status of the Funds' Investment**

Reclassification of Shariah status ("Reclassification") refers to securities which were earlier classified as Shariah-compliant securities but due to failure to meet the set benchmark criteria, are subsequently reclassified as Shariah non-compliant by the SACSC, the Shariah Adviser or the Shariah Supervisory Boards of relevant Islamic indices. If on the Reclassification effective date, the value of the securities held exceeds or equal to the investment cost, the Funds which hold such Shariah non-compliant securities must liquidate them. To determine the time frame to liquidate such securities, the Shariah Adviser advises that such securities should be disposed of within one (1) calendar month of Reclassification.

Any dividends received up to the Reclassification effective date and capital gains arising from the disposal of the said reclassified Shariah non-compliant securities made with respect to the closing price on the Reclassification effective day can be kept by the Funds. However, any dividends received and excess capital gain derived from the disposal after the Reclassification effective day at a market price that is higher than the closing price on the Reclassification effective day shall be channeled to *baitulmal* and/or charitable bodies approved by the Shariah Adviser. The Shariah Adviser advises that this cleansing process should be carried out within two (2) calendar months from the above disposal date.

The Funds are allowed to hold the Shariah non-compliant securities if the market price of the said securities is below the investment cost. It is also permissible for the Funds to keep the dividends received during the holding period until such time when the total amount of the dividends received and the market value of the Shariah non-compliant securities held equal the investment cost. At this stage, the Funds are advised to dispose of their holdings. In addition, during the holding period, the Funds are allowed to subscribe to:

- any issue of new securities by a company whose Shariah non-compliant securities are held by the Funds e.g. rights issues, bonus issues, special issues and warrants [excluding securities whose nature is Shariah non-compliant e.g. irredeemable convertible unsecured loan stock (ICULS)]; and
- securities of other companies offered by the company whose Shariah non-compliant securities are held by the Funds,

on conditions that the Funds expedite the disposal of the Shariah non-compliant securities. For securities of other companies [as stated in (ii) above], they must be Shariah-compliant securities.



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#### **Zakat for the Funds**

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

**Note:** The Shariah Adviser confirms that the investment portfolios of Kenanga ASnitaBOND Fund (formerly known as Libra ASnitaBOND Fund), Kenanga Amanah Saham Wanita (formerly known as Libra Amanah Saham Wanita) and Kenanga SyariahEXTRA Fund (Libra SyariahEXTRA Fund) comprise instruments that have been classified as Shariah-compliant by the SACSC and/or the Shariah Advisory Council of BNM. For instruments that are not classified as Shariah-compliant by the SACSC and/or the Shariah Advisory Council of BNM, the Shariah Adviser will review and determine the Shariah status of the said instruments.

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## **6. FEES, CHARGES AND EXPENSES**

### **6.1 FEES AND CHARGES DIRECTLY INCURRED**

#### **a) Sales Charge**

The sales charge is a fee levied on the purchase of Units of a Fund, and is used to pay for marketing, advertising and distribution expenses of the Fund. The fee is deducted upfront from the purchase amount, leaving only the net amount invested in a Fund.

The sales charge is calculated based on the Selling Price (which is the NAV per Unit) of the Funds as at the next valuation point after the application is received ("forward pricing").

<b>Fund Name</b>	<b>Sales Charge* (% of the NAV per Unit)</b>
Kenanga IncomeEXTRA Fund (KIEF)	5
Kenanga EquityEXTRA Fund (KEEF)	5
Kenanga BondEXTRA Fund (KBEF)	5
Kenanga MoneyEXTRA Fund (KMEF)	Nil
Kenanga DividendEXTRA Fund (KDEF)	5
Kenanga TacticalEXTRA Fund (KTEF)	5
Kenanga Consumer and Leisure Asia Fund (KCLAF)	5
Kenanga Liquidity Fund (KLF)	Nil
Kenanga Resource Equity Fund (KREF)	5
Kenanga SyariahEXTRA Fund (KSEF)	5
Kenanga Amanah Saham Wanita (KASW)	5
Kenanga ASnitaBOND Fund (KABF)	5

*\*The Manager may waive or reduce the sales charge imposed. Investors may also negotiate for a lower sales charge with their preferred distributor, subject to the respective channels' qualifying criterion.*

*All fees and charges payable to the Manager and the Trustee are subject to the goods and services tax/ sales and services tax/ other taxes of similar nature as may be imposed by the government or other authorities from time to time.*

*Note: Investors who invest in any Funds through the EPF Members' Investment Scheme pay a lower sales charge which is 3% of the NAV per Unit (or such other maximum rate that may be allowed by the EPF from time to time). Funds approved under the EPF Members Investment Scheme are subject to change. Investors may contact the Manager for the list of funds.*

#### **b) Repurchase Charge**

Nil

#### **c) Transfer Fee**

Nil

#### **d) Switching Fee**

Nil

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## **6.2 FEES AND EXPENSES INDIRECTLY INCURRED**

### **a) Annual Management Fee**

<b>Fund Name</b>	<b>Annual Management Fee</b>
Kenanga IncomeEXTRA Fund (KIEF)	1.15% p.a. of the Fund's NAV
Kenanga EquityEXTRA Fund (KEEF)	1.65% p.a. of the Fund's NAV
Kenanga BondEXTRA Fund (KBEF)	1.00% p.a. of the Fund's NAV
Kenanga MoneyEXTRA Fund (KMEF)	0.50% p.a. of the Fund's NAV
Kenanga DividendEXTRA Fund (KDEF)	1.50% p.a. of the Fund's NAV
Kenanga TacticalEXTRA Fund (KTEF)	1.50% p.a. of the Fund's NAV
Kenanga Consumer and Leisure Asia Fund (KCLAF)	1.70% p.a. of the Fund's NAV
Kenanga Liquidity Fund (KLF)	Up to 0.30% p.a. of the Fund's NAV
Kenanga Resource Equity Fund (KREF)	1.75% p.a. of the Fund's NAV
Kenanga SyariahEXTRA Fund (KSEF)	1.50% p.a. of the Fund's NAV
Kenanga Amanah Saham Wanita (KASW)	1.50% p.a. of the Fund's NAV
Kenanga ASnitaBOND Fund (KABF)	Up to 1.15% p.a. of the Fund's NAV

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

*All fees and charges payable to the Manager and the Trustee are subject to the goods and services tax/ sales and services tax/ other taxes of similar nature as may be imposed by the government or other authorities from time to time.*

*Please refer to page 61 for an illustration on the calculation of the management fee.*

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

<b>Fund Name</b>	<b>Annual Trustee Fee</b>
Kenanga IncomeEXTRA Fund (KIEF)	0.08% p.a. of the Fund's NAV, subject to a minimum of RM30,000 p.a.
Kenanga EquityEXTRA Fund (KEEF)	0.10% p.a. of the Fund's NAV, subject to a minimum of RM35,000 p.a.
Kenanga BondEXTRA Fund (KBEF)	0.07% p.a. of the Fund's NAV, subject to a minimum of RM18,000 p.a.
Kenanga MoneyEXTRA Fund (KMEF)	0.07% p.a. of the Fund's NAV, subject to a minimum of RM18,000 p.a.
Kenanga DividendEXTRA Fund (KDEF)	0.07% p.a. of the Fund's NAV (excluding foreign custodian fee and charges)
Kenanga TacticalEXTRA Fund (KTEF)	0.07% p.a. of the Fund's NAV, subject to a minimum of RM18,000 p.a.
Kenanga Consumer and Leisure Asia Fund (KCLAF)	0.08% p.a. of the Fund's NAV

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Kenanga Liquidity Fund (KLF)	0.02% p.a. of the Fund's NAV
Kenanga Resource Equity Fund (KREF)	0.08% p.a. of the Fund's NAV, subject to a minimum of RM18,000 per annum (excluding foreign custodian fees and charges)
Kenanga SyariahEXTRA Fund (KSEF)	0.06% p.a. of the Fund's NAV
Kenanga Amanah Saham Wanita (KASW)	0.10% p.a. of the Fund's NAV, subject to a minimum of RM50,000 p.a.
Kenanga ASnitaBOND Fund (KABF)	0.07% p.a. of the Fund's NAV

*The trustee fee is computed and accrued on a daily basis and payable monthly.*

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

*Please refer to page 61 for an illustration on the calculation of the trustee fee.*

### **c) Funds' Expenses**

These include the following:

- (a) Commission paid to brokers;
- (b) Auditor's fee;
- (c) Tax adviser's fee;
- (d) Valuation fee;
- (e) Taxes;
- (f) Foreign sub-custodian charges (where applicable);
- (g) Shariah advisory fee (where applicable);
- (h) Annual/interim reports;
- (i) Independent investment committee member fee; and
- (j) Any other expenses permitted to be charged to the Fund by the Deed.

### **6.3 POLICY ON REBATES AND SOFT COMMISSIONS**

It is the policy of the Manager to credit any rebates received into the account of the Funds. Soft commissions are retained by the Manager for purchasing goods and services that are of demonstrable benefit to the Unit Holders of the Funds and are in the form of research and advisory services that assist in the decision making process relating to the investment of the Funds (i.e. Bloomberg Anywhere and Bloomberg Terminal subscriptions).

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

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

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## **7. TRANSACTION INFORMATION**

### **7.1 VALUATION OF ASSETS**

The Management Company will ensure that all the assets of the respective Funds are valued at fair value and at all times be in compliance with Schedule C of the Guidelines.

- **Quoted securities and suspended securities**

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

- **Unquoted fixed income securities/sukuk**

Unquoted fixed income securities/sukuk are measured at fair values. The fair values of unquoted fixed income securities/sukuk are generally obtained from the indicative market yields quoted by a bond pricing agency registered with the SC. However, where the fund manager is of the opinion that the value of the fixed income securities/sukuk differs from the indicative yields quoted by the bond pricing agency by more than 20 basis points, the fund manager will value the securities based on a pricing model that reflects the prevailing market conditions provided it complies with the requirement in the Guidelines.

- **Quoted securities dividends**

Dividends from quoted securities are recognised on the ex-dividend date.

- **Derivatives and OTC Derivatives**

Derivative and OTC derivative instruments shall be valued at fair value, as determined in good faith by the Management Company on methods or bases which have been verified by the auditor of the Fund and approved by the trustee. Any changes in the value of the contracts are adjusted for directly in the margin accounts, with a corresponding recognition in the unrealised reserves.

- **Collective investment schemes**

Investments in collective investment schemes will be valued, based on the last published NAV per Unit or if unavailable, other appropriate method as determined by the Management Company and approved by the Trustee.

- **Deposits**

Valuation for investment in deposits is based on a fixed rate with interest/profit accrued on a daily basis.

- **Structured products**

The valuation of structured products is marked-to-market on a daily basis using valuation prices quoted by the structured products provider.

- **Money market instruments**

Investments in conventional or Shariah-compliant financial instruments such as banker acceptance, Islamic accepted bills, Bank Negara monetary notes or Bank Negara monetary notes-*i*, negotiable certificate of deposits or Islamic negotiable instruments or other short-term financial instruments issued by government or government-related agencies are valued each day by reference to the value of such investments and the profits accrued thereon for the relevant period.

For investments in commercial papers, valuation will be performed by reference to the fair value prices quoted by a BPA registered with the SC.

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## 7.2 VALUATION POINT FOR THE FUNDS

The Fund must be valued at least once every Business Day. The Guidelines also requires a valuation of the Fund to be carried out in a fair and accurate manner. The Fund adopts a forward pricing basis which means that prices of Units will be calculated based on the NAV of the Fund at a valuation point in the future, i.e. the next valuation point.

For a Fund with no foreign market investments, if applications for Units or requests for repurchase are received before the cut-off time of 4.00 p.m. on a Business Day, say, 2 July 2019, the Manager will process the applications using the price of the Units for that Business Day, 2 July 2019. The price of the Units for 2 July 2019 will be calculated based on the market closing on 2 July 2019. Accordingly, applications for Units or requests for redemption received after the cut-off time of 4.00 p.m. on the Business Day will only be processed on the next Business Day.

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

The foreign exchange rate used for valuation of foreign investment is based on bid rate obtained from Reuters or Bloomberg at U.K. time 4.00 p.m. the same day.

If you want to know the latest prices of the Units, please contact the Manager directly or refer to our website [www.kenangainvestors.com.my](http://www.kenangainvestors.com.my).

## 7.3 PRICING POLICY

### Computation of NAV

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

NAV per Unit = NAV of the Fund / Number of Units in circulation

Illustration (based on KTEF)			
	NAV before deducting management fee and trustee fee for the day	RM	20,000,000.00
Less:	Management fee for the day (1.50% per annum) $20,000,000 \times 1.50\% / 365$	RM	821.92
Less:	Trustee fee for the day (0.07% per annum) $20,000,000 \times 0.07\% / 365$	RM	38.36
	NAV	(a) RM	19,999,139.72
	Units in circulation	(b)	40,000,000.00
	NAV per Unit (a) / (b)	RM	0.499978493
	NAV per Unit (rounded up to four decimal places)	RM	0.5000

Note: The charges set out above are exclusive of tax that may be payable by a Unit Holder.

- Single Pricing**

Under the single pricing regime, both the Selling and Repurchase Price of the Funds will be quoted based on a single price i.e. the NAV per Unit of a Fund. NAV per Unit will be rounded to four (4) decimal points for the purposes of publication of the NAV per Unit.

When you invest in the Funds, the investment amount payable to us is rounded to 2 decimal points. The Units allocated in your investment account are also rounded to 2 decimal points. Your redemption value is also rounded to 2 decimal points.

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- **Incorrect Pricing Policy**

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

- (a) if there is an over pricing in relation to the purchase and creation of Units, the Fund shall reimburse the Unit Holder;
- (b) if there is an over pricing in relation to the repurchase of Units, the Manager shall reimburse the Fund;
- (c) if there is an under pricing in relation to the purchase and creation of Units, the Manager shall reimburse the Fund; and
- (d) if there is an under pricing in relation to the repurchase of Units, the Fund shall reimburse the Unit Holder or former Unit Holder.

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

### **How Is the Selling Price Computed**

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

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

<b>Illustration : Determining Investment Amount &amp; Units Entitlement</b>			
	Investment amount	RM	10,000.00
Add :	Sales charge (5.00%)	RM	500.00
	Total amount payable by investor	RM	10,500.00

The following day, the price of a Unit i.e., the NAV per Unit, will be published in the Manager's website. For example, if the NAV per Unit was RM0.5000 the number of Units invested would be:

	Investment amount	RM	10,000.00
Divide :	NAV per Unit	RM	0.5000
	Number of Units invested		20,000.00

Note: The charges set out above are exclusive of tax that may be payable by a Unit Holder.

### **How Is the Liquidation Amount Computed**

Investors may liquidate their investment on any Business Day.

The liquidation amount is calculated by multiplying the NAV per Unit at the next valuation point after the Manager receives the liquidation application, with the number of units held.

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<b>Illustration : Determining Liquidation Amount</b>			
Number of Units to be liquidated			10,000.00
For example, if the NAV per Unit calculated at the next valuation point was RM0.5050, the liquidation amount would be:			
Multiply :	NAV per Unit	RM	0.5050
	Liquidation amount	RM	5,050.00
Less :	Repurchase charge (Nil)		NIL
	Net amount payable to investor	RM	5,050.00

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

#### **Example : Movement from KABF to KASW**

**Step 1** : To determine the switching amount of KABF

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

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

**Step 3** : To determine the number of units in KASW

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

<b>Illustration : Determining the Switching Amount</b>			
Assuming an investor wishes to switch 20,000 units in KABF to KASW:			
Units in KABF to be switched out			20,000.00
Multiply:	NAV per Unit of KABF	RM	0.5862
	Switching amount	RM	11,724.00
Less:	Switching fee (5%)	RM	(586.20)
	Net switching amount	RM	11,137.80
Divide:	NAV per Unit of KASW	RM	0.5233
	Number of units in KASW		21,283.78
Therefore:		<b>KABF</b>	<b>KASW</b>
	Units before switch	20,000.00	0.00
	Units switch (out) / in	(20,000.00)	21,283.78
	Units after switch	0.00	21,283.78

## **7.4 APPLICATION AND REDEMPTION OF UNITS**

### **Who Can Invest**

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



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#### **How can I Purchase or Liquidate an Investment?**

Investors are required to complete applications forms or repurchase forms, which are available at the Manager's head office, regional offices, approved Institutional Unit Trust Advisers (IUTAs) and tied agents of the Manager throughout Malaysia. Please refer to Directory of the Manager's Offices and list of IUTAs at the end of this Master Prospectus.

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

#### **Transaction Details**

Fund name	Minimum initial investment	Minimum additional investment		Minimum redemption	Minimum transfer	Minimum holdings
	(RM)	Regular (RM)	Non-regular (RM)	(Units)	(Units)	(Units)
KIEF	5,000.00	200.00	1,000.00	2,000	5,000	5,000
KEEF	5,000.00	200.00	1,000.00	2,000	5,000	5,000
KBEF	5,000.00	200.00	1,000.00	2,000	5,000	5,000
KMEF	5,000.00	200.00	1,000.00	2,000	5,000	5,000
KDEF	5,000.00	200.00	1,000.00	2,000	5,000	5,000
KTEF	5,000.00	200.00	1,000.00	2,000	5,000	5,000
KCLAF	5,000.00	200.00	1,000.00	2,000	5,000	5,000
KLF	100,000.00	Not applicable	50,000.00	10,000	5,000	5,000
KREF	5,000.00	200.00	1,000.00	2,000	5,000	5,000
KSEF	5,000.00	200.00	1,000.00	2,000	5,000	5,000
KASW	5,000.00	200.00	1,000.00	2,000	5,000	5,000
KABF	5,000.00	200.00	1,000.00	2,000	5,000	5,000

***Note: The Manager reserves the right to change the minimum amounts and number of Units stipulated above from time to time. In the event there is a change to the above, the Manager will notify unit holders via written notice prior to the effective date of the change.***

#### **Redeeming Your Investment**

The Funds do not have any restriction on the frequency of redemption. You may request the Manager to repurchase all or a minimum of 2,000 Units per transaction, except for KLF where the minimum repurchase amount is 10,000 Units per transaction (*a minimum of 5,000 Units to remain in account at any time*) by simply completing the repurchase form and returning it to the Manager through our appointed agents or direct to our business office.

The cut-off time for making a redemption request in respect of Units of the Funds is 4.00 p.m. on any Business Day except for KMEF. Redemption request for KMEF must be given one (1) Business Day prior to the redemption (i.e. T-1 day). Redemption requests received by us before the aforesaid cut-off times will be transacted at the Repurchase Price calculated at the next valuation point on which the request was received (i.e. "forward pricing"). The cut-off time will be determined based on the time and date stamp made by the Manager.

Where the redemption request is received after the cut-off times as set out above, the request will be deemed to have been received on the next Business Day.

Payments of redemption proceeds will be made within ten (10) days from the date at which a redemption request is deemed received (except for KMEF and KLF where payment will be made on the next Business Day on best effort basis if the repurchase request is received by the Manager before the aforesaid cut-off times on any Business Day).

However, if the redemption request leaves a Unit Holder with less than 5,000 Units (Minimum Holdings), the Manager will automatically liquidate the balance of the Units held in the Unit Holder's account.

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**Note:** *The Manager reserves the right to allow for such other lower amount of minimum redemption amount.*

### **Transfer of Units**

Units of any of the Funds are transferable without any fee and restrictions. A copy of the "Transfer Form" can be obtained from the Manager's office.

However, if the transfer request leaves a Unit Holder with less than 5000 Units (Minimum Holdings), the Manager will not proceed with the transfer request and the transaction is considered void until the Unit Holder makes a fresh application for the transfer request.

### **Switching Facility**

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

### **EPF Members' Investment Scheme**

EPF investor may withdraw from their EPF Account 1, to be invested in any of the EPF approved Funds (as per requirements of the EPF Members' Investment Scheme). To apply for withdrawal, investors are required to also complete a Borang KWSP 9N (AHL) for each application for withdrawal to invest via the EPF Members' Investment Scheme.

### **Cooling-Off Right**

A cooling-off right refers to the right of the investor to obtain a refund of his/her investment if he/she so requests within the cooling-off period (***within six (6) Business Days from the date of receipt of application***). This is to allow investors the opportunity to reverse their investment decision that could have been unduly influenced by certain external elements or factors (EPF investors are subject to EPF's terms and conditions). The cooling-off right is only given to an individual investor, other than those listed below, who is investing for the first time in any unit trust funds managed by the Manager:

- (i) a staff of the Manager; and
- (ii) persons registered with a body approved by SC to deal in unit trust funds.

Within the cooling-off period, the refund to the investors shall not be less than the sum of:

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

In other words, the investors shall be refunded their "original investment proceeds", within ten (10) days (from the date of receipt of the cooling-off notice by the investors). "Cooling-Off Period" or "Cooling-Off Right" is not applicable to EPF Member Investment Scheme (EPF MIS). Any application for cooling-off must be made before the cut-off time of 4.00 p.m. on any Business Day.

<b>Illustration : Determining The Cooling-off Refund</b>	<b>(RM)</b>
Initial investment amount	10,000.00
Add: Sales charge (5%)	500.00
Total amount paid by investor	10,500.00
The investor exercised the Cooling-off right and notified the Manager within six (6) Business Days (Cooling-Off Period).	
Net amount payable to investor	10,500.00

Note: The charges set out above are exclusive of tax that may be payable by a Unit Holder.

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## **7.5 ANTI-MONEY LAUNDERING POLICY**

Money laundering is a process intended to conceal the benefits derived from unlawful activities which are related, directly or indirectly, to any serious offence so that they appear to have originated from a legitimate source.

The Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (AMLATFPUAA) is the act that provides for the offence of money laundering and also the measures to be taken for the prevention of money laundering and terrorism financing offences. The Financial Intelligence and Enforcement Department (FIED) of BNM has been established to carry out the functions as the competent authority under the AMLATFPUAA. All market intermediaries under the Act and management companies approved by the Securities Commission under the Act are obliged to comply with the provisions of the AMLATFPUAA.

Under the AMLATFPUAA, any person who:

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

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

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

## **7.6 DISTRIBUTION POLICY AND REINVESTMENT POLICY**

It is the intention of the Management Company to declare distribution of income. The amount of income to be distributed will vary from period to period, depending on interest rates, market conditions, the performance and the objective of the Fund. Income distribution may be made out of realised capital gains, net profit from Islamic deposit, Islamic money market, net dividend income and other income received by the Fund.

It is also the Management Company's policy to automatically reinvest declared income distribution into additional Units in the Fund at the end of the distribution day (at ex-distribution price) with no sales charge. Investors, who prefer to receive their income distributions in the form of cash payouts, may liquidate the reinvested units arising from distribution of income on any Business Day. For Unit Holders in KMEF, liquidation notice of one (1)

Business Day prior to liquidation must be given to the Management Company.

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#### **7.7 UNCLAIMED MONEYS POLICY**

Under the provision of the Unclaimed Moneys Act 1965, any distribution/money that remains unsettled after more than 12 months as at 31 December each year from its payment date have to be gazetted and surrendered to the Registrar of Unclaimed Moneys, Accountant General's Department by 31 March in the following year. Thereafter, Unit Holders who wish to claim their distribution/money are required to forward their claims directly to the Registrar of Unclaimed Moneys by completing Form UMA7 (Claim form to refund unclaimed moneys from the Consolidated Trust Account) together with supporting documents i.e. identity card, original documents (example: distribution warrant) and copy of bank statement. Form UMA7 can be obtained from the office of Registrar of Unclaimed Moneys or downloaded from the website: <http://www.anm.gov.my/index.php/en/khidmat/wang-tak-dituntut>.

<b>Unit prices and distributions payable, if any, may go down as well as up.</b>
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## **8. THE MANAGER: KENANGA INVESTORS BERHAD (“KIB”)**

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

### **Functions of the Manager**

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

- (a) Endeavouring to manage the Fund in a sound and professional manner in accordance with its investment objectives, the provisions of this Master Prospectus and the Deed;
- (b) Arranging for sale and redemption of Units of the Fund;
- (c) Issuing the Fund’s interim and annual reports to Unit Holders;
- (d) Keeping proper records of the Fund; and
- (e) Keeping Unit Holders informed on material matters relating to the Fund.

### **The Board of Directors**

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

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

### **Material Litigation**

As at 30 September 2019, the Manager is not engaged in any litigation or arbitration proceedings, either as plaintiff or defendant which has a material effect on the financial position of the Manager, and the board of directors is not aware of any proceedings pending or threatened, or of any fact likely to give rise to any such proceedings which might materially and adversely affect the position or business of the Manager.

### **Roles and Functions of the Investment Committee**

The investment committee is responsible for the following:-

- (a) Ensuring the Funds of our unit holders are managed in accordance with the respective:-
  - relevant regulatory requirements;
  - investment objectives as stated in prospectus & deed; and
  - internal investment restrictions and policies.

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- (b) Selecting appropriate strategies to achieve the proper performance of the Fund in accordance with the fund management policies;
- (c) Ensuring that the strategies selected are properly and efficiently implemented by the Manager; and
- (d) Actively monitor, measure and evaluate the fund management performance of the Manager.

The investment committee meets four times yearly or as circumstances require.

**Further information on the Manager, board of director and investment committee are provided in the Manager's website at [www.kenangainvestors.com.my](http://www.kenangainvestors.com.my)**

## **8.1 THE INVESTMENT MANAGEMENT TEAM**

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

### **Lee Sook Yee, Chief Investment Officer**

**Lee Sook Yee** joined Kenanga Investors Bhd as Chief Investment Officer in March 2013, bringing with her more than seventeen (17) years of experience in local and regional equities investment. Prior to this, Sook Yee was Head of Equities at Meridian Asset Management, where she managed various local and regional funds. Before joining Meridian, Sook Yee was Vice President/Senior Portfolio Manager at Credit-Suisse Asset Management in Singapore where she co-managed mutual funds focusing on emerging Asian markets. She was also Associate Director/ Portfolio Manager with UOB-OSK Asset Management.

Sook Yee graduated with a Bachelor of Science (First Class Honours) in Economics from the London School of Economics, United Kingdom, and later obtained her Master of Philosophy (M.Phil) in Economics from the University of Cambridge, UK

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## **9. SHARIAH ADVISER**

### **Corporate Profile of the Shariah Adviser**

BIMB Securities Sdn. Bhd. (BIMB Securities) has been appointed as the Shariah Adviser for Kenanga ASnitaBOND Fund (formerly known as Libra ASnitaBOND Fund), Kenanga Amanah Saham Wanita (formerly known as Libra Amanah Saham Wanita) and Kenanga SyariahEXTRA Fund (Libra SyariahEXTRA Fund). BIMB Securities will provide Shariah advisory services on the mechanism of the operations of the Funds to ensure the operations of the Funds comply with Shariah requirements as stipulated by the SC.

### **About BIMB Securities Sdn Bhd**

BIMB Securities is a stockbroking subsidiary of BIMB Holdings Bhd. It was incorporated on 21 February 1994. The corporate mission of BIMB Securities is to be an active participant in a modern, innovative and dynamic Islamic capital market in Malaysia, catering for the needs of all investors, Muslims or non-Muslims, looking for Shariah-compliant investment products and services.

### **Experience in Advisory and Services**

BIMB Securities is registered with the SC to act as a Shariah Adviser for Islamic products and services regulated by the SC, which include Islamic collective investment schemes. BIMB Securities is a corporate Shariah Adviser to 84 Islamic funds including one (1) Islamic real estate investment trust (REIT).

### **Roles and Responsibilities of BIMB Securities as a Shariah Adviser**

As the Shariah Adviser, the role of BIMB Securities is to ensure that the investment operations and processes of the Funds are in compliance with Shariah requirements. BIMB Securities will review the Funds' investments on a monthly basis to ensure Shariah compliance and it also reviews the interim and annual reports of the Funds.

Notwithstanding the role played by the Shariah Adviser, the ultimate responsibility for ensuring Shariah compliance of the Funds in all aspects of operations and processes rests solely with the Fund Manager.

In line with the SC Guidelines, the roles of BIMB Securities as the Shariah Adviser are:

1. to advise on the Shariah aspects of the Funds and Funds operations and processes such that they are in accordance with Shariah, and specifically the resolutions issued by the SACSC;
2. to provide Shariah expertise and guidance in all matters related to the Funds, particularly on the Funds' Deed and Prospectus, structure, investments and related operational matters;
3. to ensure that the Funds are managed and operated in accordance with Shariah as determined by the relevant SC regulations and standards, including resolutions issued by the SACSC;
4. to review the Funds' compliance reports as provided by the Manager's compliance officer, and investment transaction reports provided or duly approved by the Trustee to ensure that the Funds' investments are in line with Shariah;
5. to issue a report for inclusion in the interim and annual reports of the Funds stating the Shariah Adviser's opinion on the Funds' compliance with Shariah in its investment, operations and processes for the financial period concerned;
6. to consult the SC where there is ambiguity or uncertainty as to an investment, instrument, system, procedure and/or process; and
7. to meet with the Manager beside on a quarterly basis, when urgently required for review of the Funds' operations and processes.

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#### **Profile of the Designated Shariah Person**

The designated Shariah person in-charge of KIB's Islamic Funds is as follows:

<b>Name</b>	<b>Ir. Dr. Muhamad Fuad bin Abdullah</b>
<b>Position:</b>	Designated Shariah Person
<b>Qualification:</b>	Doctor of Philosophy in Muslim Civilization (University of Aberdeen, Scotland).
<b>Experience:</b>	<p>Ir. Dr. Muhamad Fuad bin Abdullah (Dr. Muhamad Fuad), the designated person in-charge of all Shariah matters in BIMB Securities Sdn Bhd (BIMBSEC) is also appointed to the Shariah Advisory Committee of BIMBSEC effective 1st June 2011.</p> <p>He graduated with a Bachelor of Science Degree in Electrical Engineering in 1977 and a Master of Philosophy Degree in Electrical Engineering in 1982, both from the University of Southampton, England. He also obtained a Bachelor of Arts (Jayyid) Degree in Shariah from the University of Jordan in 1994 and a Doctor of Philosophy in Muslim Civilization from the University of Aberdeen, Scotland in 1996.</p> <p>Currently, he serves as the Chairman of the Shariah Committee of MIDF Group of Companies. He is a registered Shariah Adviser with the Securities Commission Malaysia (SC).</p> <p>He sits on the boards of Gagasan Nadi Cergas Berhad, Mesiniaga Berhad, PNB Commercial Sdn Bhd, Universiti Tun Abd Razak Sdn Bhd, Universiti Sains Islam Malaysia (USIM) and its subsidiary USIM Tijarah Holdings Sdn Bhd.</p> <p>Dr. Muhamad Fuad is a recipient of the National Book Award 2015 for his book published by IKIM entitled "The influence of Islam Upon Classical Arabic Scientific Writings: An examination of the Extent of Their Reference to Quran, Hadith and Related Texts".</p>

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## **10. TRUSTEES' PROFILES**

### **10.1 MAYBANK TRUSTEES BERHAD**

**(Trustee for KIEF, KEEF, KMEF, KBEF, KTEF, KASW and KSEF)**

Maybank Trustees Berhad (5004-P) is the trustee of the Fund with its registered office at 8th Floor, Menara Maybank, 100 Jalan Tun Perak, 50050 Kuala Lumpur.

Maybank Trustees Berhad ("MTB") was incorporated on 12 April 1963 and registered as a Trust Company under the Trust Companies Act 1949 on 11 November 1963. It was one of the first local trust companies to provide trustee services with the objective of meeting the financial needs of both individual and corporate clients.

### **EXPERIENCE IN TRUSTEE BUSINESS**

Maybank Trustees Berhad has acquired experience in the administration of unit trust funds/ schemes since 1991.

### **DUTIES AND RESPONSIBILITIES OF THE TRUSTEE**

The Trustee's role is mainly to act as custodian of the Fund and to exercise all due diligence and vigilance in carrying out its functions and duties and to safeguard the rights and interests of the Unit Holders. Apart from being the legal owner of the Fund's assets, the Trustee is responsible for ensuring that the Manager performs its obligations in accordance with the provisions of the Deed and the relevant laws.

### **LITIGATION AND ARBITRATION**

As at 30 September 2019, save for the suit mentioned herein below, the Trustee is not engaged in any material litigation as plaintiff or defendant and the Trustee is not aware of any proceedings, pending or threatened or of any facts likely to give rise to any proceedings which might materially and adversely affect its financial position or business.

Several holders of the bonds ("Bondholders") issued by Aldwich Berhad [In Receivership] ("Aldwich") had sued Aldwich for its failure to settle its indebtedness to the Bondholders following the default of the said bonds in 2010 and cited the Trustee as one of 6 co-defendants under Kuala Lumpur High Court Civil Suit No. D-22NCC-1622-11/2012 ("Aldwich Bondholders' Suit"). The claim against the Trustee is for the sum of RM177,248,747.31 or any other sum that the Court deems fit. The other defendants are the holding company of Aldwich ("Holding Company"), the Chief Executive Officer of the holding company of Aldwich ("CEO"), the Security Agent and the Reporting Accountant. The Trustee does not admit liability to the Aldwich Bondholders' Suit and has defended it. Trial has concluded.

The High Court had on 24 July 2017 delivered its judgement on the Aldwich Bondholders' Suit ("Judgement") that (a) all the defendants [i.e. Aldwich, Holding Company, CEO, Security Agent, Trustee and Reporting Accountant] are liable to the Bondholders for the sum of RM177,248,747.31 ("Judgement Sum"); (b) Aldwich, Holding Company and CEO are 100% liable for the Judgement Sum; and (c) liability is apportioned among Security Agent, Trustee and Reporting Accountant in the proportion of 50%, 30% and 20% of the Judgement Sum respectively.

The High Court had on 5 October 2017 decided in respect of the outstanding matters arising from the Judgement that (a) the quantum of the Judgement Sum is maintained, and (b) interest is payable based on the reduced sum of RM148,653,953.20 at the rate of 5% per annum from 1 November 2011 to the date of payment.

The Trustee had filed an appeal against the Judgement ("Appeal") at the Court of Appeal. The Appeal was heard on 12 – 13, 15, 22 – 23 and 27 – 29 November 2018. The Court of Appeal then directed the parties to file and serve their respective Note of Reply Submissions by 11 January 2019.

The Aldwich Bondholders' Suit will not materially affect the business or financial position of the Trustee.

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## **10.2 CIMB COMMERCE TRUSTEE BERHAD**

**(Trustee for KREF, KDEF, KCLAF and KLF)**

### **Profile of CIMB Commerce Trustee Berhad**

CIMB Commerce Trustee Berhad ("CCTB") was incorporated on 25 August 1994 and registered as a trust company under the Trust Companies Act, 1949 and having its registered office at Level 13, Menara CIMB, Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia. The Trustee is qualified to act as a trustee for collective investment schemes approved under the Capital Markets and Services Act 2007.

### **Experience in trustee business**

CCTB has been involved in unit trust industry as trustee since 1996. It acts as trustee to various unit trust funds, real estate investment trusts, wholesale funds, private retirement schemes and exchange traded funds.

### **Duties and Responsibilities of the Trustee**

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

- (a) Take into custody the investments of the Fund and hold the investments in trust for the Unit holders;
- (b) Ensure that the Manager, operates and administers the Fund in accordance with the provisions of the Deed, SC guidelines and acceptable business practice within the unit trust industry;
- (c) As soon as practicable, notify the SC of any irregularity or breach of the provisions of the Deed, SC guidelines and any other matters which in the Trustee's opinion, may indicate that the interests of Unit holders are not served;
- (d) Exercise reasonable diligence in carrying out its functions and duties, actively monitoring the operations and management of the Fund by the Manager to safeguard the interests of Unit holders;
- (e) Maintain, or cause the Manager to maintain, proper accounting records and other records as are necessary to enable a complete and accurate view of the Fund to be formed and to ensure that the Fund is operated and managed in accordance with the Deed of the Fund, Master Prospectus, the SC guidelines and securities law; and
- (f) Require that the accounts be audited at least annually.

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

### **Material Litigation and Arbitration**

As at 30 September 2019, CIMB Commerce Trustee Berhad is not engaged in any material litigation and arbitration, including those pending or threatened, and is not aware of any facts likely to give rise to any proceedings which might materially affect the business/financial position of the Trustee or any of its delegates.

### **Delegate of the Trustee**

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

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

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

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### **10.3 CIMB ISLAMIC COMMERCE TRUSTEE BERHAD**

**(Trustee for KABF)**

#### **Profile of CIMB Islamic Trustee Berhad**

CIMB Islamic Trustee Berhad ("CITB") was incorporated on 19 January 1988 and registered as a trust company under the Trust Companies Act, 1949 and having its registered office at Level 13, Menara CIMB, Jalan Stesen Sentral 2, Kuala Lumpur Sentral 50470, Kuala Lumpur, Malaysia. The Trustee is qualified to act as a trustee for collective investment schemes approved under the Capital Markets and Services Act 2007.

#### **Experience in trustee business**

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

#### **Duties and Responsibilities of the Trustee**

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

- (a) Take into custody the investments of the Fund and hold the investments in trust for the Unit holders;
- (b) Ensure that the Manager, operates and administers the Fund in accordance with the provisions of the Deed, SC guidelines and acceptable business practice within the unit trust industry;
- (c) As soon as practicable, notify the SC of any irregularity or breach of the provisions of the Deed, SC Guidelines and any other matters which in the Trustee's opinion, may indicate that the interests of Unit holders are not served;
- (d) Exercise reasonable diligence in carrying out its functions and duties, actively monitoring the operations and management of the Fund by the Manager to safeguard the interests of Unit holders;
- (e) Maintain, or cause the Manager to maintain, proper accounting records and other records as are necessary to enable a complete and accurate view of the Fund to be formed and to ensure that the Fund is operated and managed in accordance with the Deed of the Fund, Master Prospectus, the SC Guidelines and securities law; and
- (f) Require that the accounts be audited at least annually.

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

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

As at 30 September 2019, CITB is not engaged in any material litigation and arbitration, including those pending or threatened, and is not aware of any facts likely to give rise to any proceedings which might materially affect the business/financial position of the Trustee or any of its delegates.

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#### **Delegate of the Trustee**

CIMB Islamic Trustee Berhad has appointed CIMB Islamic Bank Berhad (CIMB Islamic Bank) as the Custodian of the Fund's assets. CIMB Islamic Bank's ultimate holding company is CIMB Group Holdings Berhad, a listed company on Bursa Malaysia. CIMB Islamic Bank provides full fledged custodial services, typically clearing settlement and safekeeping of all types of investment assets and classes, to a cross section of investors and intermediaries client base, both locally and overseas.

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

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

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## **11. SALIENT TERMS OF THE DEEDS**

### **Recognition of Unit Holders**

You shall be recognised as a Unit Holder when you are registered as the holder of units of the Funds. All Unit Holders are entitled to the benefit of, be bound by and be deemed to have notice of the provisions of the Deeds.

**Please be advised that if you invest in Units through an IUTA which adopts the nominee system of ownership, you would not be considered to be a Unit Holder under the Deed and you may, consequently, not have all the rights ordinarily exercisable by a Unit Holder (for example, the right to call for a Unit Holder's Meeting and to vote thereat and the right to have your particulars appearing in the register of Unit Holders of the Fund).**

### **Rights**

Unit Holders will:

- Be entitled to receive distributions of income in accordance with the discretion of the Management Company in consultation with the Trustee;
- Be entitled to participate in any increase in the value of the units and such other rights and privileges provided for in the Deed;
- Be entitled to be informed of the respective Fund's performance by way of interim and annual reports;
- Be entitled to call for a Unit Holders' meeting, and vote for the removal of the Trustee or the Management Company through a Special Resolution; and
- Be entitled to exercise the cooling-off (if applicable).

### **Liabilities**

Unit Holders will:

- Not be entitled to request for transfer to them of any assets held by the Fund or be entitled to interfere with the exercise by the Trustee or the Management Company on their behalf, of the rights of the Trustee as registered owner of such assets;
- Not be liable for any amount in excess of the purchase price paid for their units or for any charges payable in relation to those units; and
- Not be obligated to indemnify the Trustee and/or the Management Company in the event, that the liabilities incurred on behalf of the Fund exceed the net asset value of the Fund.

### **Suspension and Deferrals**

Under the provisions of the Deed, the Trustee may suspend the sale or repurchase of Units in any such event where in the opinion of the Trustee:

- The interests of Unit Holders or potential Unit Holders would be materially affected if the sale and/or repurchased of Units were not suspended whereupon the Trustee shall immediately call a Unit Holders' meeting to decide on the next course of action; or
- The circumstances are exceptional, and there is good and sufficient reason to do so, in which case the period of suspension shall not exceed 21 days unless the consent of Unit Holders is received.

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**Maximum Fees and Charges Permitted by the Deed**

<b>Fund Name</b>	<b>Annual Management Fee</b>	<b>Annual Trustee Fee</b>	<b>Sales Charge</b>	<b>Repurchase Charge</b>
	% per annum of the Fund's NAV		% of the NAV per Unit	
KIEF	3.0	0.2	10	5
KEEF	3.0	0.2	10	5
KDEF	3.0	0.2 (including local custodian fees and charges but excluding foreign custodian fees and charges)	10	5
KBEF	3.0	0.2	10	5
KMEF	3.0	0.2	10	5
KLF	0.5	0.08 (subject to a minimum RM18,000 per annum calculated and accrued daily) (excluding foreign custodian fees and charges)	Nil	Nil
KTEF	3.0	0.2	10	5
KCLAF	3.0	0.2 (subject to a minimum of RM18,000 per annum calculated and accrued daily, including local custodian fees and charges but excluding foreign custodian fees and charges)	10	5
KREF	2.0	0.1 (subject to a minimum of RM18,000 per annum before the deduction of the management fee and trustee fee for the relevant day excluding foreign custodian fees and charges)	5	Nil
KABF	3.0	0.2 (including local custodian fees and charges)	10	5
KASW	2.0	0.3 (subject to a minimum RM50,000 per annum)	10	5
KSEF	1.5	0.1	10	5

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## **Procedures to Increase the Direct Charges and Indirect Fees**

### **Sales Charge**

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

- (a) the Management Company has notified the Trustee in writing of and the effective date for the higher charge;
- (b) a supplemental / replacement prospectus stating the higher charge is issued; and
- (c) thirty (30) days have elapsed since the effective date of the supplemental / replacement prospectus.

### **Repurchase Charge**

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

- (a) the Management Company has notified the Trustee in writing of and the effective date for the higher charge;
- (b) a supplemental / replacement prospectus in stating the higher charge is issued; and
- (c) thirty (30) days have elapsed since the effective date of the supplemental / replacement prospectus.

### **Annual Management Fee**

The Management Company may not charge an annual management fee at a rate higher than that disclosed in this Master Prospectus unless:

- (a) the Management Company has come to an agreement with the Trustee on the higher rate;
- (b) the Management Company has notified the Unit Holders of the higher rate and the date on which such higher rate is to become effective; such time as may be prescribed by any relevant law shall have lapsed since the notice is sent;
- (c) a supplemental / replacement prospectus stating the higher rate is issued thereafter; and
- (d) ninety (90) days have elapsed since the supplemental / replacement prospectus is issued.

### **Annual Trustee Fee**

The Trustees may not charge an annual trustee fee at a rate higher than that disclosed in this Master Prospectus unless:

- (a) the Management Company has come to an agreement with the Trustee on the higher rate;
- (b) the Management Company has notified the Unit Holders of the higher rate and the date on which such higher rate is to become effective; such time as may be prescribed by any relevant law shall have lapsed since the notice is sent; and
- (c) a supplemental / replacement prospectus stating the higher rate is issued thereafter; and
- (d) ninety (90) days have elapsed since the supplemental / replacement prospectus is issued.

## **Procedures to Increase the Maximum Rate of Direct Charges and Indirect Fees in the Deed**

The maximum sales charge, repurchase charge, annual management fee or annual trustee fee set out in the Deed can only be increased if a Unit Holders' meeting has been held in accordance with the Deed. Thereafter, a supplemental deed proposing a modification to the Deed to increase the aforesaid charges and fees is required to be submitted for registration with the SC accompanied by a resolution of not less than two-thirds (2/3) of all Unit Holders presents and voting at the Unit Holders' meeting sanctioning the proposed modification to the Deed.

### **Permitted Expenses Payable by the Funds**

Only the expenses (or part thereof) which is directly related and necessary in operating and administering the Fund may be charged to the Fund. 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;



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- (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 this Deed save the where such modification is for the benefit of the Management Company and/or the Trustee;
- (f) costs, fees and expenses incurred for any meeting of Unit Holders save where such meeting is convened for the benefit of the Management Company and/or the Trustee;
- (g) costs, commissions, fees and expenses of the sale, purchase, insurance/takaful 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 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 Management Company 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 Management Company 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 Management Company decides otherwise;
- (n) costs, fees and expenses deemed by the Management Company 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; and
- (o) cost and expenses incurred in relation to the distribution of income (if any).

#### **Removal, Replacement, and Retirement of the Management Company and Trustee**

- **Removal or Replacement of the Management Company**

The Trustee shall take all reasonable steps to remove the Management Company if the Management Company:

- (a) 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 interests of Unit Holders for it to do so after the Trustee has given notice to it of that opinion and the reasons for that opinion, and has considered any representations made by the Management Company 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; or
- (b) is in breach of any of its obligations or duties under the Deed or the relevant laws; or
- (c) has ceased to be eligible to be a management company under the relevant laws; or
- (d) has gone into liquidation, except for the purpose of amalgamation or reconstruction or some similar purpose; or
- (e) has had a receiver appointed; or
- (f) has ceased to carry on business.

- **Retirement of the Management Company**

The Management Company shall have the power to retire in favour of some other corporation by giving to the Trustee three (3) months' (or such other period as the Management Company and the Trustee may agree upon) notice in writing of its desire so to do, provided such retirement is approved by the relevant authorities and the retirement is in accordance with the conditions under the Deed.

- **Removal or Replacement of the Trustee**

The Trustee may be removed and such corporation may be appointed as Trustee of the Fund by Special Resolution of the Unit Holders at a duly convened meeting.

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

- (a) the Trustee has ceased to exist; or
- (b) the Trustee has not been validly appointed; or
- (c) the Trustee was not eligible to be appointed or to act as Trustee under any relevant law; or
- (d) the Trustee has failed or refused to act as Trustee in accordance with the provisions or covenants of the Deed or any relevant law; or
- (e) a receiver has been appointed over the whole or a substantial part of the assets or undertaking of the Trustee and has not ceased to act under that appointment; or
- (f) a petition has been presented for the winding up of the Trustee (other than for the purpose of and followed by a reconstruction, unless during or following such reconstruction the Trustee becomes or is declared insolvent); or
- (g) the Trustee is under investigation for conduct that contravenes the Trust Companies Act 1949, the Trustee Act 1949, the Companies Act 1965 or any relevant law.

- **Retirement of the Trustee**

The Trustee may retire upon giving three (3) months' (or such other period as the Management Company and the Trustee may agree upon) notice in writing to the Management Company of its desire so to do, provided such retirement is approved by the relevant authorities and the retirement is in accordance with the conditions under the Deed.

#### **Termination of the Fund**

The duration of the Trust is indeterminate. However, the Deed provides for certain circumstances under which the Trust may be terminated.

The Fund may be terminated or wound up upon the occurrence of any of the following events:

- (a) The SC's approval is revoked under section 256E of the CMSA;
- (b) A Special Resolution is passed at a Unit Holders' meeting to terminate or wind up the Fund, following occurrence of events stipulated under section 30(1) of the CMSA and the court has confirmed the resolution, as required under section 301(2) of the CMSA;
- (c) A Special Resolution is passed at a Unit Holders' meeting to terminate or wind up the Fund;
- (d) The Fund has reached its maturity date as specified in the Deed; and
- (e) The effective date of an approved transfer scheme has resulted in the Fund, which is the subject of the transfer scheme, being left with no asset/property.

#### **Provisions governing Unit Holders' Meetings**

The quorum required for a meeting of the Unit Holders shall be five (5) Unit Holders, whether present in person or by proxy, provided always that the quorum for a meeting of the Unit Holders convened for the purpose of voting on a Special Resolution shall be five (5) Unit Holders, whether present in person or by proxy, who must hold in aggregate at least twenty five per centum (25%) of the Units in circulation at the time of the meeting, and provided further 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 removing the Management Company and/or the Trustee, the Unit Holders present in person or by proxy must hold in aggregate at least twenty five per centum (25%) of the Units in circulation at the time of the meeting.

#### **Meetings directed by Unit Holders**

Unless otherwise required or allowed by the relevant laws, the Management Company shall, within twenty-one (21) days of receiving a direction from not less than fifty (50) or one-tenth (1/10) of Unit Holders at the registered office of the Management Company, summon a meeting of the Unit Holders by:

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- (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;
- (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 newspaper published daily and another 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 Management Company to summon a meeting for any purpose including, without limitation, for the purpose of:

- (a) requiring the retirement or removal of the Management Company;
- (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 Management Company shall not be obliged to summon such a meeting unless direction has been received from not less than fifty (50) or one-tenth (1/10) of all the Unit Holders.

#### **Unit Holders meeting convened by the Management Company**

Unless otherwise required or allowed by the relevant laws and the Deed, we may convene a Unit Holders' meeting by giving Unit Holders' at least fourteen (14) days written notice specifying the place, time and terms of the resolutions to be proposed.

#### **Unit Holders meeting convened by the Trustee**

The Trustee may convene a Unit Holders' meeting by giving Unit Holders' at least fourteen (14) days written notice specifying the place, time and terms of the resolution to be proposed for any purpose including, without limitation, for the purpose of:

- (a) requiring the retirement or removal of the Management Company;
- (b) giving instructions to the Trustee or the Manager if the Trustee considers that the investment management policies of the Management Company are not in the interests of Unit Holders;
- (c) securing the agreement of the Unit Holders to release the Trustee from any liability;
- (d) deciding on the next course of action after the Trustee has suspended the sale and repurchase of Units; and
- (e) deciding on the reasonableness of the annual management fee charged to the Fund.

In the circumstances where:

- (a) the Management Company is in liquidation;
- (b) in the opinion of the Trustee, the Management Company has ceased to carry on business, or
- (c) in the opinion of the Trustee, the Management Company has, to the prejudice of Unit Holders, failed to comply with the Deed or contravened any of the provisions of the Act.

The Trustee shall summon a Unit Holders' meeting by sending by post a notice of the proposed meeting to the Unit Holders at least twenty-one (21) days before the date of the proposed meeting; and publishing at least twenty-one (21) days before the date of the proposed meeting an advertisement giving notice of the meeting in a national language newspaper published daily and another newspaper permitted by the relevant authorities.

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## **12. APPROVALS AND CONDITIONS**

### **Variations and Exemptions from SC Guidelines**

Approval from the SC for certain variations and exemptions from the SC's Guidelines is obtained for KEEF.

### **Kenanga EquityEXTRA Fund**

- KEEF has been allowed a variation to Clause 10.3.3(c) of the Guidelines issued in 1997 which states that the value of the Fund's holding of unlisted securities must not exceed 10% of the Fund's NAV. The Fund is allowed to invest up to 50% of the NAV of the Fund only in unlisted bonds and fixed income securities as well as commercial papers traded in the money market.

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### **13. CONFLICT OF INTERESTS AND RELATED PARTY TRANSACTIONS**

#### **Policies and Procedures on Dealing with Conflict of Interest**

##### **Manager**

A situation of conflict of interest may erode the trust and confidence of the public in dealing with the Manager. Hence, the directors and investment committee members must be alert and avoid or declare any conflict of interest situations to the company secretary. Staff of the Manager will declare to the Compliance Officer in the event of all conflicts or any potential conflict of interest situations.

All conflict of interest situations, if any, will be forwarded to the audit committee (AC) for deliberation before a fair and equitable decision is reached. As at 30 September 2019, none of the Manager's director or substantial shareholder has direct or indirect interest in other corporations carry on a similar business.

##### **Members Dealing in Securities**

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

##### **Cross Trade**

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

##### **Trustees –**

##### **Maybank Trustees Berhad**

As Trustee for the Funds, Maybank Trustees Berhad (MTB) confirms to the best of its knowledge that it does not have any related party transactions with the Funds (RPT Transactions). However should there be any, MTB will ensure compliance with the relevant regulatory requirements and its internal procedures on RPT Transactions.

##### **CIMB Islamic Trustee Berhad**

##### **Related-Party Transactions/ Conflict of Interest**

CIMB Islamic Trustee Berhad is the Trustee of the Funds, where applicable there may be proposed related party transactions and/or conflict of interest involving or in connection with the Fund in the following events:

- (a) where the Funds invest in instrument(s) offered by CIMB Group;
- (b) where the Funds being distributed by CIMB Group as IUTA; and
- (c) where the assets of the Funds are being custodised by the CIMB Group both as custodian of the Funds (i.e.Trustee's delegate).

The Trustee has in place policies and procedures to deal with any conflict of interest situation. The Trustee will not make improper use of its position as the legal registered owner of the Fund's assets to gain, directly or indirectly, and advantage or cause detriment to the interest of the Unit Holders.

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## **CIMB Commerce Trustee Berhad**

### **Related-Party Transactions/ Conflict of Interest**

CIMB Commerce Trustee Berhad is the Trustee of the Funds, where applicable there may be proposed related party transactions and/or conflict of interest involving or in connection with the Fund in the following events:

- (a) where the Funds invest in instrument(s) offered by CIMB Group;
- (b) where the Funds being distribute by CIMB Group as IUTA; and
- (c) where the assets of the Funds are being custodised by the CIMB Group both as sub-custodian of the Funds (i.e. Trustee's delegate).

The Trustee has in place policies and procedures to deal with any conflict of interest situation. The Trustee will not make improper use of its position as the legal registered owner of the Fund's assets to gain, directly or indirectly, and advantage or cause detriment to the interest of the Unit holders.

### **Advisers**

The auditors, tax adviser, Shariah Adviser and solicitor have confirmed that they have no interest/potential interest or conflict of interest/potential conflict of interest with the Manager and the Funds.

The Trustees, Trustees' delegate (custodian function) and Shariah Adviser have given their consent for the inclusion of their names and statements in the form and context in which they appear in this Master Prospectus and have not withdrawn such consent.

The tax adviser has given its consent for the inclusion of its name and tax adviser's letter in the form and context in which they appear in this Master Prospectus and has not withdrawn such consent.

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#### **14. TAX ADVISER'S LETTER IN RESPECT OF THE TAXATION OF THE UNIT TRUST AND THE UNIT HOLDERS**

(prepared for inclusion in this Master Prospectus)

PricewaterhouseCoopers Taxation Services Sdn Bhd  
Level 10, 1 Sentral, Jalan Rakyat  
Kuala Lumpur Sentral  
P.O.Box 10192  
50706 Kuala Lumpur

15 November 2019

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

#### **TAXATION OF THE FUNDS OFFERED UNDER THE MASTER PROSPECTUS AND UNIT HOLDERS**

Dear Sirs,

This letter has been prepared for inclusion in the Master Prospectus in connection with the offer of Units in the following funds:-

1. Kenanga IncomeEXTRA Fund [formerly known as ("f.k.a") Libra IncomeEXTRA Fund];
2. Kenanga EquityEXTRA Fund [f.k.a Libra EquityEXTRA Fund];
3. Kenanga BondEXTRA Fund [f.k.a Libra BondEXTRA Fund]
4. Kenanga MoneyEXTRA Fund [f.k.a Libra MoneyEXTRA Fund]
5. Kenanga DividendEXTRA Fund [f.k.a Libra DividendEXTRA Fund]
6. Kenanga TacticalEXTRA Fund [f.k.a Libra TacticalEXTRA Fund]
7. Kenanga Consumer and Leisure Asia Fund [f.k.a Libra Consumer and Leisure Asia Fund];
8. Kenanga Liquidity Fund [f.k.a Libra Liquidity Fund];
9. Kenanga Resource Equity Fund [f.k.a Libra Resource Equity Fund];
10. Kenanga SyariahEXTRA Fund [f.k.a Libra SyariahEXTRA Fund];
11. Kenanga Amanah Saham Wanita [f.k.a Libra Amanah Saham Wanita]; and
12. Kenanga ASnitaBOND Fund [f.k.a Libra ASnitaBOND Fund] ("the Funds")

The taxation of income for both the Funds and the Unit Holders are subject to the provisions of the Malaysian Income Tax Act 1967 ("the Act"). The applicable provisions are contained in Section 61 of the Act, which deals specifically with the taxation of trust bodies in Malaysia.

#### **TAXATION OF THE FUNDS**

The Funds will be regarded as resident for Malaysian tax purposes since the Trustee of the Funds are resident in Malaysia.

##### **(1) Domestic Investments**

###### **(i) General Taxation**

Subject to certain exemptions, the income of the Funds consisting of dividends, interest or profit<sup>1</sup> (other than interest and profit<sup>1</sup> which is exempt from tax) and other investment income derived from or accruing in Malaysia, after deducting tax allowable expenses, is liable to Malaysian income tax at the rate of 24 per cent.

Gains on disposal of investments in Malaysia by the Funds will not be subject to Malaysian income tax.

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## **(ii) Dividends and Other Exempt Income**

Effective 1 January 2014, all companies would adopt the single-tier system. Hence, dividends received would be exempted from tax and the deductibility of expenses incurred against such dividend income would be disregarded. There will no longer be any tax refunds available for single-tier dividends received. Dividends received from companies under the single-tier system would be exempted.

The Funds may receive Malaysian dividends which are tax exempt. The exempt dividends may be received from investments in companies which had previously enjoyed or are currently enjoying the various tax incentives provided under the law. The Funds will not be taxable on such exempt income.

Interest or profit<sup>1</sup> or discount income derived from the following investments are exempt from tax:

- (a) Securities or bonds issued or guaranteed by the government of Malaysia;
- (b) Debentures<sup>2</sup> or sukuk, other than convertible loan stocks, approved or authorized by, or lodged with, the Securities Commission Malaysia; and
- (c) Bon Simpanan Malaysia issued by Bank Negara Malaysia.

Interest or profit<sup>1</sup> derived from the following investments are exempt from tax:

- (a) Interest or profit<sup>1</sup> paid or credited by any bank or financial institution licensed under the Financial Services Act 2013 and Islamic Financial Services Act 2013;
- (b) Interest or profit<sup>1</sup> paid or credited by any development financial institution regulated under the Development Financial Institutions Act 2002;
- (c) Bonds, other than convertible loan stocks, paid or credited by any company listed in Bursa Malaysia Securities Berhad ACE Market; and
- (d) Interest or profit<sup>1</sup> paid or credited by Malaysia Building Society Berhad<sup>3</sup>.

However, with effect from 1 January 2019, the exemption shall not apply to interest income paid or credited to a unit trust that is a wholesale fund which is a money market fund.

The interest or profit<sup>1</sup> or discount income exempted from tax at the Funds' level will also be exempted from tax upon distribution to the Unit Holders.

## **(2) Foreign Investments**

Income of the Funds in respect of income received from overseas investment is exempt from Malaysian tax by virtue of Paragraph 28 of Schedule 6 of the Act and distributions from such income will be tax exempt in the hands of the Unit Holders. Such income from foreign investments may be subject to foreign taxes or withholding taxes. Any foreign tax suffered on the income in respect of overseas investment is not tax refundable to the Funds.

The foreign income exempted from Malaysian tax at the Funds level will also be exempted from tax upon distribution to the Unit Holders.

## **(3) Hedging Instruments**

The tax treatment of hedging instruments would depend on the particular hedging instruments entered into.

Generally, any gain / loss relating to the principal portion will be treated as capital gain / loss. Gains / losses relating to the income portion would normally be treated as revenue gains / losses. The gain / loss on revaluation will only be taxed or claimed upon realisation. Any gain / loss on foreign exchange is treated as capital gain / loss if it arises from the revaluation of the principal portion of the investment.

## **(4) Other Income**

The Funds may be receiving income such as exit fee which will be subject to tax at the rate of 24 per cent.



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#### **(5) Tax Deductible Expenses**

Expenses wholly and exclusively incurred in the production of gross income are allowable as deductions under Section 33(1) of the Act. In addition, Section 63B of the Act provides for tax deduction in respect of managers' remuneration, expenses on maintenance of the register of Unit Holders, share registration expenses, secretarial, audit and accounting fees, telephone charges, printing and stationery costs and postages based on a formula subject to a minimum of 10 per cent and a maximum of 25 per cent of the expenses.

#### **(6) Real Property Gains Tax ("RPGT")**

With effect from 1 January 2014, any gains on disposal of real properties ("chargeable asset") or shares in real property companies<sup>5</sup> ("chargeable asset") would be subject to RPGT as follows:-

<b>Disposal time frame</b>	<b>RPGT rates</b>
Within 3 years	30%
In the 4 <sup>th</sup> year	20%
In the 5 <sup>th</sup> year	15%
In the 6 <sup>th</sup> year and subsequent years <sup>6</sup>	10%

#### **(7) Sales and Service Tax ("SST")**

Effective from 1 September 2018, SST has been reintroduced to replace the Goods and Services Tax ("GST"). Both the Sales Tax Act 2018 and Services Tax Act 2018 have been gazetted on 28 August 2018. The rates for sales tax are nil, 5 per cent, 10 per cent or a specific rate whereas the rate for service tax is at 6 per cent.

Sales tax will be chargeable on taxable goods manufactured in or imported into Malaysia, unless specifically exempted by the Minister. Whereas, only specific taxable services provided by specific taxable persons will be subject to service tax. Sales tax and service tax are single stage taxes. SST incurred would generally form an irrecoverable costs to the business.

Generally, the Fund, being a collective investment vehicle, should not be caught under the service tax regime.

Certain brokerage, professional, consultancy or management services paid by the Funds may be subject to service tax at 6 per cent. However, fund management services and trust services are excluded from service tax. With effect from 1 January 2019, service tax will apply to any taxable service that is acquired by any business in Malaysia from a non-Malaysian service provider. In this connection, the Funds, being non-taxable person who acquire imported taxable services (if any) will need to declare its imported taxable services through the submission of prescribed declaration, i.e. Form SST-02A to the Royal Malaysian Customs Department ("RMCD").

### **TAXATION OF UNIT HOLDERS**

Unit Holders will be taxed on an amount equivalent to their share of the total taxable income of the Funds to the extent of the distributions received from the Funds. The income distribution from the Funds will carry a tax credit in respect of the tax paid by the Funds. Unit Holders will be entitled to utilise the tax credit against the tax payable on the income distribution received by them. No additional withholding tax will be imposed on the income distribution from the Funds.

Corporate Unit Holders, resident<sup>5</sup> and non-resident, will generally be liable to income tax at 24 per cent on distribution of income received from the Funds. The tax credits attributable to the distribution of income can be utilised against the tax liabilities of these Unit Holders.

Individuals and other non-corporate Unit Holders who are tax resident in Malaysia will be subject to income tax at graduated rates ranging from 1 per cent to 28 per cent<sup>6</sup>. Individuals and other non-corporate Unit Holders who are not resident in Malaysia will be subject to income tax at 28 per cent<sup>6</sup>. The tax credits attributable to the distribution of income will be utilised against the tax liabilities of these Unit Holders.

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Non-resident Unit Holders may also be subject to tax in their respective jurisdictions and depending on the provisions of the relevant tax legislation and any double tax treaty with Malaysia, the Malaysian tax suffered may be creditable in the foreign tax jurisdictions.

The distribution of exempt income and gains arising from the disposal of investments by the Funds will be exempted from tax in the hands of the Unit Holders.

Any gains realised by Unit Holders (other than those in the business of dealing in securities, insurance companies or financial institutions) on the sale or redemption of the Units are treated as capital gains and will not be subject to income tax. This tax treatment will include in the form of cash or residual distribution in the event of the winding up of the Funds.

Unit Holders electing to receive their income distribution by way of investment in the form of new Units will be regarded as having purchased the new Units out of their income distribution after tax.

Unit splits issued by the Funds are not taxable in the hands of Unit Holders.

We hereby confirm that the statements made in this report correctly reflect our understanding of the tax position under current Malaysian tax legislation. Our comments above are general in nature and cover taxation in the context of Malaysian tax legislation only and do not cover foreign tax legislation. The comments do not represent specific tax advice to any investors and we recommend that investors obtain independent advice on the tax issues associated with their investments in the Funds.

Yours faithfully,  
for and on behalf of  
**PRICEWATERHOUSECOOPERS TAXATION SERVICES SDN BHD**

Lim Phaik Hoon  
Partner

PricewaterhouseCoopers Taxation Services Sdn Bhd have given their written consent to the inclusion of their report as taxation adviser in the form and context in which they appear in this Master Prospectus and have not, before the date of issue of the Master Prospectus, withdrawn such consent.

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<sup>1</sup> Under section 2(7) of the Income Tax Act 1967, any reference to interest shall apply, *mutatis mutandis*, to gains or profits received and expenses incurred, in lieu of interest, in transactions conducted in accordance with the principles of Syariah.

The effect of this is that any gains or profits received and expense incurred in lieu of interest in transactions conducted in accordance with the principles of Syariah will be accorded the same tax treatment as if they were interest.

<sup>2</sup> Structured products approved by the Securities Commission Malaysia are deemed to be "debenture" under the Capital Markets and Services Act, 2007 and fall within the scope of exemption.

<sup>3</sup> Pursuant to the letters from Ministry of Finance Malaysia dated 11 June 2015 and 16 June 2015 with effect from year of assessment ("YA") 2015.

<sup>4</sup> A real property company is a controlled company which owns or acquires real property or shares in real property companies with a market value of not less than 75 per cent of its total tangible assets. A controlled company is a company which does not have more than 50 members and is controlled by not more than 5 persons.

<sup>5</sup> Resident companies with paid up capital in respect of ordinary shares of RM2.5 million and below will pay tax at 17 per cent for the first RM500,000 of chargeable income with the balance taxed at 24 per cent with effect from YA 2019.

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Pursuant to the Finance Bill 2019, resident companies with paid up capital in respect of ordinary shares of RM2.5 million and below and having an annual sales of not more than RM50 million will pay tax at 17 per cent for the first RM600,000 of chargeable income with the balance taxed at 24 per cent with effect from the year of assessment 2020.

With effect from YA 2009, the above shall not apply if more than –

- (a) 50 per cent of the paid up capital in respect of ordinary shares of the company is directly or indirectly owned by a related company;
- (b) 50 per cent of the paid up capital in respect of ordinary shares of the related company is directly or indirectly owned by the first mentioned company;
- (c) 50 per cent of the paid up capital in respect of ordinary shares of the first mentioned company and the related company is directly or indirectly owned by another company.

"Related company" means a company which has a paid up capital in respect of ordinary shares of more than RM2.5 million at the beginning of the basis period for a year of assessment.

<sup>6</sup> Pursuant to the Finance Bill 2019, it is proposed that a new band for chargeable income in excess of RM2 million taxable at a rate of 30 per cent be introduced. The non-resident individual tax rate is similarly increased by 2 per cent, from 28 per cent to 30 per cent.

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## 15. ADDITIONAL INFORMATION

### Updates on the Funds

Unit Holders and potential investors can refer to web-site: [www.kenangainvestors.com.my](http://www.kenangainvestors.com.my) for pricing information.

A statement of accounts will be issued to each Unit Holder on a half yearly basis. It will summarise all transactions effected within each Fund for the past six (6) months and/or since inception as a Unit Holder.

**THE FUND'S ANNUAL REPORT IS AVAILABLE UPON REQUEST.**

### Financial Year End of the Funds

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

Fund Name	Financial Year End
Kenanga IncomeEXTRA Fund (KIEF)	31 December
Kenanga EquityEXTRA Fund (KEEF)	31 December
Kenanga BondEXTRA Fund (KBEF)	31 December
Kenanga MoneyEXTRA Fund (KMEF)	31 December
Kenanga DividendEXTRA Fund (KDEF)	31 December
Kenanga TacticalEXTRA Fund (KTEF)	31 December
Kenanga Consumer and Leisure Asia Fund (KCLAF)	31 December
Kenanga Liquidity Fund (KLF)	30 September
Kenanga Resource Equity Fund (KREF)	30 September
Kenanga SyariahEXTRA Fund (KSEF)	31 December
Kenanga Amanah Saham Wanita (KASW)	31 December
Kenanga ASnitaBOND Fund (KABF)	31 December

### Customer Service

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

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**List of Current Deed and Supplemental Deed(s)**

The Deed constituting the Funds was entered into between the Manager and the Trustee.

<b>Fund Name</b>	<b>Deed(s) Date</b>	<b>Trustee for the Fund</b>
Kenanga IncomeEXTRA Fund (KIEF)	Deed: 25 August 1999 First Supplemental Deed: 26 August 2002 Second Supplemental Deed: 23 September 2002 Supplemental Master Deed: 4 March 2009 Second Supplemental Master Deed: 6 May 2011 Third Supplemental Master Deed: 2 June 2011 Fourth Supplemental Master Deed: 1 April 2015 Fifth Supplemental Master Deed: 8 November 2019	Maybank Trustees Berhad
Kenanga EquityEXTRA Fund (KEEF)	Deed: 25 August 1999 First Supplemental Deed: 26 August 2002 Second Supplemental Deed: 23 September 2002 Supplemental Master Deed: 4 March 2009 Second Supplemental Master Deed: 6 May 2011 Third Supplemental Master Deed: 2 June 2011 Fourth Supplemental Master Deed: 1 April 2015 Fifth Supplemental Master Deed: 8 November 2019	Maybank Trustees Berhad
Kenanga BondEXTRA Fund (KBEF)	Deed: 25 August 1999 Second Supplemental Deed: 23 September 2002 Supplemental Master Deed: 4 March 2009 Second Supplemental Master Deed: 6 May 2011 Third Supplemental Master Deed: 2 June 2011 Fourth Supplemental Master Deed: 1 April 2015 Fifth Supplemental Master Deed: 8 November 2019	Maybank Trustees Berhad
Kenanga MoneyEXTRA Fund (KMEF)	Deed: 25 August 1999 Second Supplemental Deed: 23 September 2002 Supplemental Master Deed: 4 March 2009 Second Supplemental Master Deed: 6 May 2011 Third Supplemental Master Deed: 2 June 2011 Fourth Supplemental Master Deed: 1 April 2015 Fifth Supplemental Master Deed: 8 November 2019	Maybank Trustees Berhad
Kenanga DividendEXTRA Fund (KDEF)	Master Deed: 3 March 2005 First Supplemental Deed: 9 May 2007 Second Supplemental Deed: 30 April 2008 Third Supplemental Master Deed: 4 March 2009 Fourth Supplemental Master Deed: 6 May 2011 Fifth Supplemental Master Deed: 17 December 2013 Sixth Supplemental Master Deed: 1 April 2015 Seventh Supplemental Master Deed: 8 November 2019	CIMB Commerce Trustee Berhad
Kenanga TacticalEXTRA Fund (KTEF)	Deed: 25 August 1999 Third Supplemental Deed: 3 March 2005 Supplemental Master Deed: 4 March 2009 Second Supplemental Master Deed: 6 May 2011 Third Supplemental Master Deed: 2 June 2011 Fourth Supplemental Master Deed: 1 April 2015 Fifth Supplemental Master Deed: 8 November 2019	Maybank Trustees Berhad

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<b>Fund Name</b>	<b>Deed(s) Date</b>	<b>Trustee for the Fund</b>
Kenanga Consumer and Leisure Asia Fund (KCLAF)	Master Deed: 3 March 2005 First Supplemental Deed: 9 May 2007 Second Supplemental Deed: 30 April 2008 Third Supplemental Master Deed: 4 March 2009 Fourth Supplemental Master Deed: 6 May 2011 Fifth Supplemental Master Deed: 17 December 2013 Sixth Supplemental Master Deed: 1 April 2015 Seventh Supplemental Master Deed: 8 November 2019	CIMB Commerce Trustee Berhad
Kenanga Liquidity Fund (KLF)	Deed: 23 December 2008 Supplemental Deed: 6 May 2011 Second Supplemental Deed: 17 December 2013 Third Supplemental Deed: 1 April 2015 Fourth Supplemental Deed: 12 April 2018 Fifth Supplemental Deed: 8 November 2019	CIMB Commerce Trustee Berhad
Kenanga Resource Equity Fund (KREF)	Deed: 21 May 2010 Supplemental Deed: 6 May 2011 Second Supplemental Deed: 15 May 2013 Third Supplemental Deed: 1 April 2015 Fourth Supplemental Deed: 8 November 2019	CIMB Commerce Trustee Berhad
Kenanga SyariahEXTRA Fund (KSEF)	Deed under Abrar Unit Trust Management Berhad: 7 February 1996 Supplemental Deed under Abrar Unit Trust Management Berhad: 2 October 1998 Deed under Libra Invest Berhad: 9 August 2002 Second Supplemental Deed: 3 October 2002 Supplemental Master Deed: 4 March 2009 Second Supplemental Master Deed: 6 May 2011 Third Supplemental Master Deed : 2 June 2011 Fourth Supplemental Master Deed: 1 April 2015 Fifth Supplemental Master Deed: 8 November 2019	Maybank Trustees Berhad
Kenanga Amanah Saham Wanita (KASW)	Deed under Hijrah Unit Trust Management Berhad: 30 April 1998 Deed under Libra Invest Berhad: 2 May 2003 First Supplemental Deed: 2 January 2004 Supplemental Master Deed: 4 March 2009 Second Supplemental Master Deed: 6 May 2011 Third Supplemental Master Deed : 2 June 2011 Fourth Supplemental Master Deed: 1 April 2015 Fifth Supplemental Master Deed: 8 November 2019	Maybank Trustees Berhad
Kenanga ASnitaBOND Fund (KABF)	Master Deed: 3 March 2005 First Supplemental Deed: 9 May 2007 Second Supplemental Deed: 30 April 2008 Third Supplemental Master Deed: 4 March 2009 Fourth Supplemental Master Deed: 6 May 2011 Fifth Supplemental Deed: 17 December 2013 Sixth Supplemental Master Deed: 1 April 2015 Seventh Supplemental Master Deed: 8 November 2019	CIMB Islamic Trustee Berhad

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## **16. DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents or copies thereof, where applicable, may be inspected, without charge at the registered office of the Manager or such other place as the SC may determine:

- (a) the Deed and supplemental deeds of the Funds;
- (b) the Master Prospectus and supplementary or replacement prospectus, if any;
- (c) the latest annual and interim reports of the Funds;
- (d) each material contract disclosed in the Master Prospectus (if any) and, in the case of contracts not reduced into writing, a memorandum which gives full particulars of the contracts;
- (e) where applicable, the audited financial statements of the Manager and the Funds for the current financial year and for the last three (3) financial years or if less than three years, from the date of incorporation or commencement;
- (f) any report, letter or other document, valuation and statement by any expert, any part of which is extracted or referred to in this Master Prospectus (if any). Where a summary expert's report is included in the Master Prospectus, the corresponding full expert's report should be made available for inspection;
- (g) writ and relevant cause papers for all current material litigation and arbitration disclosed in the Master Prospectus; and
- (h) consent given by experts disclosed in the Master Prospectus.

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## **17. DIRECTORY OF THE MANAGER'S OFFICES AND LIST OF IUTA**

### **REGIONAL OFFICES**

#### **Kuala Lumpur**

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

#### **Petaling Jaya**

44B, Jalan SS21/35  
Damansara Utama  
47400 Petaling Jaya, Selangor  
Tel No: 03-7710 8828  
Fax No: 03-7710 8830

#### **Klang**

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

#### **Penang**

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

#### **Ipoh**

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

#### **Melaka**

No. 25-1, Jalan Kota Laksamana 2/17  
Taman Kota Laksamana, Seksyen 2  
75200 Melaka  
Tel: 06-281 8913/ 06-282 0518  
Fax: 06-281 4286

#### **Johor Bahru**

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

#### **Seremban**

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

#### **Kuantan**

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

#### **Miri**

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

#### **Kuching**

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

#### **Kota Kinabalu**

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

## **THIRD PARTY DISTRIBUTORS / INSTITUTIONAL UNIT TRUST ADVISERS**

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

The Manager may appoint more third party distributors and/or Institutional Unit Trust Advisers (IUTA), please contact the Manager at 03-2172 3123 for the updated list of appointed third party distributors/IUTA.





## **Kenanga Investors Berhad**

Company No. 199501024358 (353563-P)

### **Head Office**

Level 14, Kenanga Tower,  
237, Jalan Tun Razak,  
50400 Kuala Lumpur,  
Malaysia

### **Website**

[www.kenangainvestors.com.my](http://www.kenangainvestors.com.my)

### **Email**

[investorservices@kenanga.com.my](mailto:investorservices@kenanga.com.my)

### **Toll Free Line**

1-800-88-3737

