

PROSPECTUS

ABF Malaysia Bond Index Fund

(an exchange-traded fund constituted in Malaysia on 12 July 2005 and established on 13 July 2005)

THIS PROSPECTUS DATED 6 AUGUST 2021 REPLACES THE PROSPECTUS DATED 13 JULY 2009, THE SUPPLEMENTARY PROSPECTUS DATED 1 DECEMBER 2014, THE SECOND SUPPLEMENTARY PROSPECTUS DATED 1 APRIL 2015, THE THIRD SUPPLEMENTARY PROSPECTUS DATED 10 SEPTEMBER 2015 AND THE FOURTH SUPPLEMENTARY PROSPECTUS DATED 2 JULY 2019

The Securities Commission Malaysia has approved the listing or quotation of units of the ABF Malaysia Bond Index Fund (“the Fund”) on the Main Market of Bursa Malaysia Securities Berhad and a copy of this Prospectus has been registered by the Securities Commission Malaysia.

The approval, and registration of this Prospectus, should not be taken to indicate that the Securities Commission Malaysia recommends the Fund or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Prospectus. The Securities Commission Malaysia has not, in any way, considered the merits of the securities being offered for investments.

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

Admission to the Official List of Bursa Malaysia Securities Berhad is not to be taken as an indication of the merits of the offering, the Fund or of the Fund’s units.

Prospectus Date **6 AUGUST 2021**

The Manager

AmFunds Management Berhad

Company number: 198601005272 (154432-A)

The Trustee

HSBC (Malaysia) Trustee Berhad

Company number: 193701000084 (1281-T)



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

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE “RISK FACTORS” COMMENCING ON PAGE 15.

All terms used are defined under the “Definitions” section commencing on page vii of this Prospectus.

RESPONSIBILITY STATEMENTS

The directors of the Manager have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm that there is no false or misleading statement, or other facts which if omitted, would make any statement in this Prospectus false or misleading.

ADDITIONAL STATEMENTS

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

This Prospectus can also be viewed or downloaded from Bursa Malaysia Securities Berhad's website at www.bursamalaysia.com.

PERSONAL DATA

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

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

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

ELECTRONIC PROSPECTUS

The contents of the electronic copy of this Prospectus and the copy of this Prospectus registered with the Securities Commission Malaysia are the same. Prospective investors may obtain a copy of the Electronic Prospectus from the website of the Fund at www.abfmy1.com.my.

The internet is not a fully secured medium. If investors doubt the validity or integrity of an Electronic Prospectus, investors should immediately request from the Manager a paper or printed copy of this Prospectus. If there is any discrepancy between the contents of the Electronic Prospectus and the paper or printed copy of this Prospectus, the contents of the paper or printed copy of this Prospectus which are identical to the copy of this Prospectus registered with the Securities Commission Malaysia shall prevail.

In relation to any reference in this Prospectus to third party internet sites (referred to as "Third Party Internet Sites"), whether by way of hyperlinks or by way of description of the Third Party Internet Sites, investors acknowledge and agree that:

- (i) each of the Manager and Participating Dealer does not endorse and is not affiliated in any way with the Third Party Internet Sites. Accordingly, each of the Manager and Participating Dealer is not responsible for the availability of, or the contents of any data, files or other material provided on Third Party Internet Sites. Investors bear all risks associated with the access to or use of Third Party Internet Sites;
- (ii) each of the Manager and Participating Dealer is not responsible for the quality of products or services of the Third Party Internet Sites, particularly in fulfilling any terms of agreements with Third Party Internet Sites. Each of the Manager and Participating Dealer is also not responsible for any loss or damage or cost that investors may suffer or incur in connection with or as a result of dealing with Third Party Internet Sites or the use of or reliance on any data, file or other material provided by such parties; and
- (iii) any data, file or other material downloaded from Third Party Internet Sites is done at the investors' own discretion and risk. Each of the Manager and Participating Dealer is not responsible, liable or under any obligation for any damage to investors' computer systems or loss of data resulting from the downloading of any such data, information, files or other material.

Where an Electronic Prospectus is hosted on the Fund's website (i.e. www.abfmy1.com.my), investors are advised that:

- (i) the Manager is only liable in respect of the integrity of the contents of an Electronic Prospectus to the extent of the contents of the Electronic Prospectus on the web server of AmFunds Management Berhad which may be viewed via the investors' web browser or other relevant software. The Manager is not responsible for the integrity of the contents of an Electronic Prospectus which has been obtained from the web server of AmFunds Management Berhad and subsequently communicated or disseminated in any manner to investors or other parties; and
- (ii) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an Electronic Prospectus, the accuracy and reliability of an Electronic Prospectus cannot be guaranteed because the internet is not a fully secured medium.

The Manager is not liable (whether in tort or contract or otherwise) for any loss, damage or costs, investors or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in an Electronic Prospectus which may arise in connection with or as a result of any fault with the web browsers or other relevant software, any fault on investors' or any third party's personal computers, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of AmFunds Management Berhad respectively, and/or problems occurring during data transmission which may result in inaccurate or incomplete copies of information being downloaded or displayed on investors' personal computers.

LICENSING DISCLOSURE STATEMENT

The following is a licensing disclosure statement requirement pursuant to the Licence Agreement dated 8 July 2005, entered into between Markit Indices GmbH and AmFunds Management Berhad: -

The Markit iBoxx® ABF Malaysia Bond Index (the “Index”) referenced herein is the property of Markit Indices GmbH (“Index Sponsor”) and has been licensed for use in connection with ABF Malaysia Bond Index Fund. Each party acknowledges and agrees that ABF Malaysia Bond Index Fund is not sponsored, endorsed or promoted by the Index Sponsor. The Index Sponsor makes no representation whatsoever, whether express or implied, and hereby expressly disclaims all warranties (including, without limitation, those of merchantability or fitness for a particular purpose or use), with respect to the Index or any data included therein or relating thereto, and in particular disclaims any warranty either as to the quality, accuracy and/or completeness of the Index or any data included therein, the results obtained from the use of the Index and/or the composition of the Index at any particular time on any particular date or otherwise and/or the creditworthiness of any entity, or the likelihood of the occurrence of a credit event or similar event (however defined) with respect to an obligation, in the Index at any particular time on any particular date or otherwise. The Index Sponsor shall not be liable (whether in negligence or otherwise) to the parties or any other person for any error in the Index, and the Index Sponsor is under no obligation to advise the parties or any person of any error therein.

The Index Sponsor makes no representation whatsoever, whether express or implied, as to the advisability of purchasing or selling ABF Malaysia Bond Index Fund, the ability of the Index to track relevant markets’ performances, or otherwise relating to the Index or any transaction or product with respect thereto, or of assuming any risks in connection therewith. The Index Sponsor has no obligation to take the needs of any party into consideration in determining, composing or calculating the Index. No party purchasing or selling ABF Malaysia Bond Index Fund, nor the Index Sponsor, shall have any liability to any party for any act or failure to act by the Index Sponsor in connection with the determination, adjustment, calculation or maintenance of the Index.

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DEFINITIONS

In this Prospectus, unless where the context requires otherwise, the following words and abbreviations shall have the following meanings: -

AFM, AmFunds Management Berhad or the Manager	:	AmFunds Management Berhad (Registration No.: 198601005272 [154432-A])
Asian Government	:	Collectively, the governments of China, Indonesia, Korea, Hong Kong, Philippines, Malaysia, Singapore and Thailand
Application Cancellation Fee	:	Fee set out in the Participating Dealer Agreement which may at the discretion of the Manager be charged upon the cancellation of (i) each Creation Application and (ii) each Redemption Application and the maximum level of which shall be determined by the Manager, in consultation with the Participating Dealers, from time to time and set out in the Prospectus
Auditor	:	The auditor for the time being of the Fund appointed
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (Registration No.: 198701006854 [165570-W])
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No.: 200301033577 [635998-W])
Business Day(s)	:	A day (other than Saturday, Sunday or public holidays) on which: (i) Financial Institutions are open for business in Kuala Lumpur and money market transactions are carried on in Kuala Lumpur; and (ii) Bursa Securities is open for trading of securities; and (iii) the Benchmark is compiled and published; or such other day as may be agreed upon between the Manager and the Trustee and notified to the Participating Dealers from time to time
CDS	:	Central Depository System
CDS Account	:	An account established at Bursa Depository for a depositor for the recording of deposit of securities and for dealing in such securities by the depositor
Clearing House	:	Bursa Malaysia Securities Clearing Sdn Bhd (Registration No.: 198301014323 [109716-D])
Central Depositories Act	:	The Securities Industry (Central Depositories) Act, 1991 or any statutory modification, amendment or re-enactment thereof for the time being in force
CMSA	:	Capital Markets and Services Act 2007
Custodian	:	The person or persons for the time being appointed by the Trustee as the custodian of the Fund to hold all the Fund Assets or any part thereof
Dealing Day	:	Each Business Day during the continuance of the Fund and/or such other day as the Manager may, in consultation with the Trustee, from time to time determine but shall not include a Business Day on which a force majeure event occurs or is continuing
Deed	:	The deed dated 12 July 2005 as amended by the supplemental deed dated 30 June 2006, the supplemental deed dated 20 June 2007, the second supplemental deed dated 24 February 2015 and the third supplemental deed dated 16 November 2020 entered into between the Manager, the Trustee and

		the Unit Holders constituting the Fund as amended by any other deed supplemental thereto
Electronic Prospectus	:	A copy of this Prospectus that is issued, circulated or disseminated via the internet, and/or an electronic storage medium, including but not limited to CD-ROMs
EMEAP	:	Executives' Meeting of East Asia and Pacific Central Banks
ETF	:	Exchange-traded fund
ETF Guidelines	:	Guidelines on Exchange-traded Funds issued by the SC and any amendments thereafter
Financial Institution(s)	:	If – <ul style="list-style-type: none"> (i) the institution is in Malaysia, any Licensed Bank, Licensed Investment Bank or Licensed Islamic Bank; or (ii) the institution is outside Malaysia, any institution that is licensed, registered, approved or authorised by the relevant banking regulator to provide financial services
Fund	:	The ETF as established by the Deed as from time to time modified or added to and called the "ABF Malaysia Bond Index Fund" or by such other name as the Manager shall decide, and the Trustee has agreed to act as Trustee on the terms set out in the Deed
Government	:	Government of Malaysia
HSBC Group	:	HSBC Holdings plc, its subsidiaries (being legal entities from time to time (1) in which HSBC Holdings plc owns at least 50% or more of the shares or (2) over which HSBC Holdings plc exercises significant influence, regardless of its shareholding in such entity), or subsidiaries of such subsidiaries
IOPV	:	Indicative Optimised Portfolio Value which serves as an approximation to the NAV per Unit of the Fund between the Valuation Point set out in Section 2.8 of this Prospectus.
Latest Practicable Date / LPD	:	31 May 2021, being the latest practicable date for the purposes of ascertaining certain information contained in this Prospectus
Licensed Bank	:	Has the meaning assigned to it in the Financial Services Act 2013
Licensed Investment Bank	:	Has the meaning assigned to it in the Financial Services Act 2013
Licensed Islamic Bank	:	Has the meaning assigned to it in the Islamic Financial Services Act 2013
Listing	:	Admission to the Official List and the listing of and quotation for the Units on the Main Market of Bursa Securities
Listing Requirements	:	The Main Market Listing Requirements issued by Bursa Securities
Manager Fee	:	The Manager Fee as set out in Section 4.3 of this Prospectus
Prospectus	:	Refers to this Prospectus for ABF Malaysia Bond Index Fund
RM and sen	:	The monetary units in the lawful currency of Malaysia
SC	:	Securities Commission Malaysia

Trustee	:	HSBC (Malaysia) Trustee Berhad (Registration No.: 193701000084 [1281-T])
Trustee Fee	:	The Trustee Fee as set out in Section 4.3 of this Prospectus
Unit(s)	:	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 and means a Unit of the Fund
Unit Holder(s)	:	Any person registered as holding a Unit in accordance with the provisions of the Deed
USD	:	United States of America Dollar

GLOSSARY OF TERMS IN RELATION TO THE FUND

ABF	:	Asian Bond Fund
Benchmark	:	The Markit iBoxx® ABF Malaysia Bond Index provided by MIG or such other replacement index as may be determined by the Manager, in accordance with the Deed, subject to the prior approval of the SC
Cash Creation	:	The creation of Units in exchange for the Subscription Amount delivered by the Participating Dealer
Cash Issue Component	:	On an In-Kind Creation of Units, the amount of cash required to be paid per Creation Unit on the issue of those Units, which amount shall be equal to the difference between the Subscription Value of the Creation Units at the Valuation Point on the relevant Trade Date and the value of the Index Securities, Non-Index Securities and/or other investments exchanged in specie for those Units and vested in the Trustee in accordance with the Deed, calculated as at the Valuation Point on that Trade Date
Cash Redemption	:	The redemption of existing Units delivered by the Participating Dealer in exchange for the Redemption Amount
Cash Redemption Component	:	The amount of cash required to be paid per Redemption Unit on an In-Kind Redemption of Units, which amount shall be equal to the difference between the value of the Redemption Units at the Valuation Point on the relevant Trade Date on which such Units are redeemed and the value of the Index Securities, Non-Index Securities and/or other investments transferred in specie to the redeeming Unit Holder in respect of such Units in accordance with the Deed, calculated as at the Valuation Point on that Trade Date
Creation Application	:	The application made by Participating Dealers to create new Unit(s)
Creation Securities	:	In relation to any issue of Units, the Index Securities, Non-Index Securities and/or other investments which together with the Cash Issue Component (if any), comprise an In-Kind Creation Basket or an aggregation thereof to be deposited, subject to the Deed, with the Fund by or for the account of a Participating Dealer pursuant to a Creation Application submitted by that Participating Dealer in accordance with the Deed and the Participating Dealer Agreement
Creation Unit	:	The Units which will be issued upon a successful Creation Application in respect of: <ul style="list-style-type: none"> (a) one (1) whole In-Kind Creation Basket for In-Kind Creation; and (b) the Subscription Amount for Cash Creation.

The size of a Creation Unit may change from time to time as determined by the Manager from time to time, notified to the Trustee and the Participating Dealers and disclosed in this Prospectus (as the case may be) and "Creation Units" means multiples thereof

- Dealing Deadline : For the purposes of Creation Application(s) and/or Redemption Application(s), 4.30 p.m. on any particular Dealing Day or such other time as the Manager may from time to time determine and notify to the Participating Dealers
- Deposited Property : All the assets (including cash) for the time being held or deemed to be held pursuant to the Deed excluding (i) the income and (ii) any amount for the time being standing to the credit of the Distribution Account
- Distribution Account : An account (which may be a sub-account of a bank account) to which is credited to the Income Entitlement
- Fund Assets : All the assets for the time being and from time to time held or deemed to be held pursuant to the Deed including all Deposited Property and Income but excluding any amount for the time being standing to the credit of the Distribution Account
- Income : The income of the Fund which comprises all interest, dividends and other distributions/income which accrues in respect of the Fund Assets including all or any part of the realised capital gains and losses on the sale or realisation or disposal of Fund Assets as the Manager may, with the consent of the Trustee may, but need not, from time to time and at any time determine shall also enter into the calculation of the income of the Fund
- Income Entitlement : The amount of any income or gain of the Fund calculated in respect of a Unit on a Business Day and allocated to a Unit Holder
- Index Licensor : The index service provider, currently MIG or such other index service provider as determined by the Manager from time to time with the approval of the Trustee
- Index Securities : RM denominated debt obligations issued or guaranteed by the Government (or any other Asian Government), by an agency or instrumentality of the Government (or any other Asian Government), by a government (or any other Asian Government) sponsored entity or a quasi-government entity (or a quasi-government entity of any other Asian Government) and RM denominated debt obligations issued by supranationals and other fixed income securities, in each case which are for the time being constituent securities of the Benchmark
- In-Kind Creation : The creation of new Units in exchange for In-Kind Creation Basket(s) delivered by the Participating Dealer
- In-Kind Creation Basket : The portfolio of Creation Securities and Cash Issue Component (if any) determined by the Manager in respect of each Dealing Day, that must be delivered by the Participating Dealer pursuant to a Creation Application in exchange for a Creation Unit
- In-Kind Redemption : The redemption of existing Units delivered by the Participating Dealer in exchange for In-Kind Redemption Basket(s)
- In-Kind Redemption Basket : The portfolio of Redemption Securities and Cash Redemption Component (if any) determined by the Manager in respect of each Dealing Day, that will be received by the Participating Dealer pursuant to a Redemption Application in exchange for a Redemption Unit
- Issue Price : The price per Unit at which Units are from time to time issued or to be issued, in Creation Unit aggregations, and which shall be the price per Unit ascertained in accordance with the provisions of the Deed

Licence Agreement	:	The agreement dated 8 July 2005 entered into between MIG and the Manager
MIG	:	Markit Indices GmbH
Non-Index Securities	:	RM denominated securities which are not Index Securities but which are issued by an issuer of any Index Security and are in the opinion of the Manager, substantially similar to comparable Index Securities and are likely to behave in a manner that is consistent with the investment objective of the Fund
Participating Dealer	:	A participating organization of Bursa Securities or a Financial Institution, who is appointed by the Manager as a Participating Dealer pursuant to the terms of a Participating Dealer Agreement
Participating Dealer Agreement	:	The agreement entered into between a Participating Dealer, the Manager and the Trustee setting out, inter alia, the arrangements in respect of the creation and the issue of Unit(s) and the redemption and cancellation of Unit(s)
Redemption Amount	:	The cash sum to be delivered to the Participating Dealer in respect of a Cash Redemption equivalent to the Redemption Price multiplied by the number of Units to be redeemed
Redemption Application	:	The application made by a Participating Dealer to redeem existing Unit(s)
Redemption Price	:	The price per Unit at which Units are from time to time redeemed, in Redemption Unit aggregations, and which shall be ascertained in accordance with the provisions of the Deed
Redemption Securities	:	In relation to any redemption of Units, the Index Securities, Non-Index Securities and/or other investments which together with the Cash Redemption Component (if any), comprise an In-Kind Redemption Basket or an aggregation thereof to be distributed, subject to the Deed, from the Fund to or for the account of a Participating Dealer pursuant to a Redemption Application submitted by that Participating Dealer in accordance with the Deed and the Participating Dealer Agreement
Redemption Unit	:	<p>The Units which will be delivered to the Trustee upon a successful Redemption Application in exchange for:</p> <ul style="list-style-type: none"> (i) one (1) whole In-Kind Redemption Basket for In-Kind Redemption; and (ii) the Redemption Amount for Cash Redemption. <p>The size of a Redemption Unit may change from time to time as determined by the Manager from time to time, notified to the Trustee and the Participating Dealer and disclosed in this Prospectus (as the case may be) and "Redemption Units" means multiples thereof</p>
Relevant Rating Agency	:	<p>Either: -</p> <ul style="list-style-type: none"> (a) RAM Holdings Berhad (Registration No.: 199001016426 [208095-U]); (b) Malaysian Rating Corporation Berhad (Registration No.: 199501035601 [364803V]); or (c) Such other equivalent rating agencies as determined by the Manager with the approval of the Trustee from time to time
Reverse Repo	:	A reverse repurchase agreement transaction in accordance with applicable laws pursuant to which the Fund may sell the Fund Assets to a Participating Dealer with minimum long term rating above investment grade by the Relevant Rating Agency, with the Participating Dealer being obliged to re-sell to the Fund, investments which are equivalent to the Fund Assets so sold

Subscription Amount	:	Consideration in cash, to be delivered by the Participating Dealer in respect of a Cash Creation
Special Resolution	:	A resolution passed by a majority of not less than 75% of the total voting rights of the Unit Holders who are entitled to vote on the resolution at the meeting of Unit Holders, provided that for the purposes of terminating the Fund, a special resolution is passed by a majority in number representing at least 75% of the voting rights of the Unit Holders voting at the meeting of Unit Holders, all held in accordance with the provisions of the Deed
Supervisory Committee	:	The supervisory committee constituted in accordance with, and having the powers set out, in the Deed
Subscription Value	:	The value per Creation Unit at the relevant Valuation Point
Trade Date	:	The Dealing Day on which the Manager receives/is deemed to have received a valid Creation Application or valid Redemption Application in accordance with the provisions of the Deed and the Participating Dealer Agreement provided that if such valid Creation Application or valid Redemption Application is received after the Creation Dealing Deadline or Redemption Dealing Deadline, the next Dealing Day shall be the Trade Date
Valuation Point	:	Such time or times on each Dealing Day as determined by the Manager from time to time

FINANCIAL TERMS

correlation	:	Measures the degree to which the periodically measured total return of one investment resembles that of another investment. An index is a theoretical financial calculation while the Fund is an actual investment portfolio. The performance of the Fund and the Benchmark will vary somewhat due to fees and expenses, transaction costs, variations in their constituent securities, market impact and timing variances
imperfect correlation	:	When the measured degree of total return of one investment does not fully resemble that of another investment which the former investment was anticipated to mirror
Liabilities	:	The outstanding liabilities, cost and expenses of the Fund including (without limitation): - <ul style="list-style-type: none"> (a) unpaid administrative fees and expenses including the Manager Fee and the Trustee Fee; (b) all fees and expenses set out in the Deed and all duties, taxes, governmental charges, brokerage, transfer fees, or other charges or expenses incurred by the Manager and/or the Trustee in relation to or in connection with any transaction, dealing or instrument or as a consequence of such transaction, dealing or instrument; (c) accrued charges in respect of or owing in relation to any Index Securities, Non-Index Securities and/or other investments; (d) amounts required to meet all present liabilities and an appropriate allowance for any contingent liabilities; (e) any provision for tax which in the opinion of the Manager should be taken into account and such sum (if any) as in the estimate of the Manager will fall to be paid or reclaimed in respect of taxation related to income and transactions prior to the relevant date;

- (f) the amount outstanding in respect of any borrowing permitted by applicable laws and the amount of any unpaid interest and expenses in respect thereof;
- (g) any other cost or expenses payable but not paid which are expressly authorised by any of the provisions of the Deed to be payable out of the Fund Assets;
- (h) any other amounts required to meet liabilities or other expenditure which in the opinion of the Manager with the approval of the Trustee should be taken into account and which have not otherwise been taken into account in determining the amount of the liabilities in any of the preceding paragraphs of this definition; and

Liabilities shall (where appropriate) be treated as accruing from day to day

NAV : The value of all the Fund Assets less the value of all the Liabilities, at the Valuation Point

NAV per Unit : The NAV divided by the number of Units in issue, at the Valuation Point

CORPORATE DIRECTORY

MANAGER

AmFunds Management Berhad (Registration No.: 198601005272 [154432-A])

Registered Office:

22nd Floor, Bangunan AmBank Group
No. 55, Jalan Raja Chulan
50200 Kuala Lumpur
Tel. No.: 03 – 2036 2633

Head Office:

9th & 10th Floor, Bangunan AmBank Group
No. 55, Jalan Raja Chulan
50200 Kuala Lumpur
Tel. No.: 03 – 2032 2888
Fax No.: 03 – 2031 5210
E-mail: enquiries@aminvest.com
Website: www.aminvest.com

TRUSTEE

HSBC (Malaysia) Trustee Berhad (Registration No.: 193701000084 [1281-T])

Registered & Business Office:

13th Floor, Bangunan HSBC, South Tower
No. 2 Leboh Ampang
50100 Kuala Lumpur
Tel. No.: 03 – 2075 7800
Fax No.: 03 – 8894 2611

TRUSTEE'S DELEGATE

Local and foreign assets:

The Hongkong And Shanghai Banking Corporation Limited (as Custodian)
6/F, Tower 1, HSBC Centre
1 Sham Mong Road, Hong Kong
Tel. No.: (852) 2288 1111

Local assets (for quoted and unquoted local investment of the Fund):

The Hongkong And Shanghai Banking Corporation Limited (as Custodian) and assets are held through HSBC Bank Malaysia Berhad (Registration No.: 198401015221 [127776-V])
No. 2, Leboh Ampang, 50100 Kuala Lumpur
Tel: (03) 2075 3000
Fax: (03) 8894 2588
Website: www.hsbc.com.my

The Hongkong And Shanghai Banking Corporation Limited (as Custodian) and assets held through HSBC Nominees (Tempatan) Sdn Bhd (Registration No.: 199301004117 [258854-D])
No. 2, Leboh Ampang, 50100 Kuala Lumpur
Tel: (03) 2075 3000
Fax: (03) 8894 2588

AUDITOR OF THE FUND AND THE MANAGER

Ernst & Young PLT (202006000003 (LLP0022760-LCA) & AF 0039)
Level 23A, Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
50490 Kuala Lumpur

TAX ADVISER

Deloitte Tax Services Sdn Bhd (Registration No.: 197701005407 [36421-T])

Level 16, Menara LGB
1 Jalan Wan Kadir
Taman Tun Dr Ismail
60000 Kuala Lumpur

PARTICIPATING DEALERS

AmBank (M) Berhad (Registration No.: 196901000166 [8515-D])
22nd Floor, Bangunan AmBank Group
No. 55, Jalan Raja Chulan
50200 Kuala Lumpur

Malayan Banking Berhad (Registration No.: 196001000142 [3813-K])
4th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

CIMB Bank Berhad (Registration No.: 197201001799 [13941-P])
13th Floor, Menara CIMB
Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50470 Kuala Lumpur

MARKET MAKERS

Information relating to the market makers may be obtained from the Fund's website at www.abfmy1.com.my.

REGISTRAR

AmFunds Management Berhad (Registration No.: 198601005272 [154432-A])
9th Floor, Bangunan AmBank Group
No. 55, Jalan Raja Chulan
50200 Kuala Lumpur

INDEX LICENSOR

Markit Indices GmbH
4th Floor, 25 Ropemaker Street
London EC2Y 9LY
England

SOLICITOR

Messrs Wei Chien & Partners
D-20-02, Menara Suezcap 1
No. 2, Jalan Kerinchi, Gerbang Kerinchi Lestari
59200 Kuala Lumpur

LISTED ON

Main Market of Bursa Securities

SUPERVISORY COMMITTEE

Means the supervisory committee constituted in accordance with, and having the powers set out in the Deed

1. EXECUTIVE SUMMARY

The information set out in this section is only a summary of the salient information on the Fund as derived from the full text of this Prospectus. Investors should read and understand the whole Prospectus prior to deciding whether to invest. Keep in mind, however, that no fund should be relied upon as a complete investment program.

1.1 Summary Particulars of the Fund

Item	Brief Description	Reference in Prospectus
Name of Fund	: ABF Malaysia Bond Index Fund	2
Category of Fund	: Fixed Income ETF	-
Type of Fund	: Income	-
Base Currency	: RM	-
Financial Year End of the Fund	31 December	-
Benchmark	: Markit iBoxx® ABF Malaysia Bond Index	2.4
Investment Objective	The investment objective of the Fund is to achieve a total return for the Fund Assets that closely tracks the total return of the Benchmark. <i>Any material change to the Fund's investment objective will require the Unit Holder's approval by way of a resolution of not less than two-thirds of all Unit Holders at a meeting of Unit Holders duly convened and held in accordance with the Deed.</i>	2.2
Investment Strategy	: A passive strategy whereby the Manager aims, by way of representative sampling, to achieve a return on the Fund Assets that closely tracks the returns of the Benchmark.	2.2
Investment Scope	: The Manager is authorised to invest in the following types of assets or instruments subject to the investment restrictions more particularly set out in the Deed: - (i) Index Securities; (ii) Non-Index Securities; (iii) cash, (revolving) deposit accounts, fixed deposits with banks and cash equivalents denominated in Ringgit Malaysia ("RM"); (iv) derivatives permitted under the ETF Guidelines and the SC which includes options and futures on Malaysian interest rates, underlying securities and/or on the Benchmark excluding the writing of uncovered options denominated in RM. The Fund intends to invest in swaps and forwards on Malaysian interest rates, underlying securities and/or on the Benchmark subject to the SC's approval and upon such terms and conditions as may be imposed; and (v) such other investments determined by the Manager from time to time and at any time with the approval of the	2.3

Item	Brief Description	Reference in Prospectus
Investment Restrictions	<p>Supervisory Committee provided that such investments are allowed by the relevant regulatory authorities and are consistent with the investment objective of the Fund.</p> <p>: The following are some investment restrictions (which are not exhaustive): -</p> <ul style="list-style-type: none"> ◆ The Fund shall maintain adequate investments in cash and cash equivalents for the purpose of normal Fund operations; ◆ Investments in cash and cash equivalents are ordinarily restricted to a maximum of 10% of the NAV of the Fund; ◆ The Fund may invest in derivatives to the extent permitted by the ETF Guidelines, the SC and other applicable laws. The derivatives exposure shall be no more than 20% of the NAV of the Fund; ◆ Derivatives investments may only be undertaken to enable the Fund to manage the duration and improve tracking; ◆ Investments of the Fund in cash and cash equivalents are restricted to a maximum holding of five percent (5%) of the NAV of the Fund in one single institution; ◆ Investment in Non-Index Securities shall not comprise more than 30% of the NAV of the Fund; ◆ In endeavouring to have the performance of the Fund to track the performance of the Benchmark in line with the tracking error target, the number of securities held by the Fund may be equal to or less than the number of constituent securities in the Benchmark. Therefore, the weightings of such securities in the Fund may be equal to or higher than the weightings of the same securities in the Benchmark. Under normal circumstances, the smaller the tracking error target, the less the deviation from the number and weightings of the constituent securities in the Benchmark. 	2.3
Investor Profile	<p>: The Fund is designed for investors who seek an “index based” approach to investing in a portfolio of RM denominated Government and quasi-Government debt securities. Units may also be used as an asset allocation component or as a trading instrument. Whilst the Fund mainly invests in a portfolio of bonds issued by the Government and other Index Securities, the Fund itself is not guaranteed by the Government or any Government agency. Unlike most conventional unit trust funds and mutual funds, which are only bought and sold at closing NAV, the Units have been designed to be tradable in the secondary market on Bursa Securities on an intra-day basis, and to be created and redeemed principally in-kind in a Creation Unit and Redemption Unit or multiples thereof at the NAV calculated with respect to each Dealing Day. These In-Kind Creation and Redemption arrangements are designed to protect ongoing investors from adverse effects on the portfolio of the Fund that could arise from frequent Cash Creation and Redemption transactions.</p>	-

Item	Brief Description	Reference in Prospectus
Authorised Fund Size	: As at the Latest Practicable Date, 3,375,000,000 Units (The initial authorised fund size is 1,000,000,000 Units.)	2.1
Units in Circulation	: As at the Latest Practicable Date, 1,347,921,800.00 Units	-
Creation/ Redemption of Units	: Creation of Units Participating Dealers (either for their own account or for the account of their clients) may apply for Units in the following manner: - - In-Kind Creation of new Units i.e. via delivery of In-Kind Creation Basket; or - Cash Creation of new Units via the delivery of Subscription Amount	5.1
	: Redemption of Units Participating Dealers (either for their own account or for the account of their clients) may redeem Units in the following manner: - - In-Kind Redemption of Units i.e. via delivery of In-Kind Redemption Basket; or - Cash Redemption via the delivery of existing Units in exchange for Redemption Amount.	5.1
Creation Unit Block Size / Redemption Unit Block Size	: Currently, 27,500,000 Units. This quantity of Units may change from time to time as determined by the Manager from time to time, notified to the Trustee and the Participating Dealers.	-
Summary of Risk Factors	: The following is a list of risk factors (which may not be exhaustive) which should be carefully considered before investing in the Fund:- Risk Factors Specific to the Fund ◆ Market ◆ Interest rate ◆ Income ◆ Credit and settlement ◆ Liquidity ◆ Use of futures and options contracts involving certain risks ◆ Use of repurchase agreements involving certain risks ◆ Asset class ◆ Non Capital Guaranteed ◆ Units may be delisted from Bursa Securities ◆ Units may trade at prices other than NAV ◆ Trading Units on Bursa Securities may be suspended ◆ Reliance on Participating Dealers/market makers	3.1

Item	Brief Description	Reference in Prospectus
	<ul style="list-style-type: none"> ◆ Counterparty and settlement risk ◆ Risk associated with securities lending ◆ EMEAP's investment in the Fund ◆ Risk of withdrawal of approval by the SC 	
	<p>Risk Factors Specific to Investing in Passive Investments</p> <ul style="list-style-type: none"> ◆ Tracking error ◆ Lack of discretion of the Manager to adapt to market changes ◆ Concentration of the Benchmark in certain issuers 	3.2
	<p>Risk Factors Relating to the Benchmark</p> <ul style="list-style-type: none"> ◆ Termination of license to use Benchmark ◆ Compilation of the Benchmark ◆ Changes of Composition of the Benchmark ◆ Errors or Inaccuracies in the Benchmark 	3.3
	<p>Other Risk Factors</p> <ul style="list-style-type: none"> ◆ Political, Economic and Social ◆ Currency 	3.4
Trading of Units	: Unit Holders may trade (buy and sell) Units on the Main Market of Bursa Securities	5.3
Trading Board Lot Size	: 100 Units	5.3
Income Distribution Policy	<p>: Frequency Semi-annually, if any</p> <p>Mode of income distribution</p> <p>(i) Via cheque; (ii) Telegraphic transfer to your nominated bank account); or (iii) Such other method acceptable to the Manager or Trustee (as the case may be) as the Unit Holder may from time to time specify.</p> <p>Unless a written request to the contrary is received from Unit Holders prior thereto, the Manager may reinvest the income distribution in further Units in accordance with the provisions of the Deed.</p>	2.5
Manager	: AmFunds Management Berhad	6
Participating Dealers	: AmBank (M) Berhad, Malayan Banking Berhad and CIMB Bank Berhad and such other persons to be appointed by the Manager from time to time	-
Trustee	: HSBC (Malaysia) Trustee Berhad	7

Please refer to the relevant sections in this Prospectus as set out above for additional specific information on the respective items on the Fund.

As the above strictly represents a summary of the particulars of the Fund, please read and understand this Prospectus before investing in the Units.

There are fees involved and investors are advised to consider them before investing in the Fund. Unit prices and distributions payable, if any, may go down as well as up. For information concerning risk factors which should be considered by prospective investors, see “Risk Factors” commencing on page 15.

1.2 Fees, Charges and Expenses

(a) Fees and charges payable by a typical investor

This table describes the charges that a typical investor may incur (based on the charges imposed by Bursa Securities as at the Latest Practicable Date which charges may be varied from time to time) when you buy or sell Units in the Fund on Bursa Securities.

Charges from trading the Units on Bursa Securities	% / RM
Brokerage Fee	: Maximum of 0.30% of the contract value (subject to a minimum of RM12) or as prescribed by Bursa Securities.
Bursa Securities Clearing Fee	: On-market transaction: 0.03% (subject to a maximum of RM1000 per contract). Direct-business transaction: 0.03% (subject to a minimum of RM10 and a maximum of RM1000 per contract).
Stamp Duty	: 0.10% of the contract value (rounded up to the nearest RM), subject to a maximum of RM200.

Further information on the charges an investor will incur from trading the Units on Bursa Securities may be found at www.bursamalaysia.com.

(b) Fees and charges payable by Participating Dealers

Only Participating Dealers are allowed to request the Manager to create and/or redeem Units in the Fund. This will be done in accordance with the terms and conditions set out in the Participating Dealer Agreement. Participating Dealers will incur additional fees should they request for creation and/or redemption of Units with the Manager.

Fees charged by the Manager and/or the Trustee for the creation and redemption of Units are set out in the Participating Dealer Agreement and includes any out-of-pocket expenses incurred by the Manager and/or the Trustee arising from the request for creation and/or redemption of Units by the Participating Dealers.

The table below describes the said fees: -

Type of fee/charge	Description
Processing Fee	: RM200 payable to the Manager or such amount as may be determined by the Manager.
Administration Fee	: RM50 payable to the Trustee or such amount as may be determined by the Trustee.

Type of fee/charge	Description
Application Cancellation Fee	RM200 payable to the Manager or such amount as may be determined by the Manager, in consultation with the Participating Dealers.
Duties and Charges	The amount as may be incurred by the Manager and/or Trustee from time to time in connection with a Creation and/or Redemption Application which includes any fee charged by Bursa Depository on each account allotted with new Units and each account debited with redeemed Units which is presently, and subject to change from time to time by Bursa Depository, RM2.20 per account allotted or debited subject to a minimum of RM50. A dilution charge of up to 80 basis points (0.80%) on the nominal value of the Fund can also be levied.#

To prevent any "dilution" of the Fund's property, the Manager also has the discretion to charge additional fees in respect of duties and charges of the Fund relating to differences between the buying and selling prices of securities, the market value of these securities and other dilutive costs incurred by the Fund ("dilution charge"), particularly for large orders. These additional fees are as explained more fully in Section 4 – Fees, Charges and Expenses, of this Prospectus. To the extent such provision for normal charges and dilution charges is greater than the actual duties and charges and dilution incurred then such excess shall be for the account of the Fund. To the extent such provision for normal charges and dilution charges is less than the actual duties and charges and dilution incurred then the Fund will bear any such deficiency.

It is not envisaged that there will be any other fees and charges to be imposed by the Manager in the ordinary course in respect of In-Kind Creation and Redemption of Units. Nevertheless, the Manager has the discretion to charge such sum as it considers to be representative of an appropriate provision for fees and charges to the extent any substitute Cash Issue Component or Cash Redemption Component is payable on a creation or redemption of Units and on Cash Creation or Redemption of Units.

(c) Fees and expenses incurred by the Fund

This table describes the fees and expenses that the Fund incurs: -

Charges	% / RM
Annual Manager Fee	0.10% ⁽¹⁾
Annual Trustee Fee ⁽²⁾	0.04% ⁽¹⁾
License fee ⁽³⁾	
◆ For the amount up to the initial funding amount	0.0175% per annum x initial funding amount
◆ For the amount over the initial funding amount, but less than 275% of the initial funding amount	0.01% per annum ⁽¹⁾
◆ For the amount over 275% of the initial funding amount subject to a minimum fee of USD21,234 (Approximately RM73,979 as at the Latest Practicable Date)	No charge
Initial funding amount is USD115,400,000 (Approximate RM438,520,000 at launch of fund)	
Other fund expenses ⁽⁴⁾	0.04% ⁽¹⁾ (estimate)

Notes: -

⁽¹⁾ Applied to the NAV of the Fund.

⁽²⁾ The annual Trustee Fee includes local custodian fees and excludes foreign custodian fees (if any).

⁽³⁾ The license fee is payable to MIG, the provider of the Benchmark.

⁽⁴⁾ *There will be other fees or expenses incurred by the Fund such as audit fees, tax agent's fees, printing and stationery, bank charges, investment committee fees for independent members, lodgement fees for annual reports, out-of-pocket expenses of the Supervisory Committee and other expenses permitted by the Deed.*

1.3 Other Information

The deed is dated 12 July 2005 as amended by the supplemental deed dated 30 June 2006, the supplemental deed dated 20 June 2007, the second supplemental deed dated 24 February 2015 and the third supplemental deed dated 16 November 2020 and has been entered into between the Manager, the Trustee and the Unit Holders.

For enquiries about this Fund, please call 2032 2888 between 8.45 a.m. to 5.45 p.m. (Monday-Thursday) and 8.45 a.m. to 5.00 p.m. (Friday).

Please refer to Section 4 of this Prospectus for further details on the fees, charges and expenses relating to investing in the Fund. You should read and understand the contents of this Prospectus and, if necessary, consult your adviser(s).

There are fees involved and investors are advised to consider them before investing in the Fund. Unit prices and distributions payable, if any, may go down as well as up. For information concerning risk factors which should be considered by prospective investors, see "Risk Factors" commencing on page 15.

2. THE ABF MALAYSIA BOND INDEX FUND

2.1 Listing of the Fund on Bursa Securities

The Fund is listed on the Main Market of Bursa Securities and up to 1,000,000,000 Units of the Fund can be quoted and listed on the Main Market of Bursa Securities. In this respect, the approval-in-principle for the listing of and quotation for up to 1,000,000,000 Units of the Fund on the Main Market of Bursa Securities was obtained from Bursa Securities on 24 June 2005. As at the Latest Practicable Date, the authorised fund size for the Fund is 3,375,000,000 Units and 1,347,921,800.00 Units have been issued and listed on the Main Market of Bursa Securities.

Pursuant to Section 14 (1) of the Central Depositories Act, Bursa Securities has prescribed the Units as a prescribed security. In consequence thereof, the Units offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in these Units will be carried out in accordance with the aforesaid Act and the rules of Bursa Depository.

2.2 Investment Objective and Strategies

The investment objective of the Fund is to achieve a total return for the Fund Assets that closely tracks the total return of the Benchmark.

Any material change to the investment objective of the Fund would require the Unit Holder's approval by way of a resolution of not less than two-thirds of all Unit Holders at a meeting of Unit Holders duly convened and held in accordance with the Deed.

The Manager will seek to achieve the Fund's investment objective by investing the Fund Assets primarily in Index Securities but also in Non-Index Securities by adopting a representative sampling strategy or similar strategy. Representative sampling is a strategy of investing in a representative sample of securities in the Benchmark which have a similar investment profile as that of the Benchmark. Securities selected have aggregate characteristics (such as yield and duration) similar to those of the Benchmark. The Fund generally will not hold all the securities that are included in the Benchmark.

As such, **there is no guarantee or assurance of exact or identical replication at any time of the performance of the Benchmark. Benchmark composition may change and securities may be delisted.** Often, the return of the Fund may have a small percentage of tracking error as compared to the return of the Benchmark.

In view of Malaysia's fixed income market liquidity, the Manager will be permitted to invest in certain Non-Index Securities in order to minimize the Fund's tracking error relative to the performance of the Benchmark. The total exposure to Non-Index Securities is limited to 30% of the Fund's NAV. Nonetheless, the Manager intends to invest in Index Securities to the extent practicable and consistent with achieving the investment objective of the Fund.

The Manager will rebalance the Fund Assets from time to time to reflect any changes to the composition of, or the weighting of securities in the Benchmark with a view to minimize tracking error of the Fund's overall returns relative to the performance of the Benchmark. Such rebalancing may include making investments in Index Securities and/or Non-Index Securities. The Fund Assets will be rebalanced in 3 instances:-

- (i) monthly, when there has been changes in the components of the Benchmark i.e. when there have been exclusions and/or inclusions of securities from the said Benchmark;
- (ii) within the month, when there has been a significant inflow of coupon from the components of the Fund Assets which necessitates the rebalancing of the Fund Assets; and
- (iii) when there has been a substantial creation and/or redemption of Units which necessitates the rebalancing of the Fund Assets.

Derivatives will be used for efficient portfolio management and to help achieve the investment objective of the Fund by closely matching the Fund's portfolio with the Benchmark as well as with other characteristics important to track the Benchmark.

Unlike “actively managed” unit trust funds, the Fund does not try to outperform the Benchmark and does not seek temporary defensive positions when markets decline or appear overvalued by some standards. Accordingly, a fall in the Benchmark will result in a corresponding fall in the NAV of the Fund.

Correlation. This measures the degree to which the periodically measured total return of one investment resembles that of another investment. A benchmark is a theoretical financial calculation while the Fund is an actual investment portfolio. The performance of the Fund and the Benchmark will vary somewhat due to fees and expenses, transaction costs, variations in their constituent securities, market impact and timing variances.

The Manager expects that, over the long term, the correlation between the Fund’s total return and that of the Benchmark, before fees and expenses, will be 95% or better. A figure of 100% would indicate perfect correlation. It is expected that the tracking error between pre-expense total returns of the Fund and its related Benchmark will be +50 basis points (+0.50%) on an annual basis. The tracking error is a measure of the variation between the Fund’s total return and the total return of the Benchmark. The Fund’s pre-expense total returns measured on an annual basis should differ from the total return of the Benchmark by less than this tracking error amount most of the time on average over the long term. While the Manager expects to achieve the above correlation, neither the Manager nor the Trustee can ensure that the actual correlation of the Fund’s total returns, before fees and expenses, and that of the Benchmark is less than the anticipated correlation.

Strategies to minimise tracking error. In order to minimize the tracking error, it is the intention of the Manager that the Fund will be passively managed with its portfolio’s duration, yield curve and credit risk matched closely to that of the Benchmark at all times.

The Fund’s portfolio securities will be chosen in a way that the Fund’s average portfolio duration, sector, maturity bucket distribution, yield curve risk and credit risk is similar to that of the Benchmark, subject always to availability of the relevant Index Securities in the market at the time of investment or purchase.

Index Securities are always preferred to Non-Index Securities as portfolio holdings in order to match the Benchmark. It is therefore the intention of the Manager to invest in Non-Index Securities as a substitute for Index Securities when the required Index Securities are unavailable at a reasonable price in the market at the time of investment or purchase.

On a daily basis, the portfolio’s performance will be monitored closely against that of the Benchmark. It is the Manager’s intention that should the difference between the performance of the portfolio and the Benchmark be larger than a pre-determined amount, currently 5 basis points (0.05%) (although this may be subject to change to a difference amount reasonable determined by the Manager without notice to investors) in a day (without any distortion caused by cash inflows or outflows), the Manager intends to reassess the portfolio’s risk position by reference to average portfolio duration, sector and maturity bucket distribution against the Benchmark. During the process of Unit creation and redemption, the Manager will aim to complete all the required security purchases and sales prior to the day’s end and thereby minimise the Fund’s cash holdings.

2.3 Investment Scope and Restrictions

Investment Scope

The Manager is authorised to invest in the following types of assets or instruments subject to the investment restrictions more particularly set out in the Deed: -

- (i) Index Securities;
- (ii) Non-Index Securities;
- (iii) cash, (revolving) deposit accounts, fixed deposits with banks and cash equivalents denominated in Ringgit Malaysia (“RM”);
- (iv) derivatives permitted under the ETF Guidelines and the SC which includes options and futures on Malaysian interest rates, underlying securities and/or on the Benchmark excluding the writing of uncovered options denominated in RM. The Fund intends to invest in swaps and forwards on Malaysian interest rates, underlying securities and/or on the Benchmark subject to the SC’s approval and upon such terms and conditions as may be imposed; and

- (v) such other investments determined by the Manager from time to time and at any time with the approval of the Supervisory Committee provided that such investments are allowed by the relevant regulatory authorities and are consistent with the investment objective of the Fund.

The Fund must not borrow cash or other assets (including borrowing of securities within the meaning of the Securities Borrowing and Lending Guidelines issued by the SC (“SBL Guidelines”)) in connection with its activities. However, the Fund may borrow or obtain cash for the purposes of meeting redemption request for Units and for short term bridging requirements.

Subject to any applicable laws relating to securities lending, the Fund may participate in the lending of securities within the meaning of the SBL Guidelines. However, as at the Latest Practicable Date, the Fund does not participate in lending of securities.

Investment Restrictions

The following are certain investment restrictions imposed on the Manager: -

(1) Debt securities

- (a) In endeavouring to have the performance of the Fund to track the performance of the Benchmark in line with the tracking error target, the number of securities held by the Fund may be equal to or less than the number of constituent securities in the Benchmark. Therefore, the weightings of such securities in the Fund may be equal to or higher than the weightings of the same securities in the Benchmark. Under normal circumstances, the smaller the tracking error target, the less the deviation from the number and weighting of the constituent securities in the Benchmark.
- (b) From time to time, the securities selection criteria used for the inclusion or exclusion of securities into the Benchmark may be revised or amended by the Index Licensor. Upon receipt of notification of such changes from the Index Licensor, investments in bond securities shall be made according to the new criteria as stipulated by the Benchmark, as soon as practicable, with due regard to liquidity and market conditions.
- (c) The Non-Index Securities shall not comprise more than 30% of the NAV of the Fund.
- (d) The Manager shall have the responsibility for effecting any adjustments in the Fund Assets to conform to changes in the composition and/or weighting of the Benchmark or the composition and/or weighting of the Fund Assets relative to the Benchmark. The Manager shall use its professional skill, care and judgment to ensure that the Fund’s investment objective is met.

(2) Cash

- (a) Subject to Section “Debt securities” above and Section “Derivatives” below, the Fund shall maintain adequate investments in cash and cash equivalents for the purpose of normal Fund operations including but not limited to realignment of benchmark weights, additional funding to and withdrawal from the Fund and supporting derivative positions.
- (b) Investments of the Fund are ordinarily restricted to a maximum holding of 10% of the NAV of the Fund in cash or cash equivalents.
- (c) The Manager may make deposits with those institutions which meet the Manager’s criteria for such deposit takers (which criteria are arrived at/decided upon by the Manager by using its professional skills, and by exercising care and diligence), or as may be determined by the Manager for this purpose from time to time.
- (d) Investments of the Fund in cash and cash equivalents are restricted to a maximum holding of 5% of the NAV of the Fund in one single institution.

(3) Derivatives

- (a) The Fund may invest in derivatives to the extent permitted by the ETF Guidelines, the SC and other applicable laws.
- (b) The derivatives exposure shall be no more than 20% of the NAV of the Fund.
- (c) Derivatives investments may only be undertaken to enable the Fund to manage the duration and improve tracking.

(4) Counterparty ratings

- (a) Banks and counterparties for debt securities transactions that are not settled on a delivery versus payment basis must be rated A3 and above by the Relevant Rating Agency for at least once of the following rating types: -
 - (i) Long term senior unsecured debt or equivalent rating type;
 - (ii) Issuer rating from the Relevant Rating Agency; and
 - (iii) Long term issuer credit rating from the Relevant Rating Agency.
- (b) If a long term senior unsecured debt or issuer rating is not available, banks in relation to fixed deposits maturing in less than 1 year and counterparties for debt securities transactions that are settled in less than 1 year must be rated P1 or its equivalent by the Relevant Rating Agency.
- (c) A bank or debt securities counterparty which does not meet the rating requirements in paragraphs (a) and (b) above can still be appointed provided that it is a counterparty approved by the Trustee upon the recommendation of the Manager.

The aforesaid investment restrictions and limits have to be at all times complied with based on the most up-to-date valuation of the investments and instruments of the Fund. However, a 5% allowance in excess of any restriction or limit is permitted where the restriction or limit is breached through an appreciation or depreciation of the NAV of the Fund (whether as a result of an appreciation or depreciation of the investments of the Fund, or as a result of repurchase of Units or payments made from the Fund). If the relevant restriction or limit is breached, the Manager will not make any further acquisitions of the investments which breach the relevant restriction or limit and the Manager will within a reasonable period of not more than 3 months from the date of the breach take all necessary steps and actions to rectify the breach.

2.4 Description of the Benchmark

The Benchmark, namely the Markit iBoxx® ABF Malaysia Bond Index is currently provided by MIG through the Licence Agreement.

The Markit iBoxx® ABF Malaysia Bond Index is an indicator of investment returns of Index Securities as determined by the Index Licensor and which are for the time being constituent securities of the Benchmark.

The Index Licensor is not a related corporation of the Manager.

Constituents of the Benchmark

As at 31 May 2021, the top 10 components of the Fund and the % NAV assigned to them are as follows:-

Stock Code	Issuer	Maturity	Coupon (%)	% NAV
MS130005	Government of Malaysia	15/8/2029	3.733	2.63
MO190002	Government of Malaysia	15/8/2029	3.885	2.62
VZ090244	1Malaysia Development Berhad	27/5/2039	5.750	2.49
GT190006	Malaysia Government Investment Issue	30/11/2034	4.119	2.19
MO150001	Government of Malaysia	15/9/2025	3.955	2.13
ML150002	Government of Malaysia	30/9/2022	3.795	2.07
MS190004	Government of Malaysia	5/7/2034	3.828	2.03
MX110004	Government of Malaysia	30/6/2031	4.232	2.01
GO180002	Malaysia Government Investment Issue	31/10/2028	4.369	2.01
GX130068	Malaysia Government Investment Issue	30/8/2033	4.582	2.00

As at 31 May 2021, the top 10 components of the Benchmark and the weightings assigned to them by the Benchmark are as follows: -

Stock Code	Issuer	Maturity	Coupon (%)	ABF Weight (%)
MO150001	Malaysia Government Bond	15/9/2025	3.955	3.32
MO190002	Malaysia Government Bond	15/8/2029	3.885	2.49
GY190002	Malaysia Government Investment Issue	15/9/2039	4.467	2.46
MS130005	Malaysia Government Bond	15/6/2028	3.733	2.38
GT190006	Malaysia Government Investment Issue	30/11/2034	4.119	2.38
MN130003	Malaysia Government Bond	15/3/2023	3.480	2.30
GO200002	Malaysia Government Investment Issue	15/10/2030	3.465	2.16
MS190004	Malaysia Government Bond	5/7/2034	3.828	2.15
GK190003	Malaysia Government Investment Issue	31/3/2026	3.726	2.06
MX070003	Malaysia Government Bond	31/5/2027	3.502	2.05

Source: HIS Markit Group.

Information and other important news on the Benchmark can be obtained from <https://ihsmarkit.com/products/iboxx.html> (for index ground rules and methodology) and the Fund's website at www.abfmy1.com.my.

There is a lack of discretion for the Fund to adapt to market changes due to the inherent investment nature of ETF and that falls in the Benchmark are expected to result in corresponding falls in the value of the Fund.

Replacement of the Benchmark

The Manager may, after taking into account the interests of the Unit Holders and subject to the prior approval of the SC, replace the Benchmark with another index in the event any of the following occurs:-

- (a) the Benchmark ceases to exist;
- (b) a major change is made in the formula or method used to calculate the Benchmark (other than a change in accordance with the operating rules of the Benchmark, such as a change in constituents), which may affect the constituents of the Benchmark;
- (c) a new index replacing the Benchmark is released;
- (d) in the opinion of the board of directors of the Manager a new index permitting better valuation of the Fund is released. The decision to replace the Benchmark, which is a price return index, will be based on objective financial criteria, including an index with lower turnover ratio and/or an index that charges lower index licence fee, all of which will translate to lower cost and higher total return of the Fund and in turn better valuation of the Fund;
- (e) if it becomes difficult to invest in the securities forming the Benchmark or if part of the securities forming the Benchmark have limited liquidity;
- (f) the Index Licensor increases its licence fee to a level considered too high by the Manager; or
- (g) in the opinion of the Manager, the quality (including the precision and availability of data) of the Benchmark has deteriorated.

The Manager may change the name of the Fund if the Benchmark is replaced. Any replacement of the Benchmark must first be approved by the SC and/or any other authorities, as the case may be.

Notwithstanding the above, the Manager shall not replace the Benchmark with a new index without the approval of the Unit Holders if the objective of the new index differs from that of the Benchmark.

The Benchmark may be replaced in the event of cessation of the availability of the Benchmark.

2.5 Income Distribution Policy

Income distribution, if any, will be on a semi-annual basis.

The Manager shall compute the Income daily over the duration of the Fund.

Unit Holders may either: -

- (i) Receive a cheque;
- (ii) Instruct the Manager to deposit the income earned into the Unit Holder's nominated bank account via telegraphic transfer; or
- (iii) Such other method acceptable to the Manager or Trustee (as the case may be) as the Unit Holder may from time to time specify.

Unless a written request to the contrary is received from Unit Holders prior thereto, the Manager may reinvest the income distributed in further Units in accordance with the provisions of the Deed.

2.6 Valuations of the Fund Assets

A summary of our obligations in relation to the valuation of assets of the Fund are as follows:

- (a) Valuation or revaluation of any assets of the Fund may be made at least once a day.
- (b) Valuation and revaluation of authorized investments will be carried out in accordance with the Deed and in line with SC's valuation guidelines:
 - ◆ The value of Index Securities and Non-Index Securities shall be determined by reference to prices provided by the Index Licensor or a Bond Pricing Agency (BPA). Where prices are not available from the Index Licensor or BPA, the indicative yield(s) quoted by licensed Financial Institutions will be used.
 - ◆ Bank deposits and deposits placed with Financial Institutions will be valued by reference to the principal value and interest/ profit accrued.
 - ◆ For derivatives, the valuation is based on marked to market prices as provided by the counterparty that issues the instruments. The Manager shall ensure that the investment is valued at fair value, as determined in good faith by the Manager. The methods or bases of valuation will have to be verified by the Auditor of the Fund and approved by the Trustee.

Where the Manager is of the opinion that the valuation principles as specifically set out in the Deed do not properly reflect the realisable value of a fund asset that investment is to be valued in accordance with another principle determined by the Manager, verified by an approved auditor and approved by the Trustee.

2.7 Valuation Bases for All Related Securities and Instruments of the Fund

The valuation of the Fund will be carried out at least once a day at the Valuation Point, which is the end of each Business Day. The valuation point of the Fund refers to such time(s) on a Business Day as may be decided by the Manager whereby the NAV of the Fund is calculated. The pricing policy adopted for the Fund is based on forward pricing, whereby the NAV of the Fund will be based on the next Valuation Point after an application (e.g. for creation or redemption of Units) is received from Participating Dealers.

The price per Unit of the Fund will be based on "Single Pricing" meaning that all creations and redemptions are based on a single pricing (i.e. NAV per Unit).

2.8 IOPV

The IOPV per Unit which is equivalent to the NAV per Unit of the Fund is calculated at the Valuation Point. The IOPV per Unit will be published by the Manager by 9.30 a.m. on each Dealing Day.

Information on the IOPV per Unit can be obtained from Bursa Securities' website at www.bursamalaysia.com and the Fund's website at www.abfmy1.com.my.

2.9 Risk Management Strategies & Techniques

The key objective of the Fund is to achieve returns that closely tracks the returns of the Benchmark. To manage the risk of material deviation from the Benchmark, the Manager uses representative sampling to monitor the Fund's tracking error. The Manager minimizes the tracking error by investing the Fund Assets primarily in Index Securities and sets limits on investments in Non-Index Securities. The Fund will be passively managed with its portfolio's duration, yield curve and credit risk matched closely to that of the Benchmark.

3. RISK FACTORS

In evaluating an investment in the Fund and before deciding to invest in the Units, you should carefully consider all information contained in this Prospectus (which is not intended to be exhaustive) including but not limited to the general and specific risks of the Units as well as seek professional advice from your relevant advisers about your particular circumstances.

3.1 Risk Factors Specific to the Fund

3.1.1 Market

The Fund's NAV and trading prices will react to securities markets movements. Investors may lose money over short periods due to fluctuation in the Fund's NAV and trading price in response to market movements, and over longer periods during market downturns.

3.1.2 Interest rate

The Fund invests in fixed-income securities, and therefore is subject to interest rate risk. Interest rate risk is the risk that the value of the Fund Assets may decline because of rising interest rates. Interest rate risk is generally lower for short-dated bonds and higher for long-dated bonds.

3.1.3 Income

The income from the Fund Assets may decline because of falling interest rates. This can result when, in a declining interest rate market, the Fund receives in-kind deposits of portfolio securities in connection with creations of new Units, or reinvests proceeds of securities sold out of the portfolio in longer-term securities as part of the Fund's attempt to match the maturity or duration of the Benchmark, at interest rates that are below the portfolio's then-current earnings rate.

3.1.4 Credit and settlement

The Fund is subject to credit and settlement risk. Credit risk is the risk that an issuer of a bond will be unable to meet its obligation to make interest and principal payments. Settlement risk is the risk that a counterparty trading with the Fund is unable to settle a trade due to changing financial or market conditions. The Fund bears the risk of issuer and settlement default.

However, the following mitigating considerations should be noted: -

- The majority of the issuers of the bonds in the Fund are Government or quasi-Government agencies. To-date, there has been no default on any Government bonds; and
- The Manager has credit risk management controls in place for selection of trading counterparties.

3.1.5 Liquidity

The price at which portfolio securities may be purchased or sold by the Fund upon any rebalancing activities or otherwise (necessary to track the Benchmark) and the value of the Units will be adversely affected if trading markets for the securities comprised in the Fund Assets are limited or absent or if spreads are wide.

3.1.6 Use of futures and options contracts involving certain risks

To the extent permitted by the SC and under the ETF Guidelines, the Manager may invest the Fund Assets in futures and options contracts in order to seek performance that corresponds to the Benchmark and to manage cashflows. There is no guarantee that such techniques will achieve their desired result. There are certain investment risks in using futures and options contracts. Such risks may include: (i) the inability to close out a futures or option contract

caused by the non-existence of a liquid secondary market; and (ii) an imperfect correlation between price movements of the futures or options contracts with price movements of the subject portfolio securities or the Benchmark.

3.1.7 Use of repurchase agreements involving certain risks

Such risk arises if, for example, the seller of securities under a repurchase agreement defaults on its obligation to repurchase the underlying securities, as a result of its insolvency or otherwise, and the Fund is required to dispose of such securities which could involve additional costs or delays. If the seller becomes insolvent and is subject to liquidation or reorganization under applicable bankruptcy or other laws, the Fund's ability to dispose of the underlying securities may be restricted. Finally, it is possible that the Fund may not be able to substantiate its interest in the underlying securities. If the seller fails to repurchase the securities, the Fund may suffer a loss to the extent the proceeds from the sale of the underlying securities are less than the repurchase price.

3.1.8 Asset class

The returns generated from the securities in which the Fund invests may not provide returns equivalent to that of other classes of securities or different asset classes. The securities in which the Fund invests may be subject to cycles of underperformance relative to that of other classes of securities.

3.1.9 Non Capital Guaranteed

Investors should be aware that the price of Units and the income arising therefrom may rise or fall. Investors should note that they may not get back their original investments and that they may not receive any distributions.

3.1.10 Units may be delisted from Bursa Securities

Bursa Securities imposes certain requirements for the continued listing of securities including the Units. No assurance can be given that the Fund will continue to meet the requirements necessary to maintain the listing of Units on Bursa Securities or that Bursa Securities will not change the Listing Requirements.

However, in the event the Fund is delisted from Bursa Securities, it will continue to exist as a unit trust fund and shall comply with the SC's Guidelines on Unit Trust Funds.

3.1.11 Units may trade at prices other than NAV

As with any ETF, the market price of Units will be subject to a "bid/ask" spread — being the difference between the prices being bid by potential purchasers and the prices being asked by potential sellers. Units may trade below, at, or above their NAV. The NAV per Unit will fluctuate with changes in the market value of the Fund Assets whereas the trading prices of Units will fluctuate in accordance with market supply and demand forces. In times of severe market volatility or when there is an imbalance in the number of buyers and sellers of Units, the bid/ask spread may increase significantly. When the market price of Units is falling rapidly, Units are most likely to be traded at a discount to the NAV per Unit, which may be the time when most investors would want to sell their Units.

However, given that Participating Dealers / market makers can engage in In-Kind Creation and In-Kind Redemption, these activities should narrow the discounts or premiums of the traded price to the NAV.

3.1.12 Trading Units on Bursa Securities may be suspended

Investors will not be able to purchase or sell Units on Bursa Securities during any period that Bursa Securities suspends trading of the Units. Bursa Securities may suspend trading of the Units whenever it determines that it is appropriate in the interests of a fair and orderly market to protect investors. The creation and redemption of Units may also be suspended in the event that the trading of Units on Bursa Securities is suspended.

3.1.13 Reliance on Participating Dealers / market makers

While the Manager aims to appoint a number of Participating Dealers / market makers to provide liquidity and to facilitate In-Kind Creation and In-Kind Redemption, there may be circumstances where there is no or insufficient or ineffective Participating Dealers/ market makers thereby compromising the liquidity of the Units.

3.1.14 Counterparty and settlement risk

Counterparty risk is the risk that the party trading with the Fund will be unable to meet its obligation to make payments or to settle a trade due to a deterioration of the counterparty's financial situation or some other failure by the counterparty. The Fund bears the risk of settlement failures. Any such failure may have a material adverse effect on the Fund and/or the value of the Units.

The Manager has the discretion to invest in any over-the-counter ("OTC") or exchange-traded derivative instruments with the underlying related to the Index Securities or the Benchmark. Investments in derivatives will be consistent with the purpose to minimize tracking error. The exposure of the Fund to the Index Securities related to the derivatives will not exceed the weighting of the Index Securities within the Benchmark. When entering into OTC derivative transactions, the Manager will deal with counterparties in our approval financial institutions list. Counterparties in this list have undergone the Manager's internal credit screening and assessment, and are approved by the Manager's investment committee.

3.1.15 Risk associated with securities lending

As the Fund may participate in the lending of securities within the meaning of the SBL Guidelines, the Fund may be exposed to additional risks. For example, borrower default risk where the borrower may fail to return the borrowed securities in a timely manner. This may impact the Fund's ability to meet payment obligations arising from redemption request due to the delay or failure in settlement of the securities lent. The Manager will take necessary steps to ensure that not all of the Fund's assets are loaned out at any one point during the lifetime of the Fund in order to mitigate the risk. In addition, the Fund may also suffer a loss as a result of the delay in recovering the title and ownership of the securities lent out. While, the Manager will receive collateral for the loan where it seeks to replace the loaned securities in an occurrence of a default event by the borrower, there is no assurance that this risk could be mitigated all together.

3.1.16 EMEAP's investment in the Fund

EMEAP member central banks and monetary authorities are like any other investors in the Fund and each of them is entitled to dispose of their respective interest in the Units they hold. There are no guarantees that the EMEAP member central banks and monetary authorities will continue to be investors in the Fund. Should the EMEAP member central banks and monetary authorities decide to sell or redeem all or a portion of their Units, it may have a materially adverse effect on the Fund and the price of the Units.

3.1.17 Risk of withdrawal of approval by the SC

The SC, which is the primary securities regulator in Malaysia, has approved the Fund subject to certain conditions. As set out in the ETF Guidelines, the SC is to be notified of any events that may affect the acceptability of the Benchmark which the Fund is tracking, including but not limited to the following: -

- (i) changes in methodology for compiling or calculating the Benchmark;
- (ii) changes in the components of the Benchmark i.e. the exclusion and/or inclusion of securities from the Benchmark; and
- (iii) changes in the weighting of the Benchmark constituents due to, for example, corporate activities or significant market movements.

Based on the aforesaid, the SC reserves the right to withdraw its approval of the Fund, if the Benchmark is no longer considered acceptable.

3.2 Risk Factors Specific to Investing in Passive Investments

3.2.1 Tracking error

Changes in the NAV of the Fund may not replicate exactly changes in the Benchmark, which the Fund's investment objective is to track closely, i.e. tracking error. Factors such as fees and expenses of the Fund, liquidity of the market, imperfect correlation of returns between the Fund's securities and those in the Benchmark, changes to the Benchmark and regulatory policies may affect the Manager's ability to achieve close correlation with the Benchmark of the Fund. Imperfect correlation between the returns of the Fund and the Benchmark is more likely to happen to the extent that the Fund invests in securities that are Non-Index Securities. The Fund's returns may therefore deviate from those of the Benchmark.

3.2.2 Lack of discretion of the Manager to adapt to market changes

Unlike many unit trust funds, the Fund is not "actively managed". The Fund does not try to outperform the Benchmark and does not seek temporary defensive positions when markets decline or appear overvalued by some standards. The Fund will not adjust the composition of its portfolio of assets except in order to narrow any discrepancy in the duration and risk profile of the Benchmark and the Fund Assets, i.e. "passively managed". Accordingly, a fall in the Benchmark will result in a corresponding fall in the NAV of the Fund.

3.2.3 Concentration of the Benchmark in certain issuers

The Benchmark and the investments of the Fund may be concentrated in securities of a single or several issuers. Changes in the financial condition of an issuer, changes in specific economic or political conditions that affect a particular issuer and changes in general economic or political conditions can affect the value of an issuer's securities. Such issuer-specific changes may have an impact on the securities held by the Fund.

3.3 Risk Factors Relating to the Benchmark

3.3.1 Termination of license to use Benchmark

The Manager and the Trustee have been granted a license by MIG to use the Benchmark in order to create the Fund based on the Benchmark. The Fund may not be able to fulfil its objective and may be terminated if the Licence Agreement is terminated. The Fund may also be terminated if its Benchmark ceases to be compiled or published and there is no replacement index using the same or substantially similar formula for the method of calculation as used in calculating the Benchmark.

Notwithstanding the above, the Licence Agreement provides, inter-alia, for the Licence Agreement to be mutually terminated by any party in certain situations after the delivery of a termination notice. In such event, after the notice period, the Manager may be able to secure the services of an alternative index service provider thus ensuring an orderly transition with minimum disruption (if any) during the period of changeover.

3.3.2 Compilation of the Benchmark

The securities which comprise the Benchmark are determined and composed by MIG without regard to the performance of the Fund. The Fund is not sponsored, endorsed, sold or promoted by MIG and it makes no representation or warranty, express or implied, to investors in the Fund or other persons regarding the advisability of investing in securities generally or in the Fund particularly. MIG has no obligation to take into consideration the needs of the Trustee, the Manager or investors in the Fund in determining, composing or calculating the Benchmark and consequently there can be no guarantees that its actions will not prejudice the interests of the Fund, the Manager or the investors.

Whilst the above are valid risks concerns, it should be noted that the same arises as the Fund is structured in the manner where the index service provider is independent, inter-alia, of the Fund and the Manager. However, investors should note that this structure does provide some measure of protection to Unit Holders e.g. collusion possibilities are avoided which may otherwise be potentially to the detriment of Unit Holders.

3.3.3 Change of Composition of the Benchmark

The composition of the Benchmark may change as Index Securities mature or are redeemed or as new securities are included in the Benchmark. When this happens the weighting or composition of the securities owned by the Fund would be changed by the Manager in order to achieve the Fund's investment objective. Thus, an investment in Units will generally reflect the Benchmark as its constituents change and not necessarily the way it is comprised at the time of an investment in Units.

3.3.4 Errors or Inaccuracies in the Benchmark

The Fund is passively managed by tracking the Benchmark. In the case where errors or inaccuracies occur in the Benchmark, the Fund's ability to track the Benchmark will be affected. The Fund's returns may therefore deviate from those of the Benchmark.

3.4 Other Risk Factors

3.4.1 Political, Economic and Social

Any material changes in the political, economic or social conditions prevailing in Malaysia and/or in any other Asian Government country (if the Fund invests in securities of such government) could have a material adverse effect on the economy and/or the NAV of the constituent securities of the Benchmark and consequently on the value of the Units.

3.4.2 Currency

It is a risk associated with investments that are in foreign currencies denomination. When the foreign currencies fluctuate in an unfavourable movement against the Ringgit Malaysia, the investment may face currency loss in addition to the capital gains/losses. This leads to a lower NAV of the Fund.

4. FEES, CHARGES AND EXPENSES

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

4.1 Fees and Charges Payable by a Typical Investor

This table describes the charges that a typical investor may incur (based on the charges imposed by Bursa Securities as at the date of the Latest Practicable Date which charges may be varied from time to time) when you buy or sell Units in the Fund on Bursa Securities.

Charges from trading the Units on Bursa Securities	%/ RM
Brokerage Fee	: Maximum of 0.30% of the contract value (subject to a minimum of RM12) or as prescribed by Bursa Securities.
Bursa Securities Clearing Fee	: On-market transaction: 0.03% (subject to a maximum of RM1000 per contract). Direct-business transaction: 0.03% (subject to a minimum of RM10 and a maximum of RM1000 per contract).
Stamp Duty	0.1% of the contract value (rounded up to the nearest RM), subject to a maximum of RM200.

Further information on the charges an investor will incur from trading the Units on Bursa Securities may be found at www.bursamalaysia.com.

4.2 Fees and Charges Payable by Participating Dealers

Participating Dealers will incur additional fees should they request for creation and/or redemption of Units with the Manager. Fees charged by the Manager and/or the Trustee for the creation and redemption of Units are set out in the Participating Dealer Agreement and includes any out-of-pocket expenses incurred by the Manager and/or the Trustee arising from the request for creation and/or redemption by the Participating Dealers.

The table below describes the said fees: -

Type of fee/charge	%/ RM
Processing Fee	: RM200 payable to the Manager or such amount as may be determined by the Manager.
Administration Fee	: RM50 payable to the Trustee or such amount as may be determined by the Trustee.
Application Cancellation Fee	: RM200 payable to the Manager or such amount as may be determined by the Manager, in consultation with the Participating Dealers.
Duties and Charges	: The amount as may be incurred by the Manager and/or Trustee from time to time in connection with a Creation and/or Redemption Application which includes any fee charged by Bursa Depository on each account allotted with new Units and each account debited with redeemed Units which is presently, and subject to change from time to time by Bursa Depository, RM 2.20 per account allotted or debited subject to a minimum of RM 50. A dilution charge of up to 80 basis points (0.80%) on the nominal value of the Fund can also be levied.#

Note: -

To prevent any "dilution" of the Fund's property, the Manager also has the discretion to charge additional fees in respect of duties and charges of the Fund relating to differences between the buying and selling prices of securities, the market value of these securities and other dilutive costs incurred by the Fund ("dilution charge"), particularly for large orders. These additional fees are as explained more fully in Section 4 – Fees, Charges and Expenses, of this Prospectus. To the extent such provision for normal charges and dilution charges is greater than the actual duties and charges and dilution incurred then such excess shall be for the account of the Fund. To the extent such provision for normal charges and dilution charges is less than the actual duties and charges and dilution incurred then the Fund will bear any such deficiency.

It is not envisaged that there will be any other fees and charges to be imposed by the Manager in the ordinary course in respect of In-Kind Creation and Redemption of Units. Nevertheless, the Manager has the discretion to charge such sum as it considers to be representative of an appropriate provision for fees and charges to the extent any substitute Cash Issue Component or Cash Redemption Component is payable on a creation or redemption of Units and on Cash Creation or Redemption of Units.

4.3 Fees and Expenses Incurred by the Fund

This table describes the fees and expenses that the Fund incurs: -

Type of fee/charge	%/ RM
Annual Manager Fee	0.10% ⁽¹⁾
Annual Trustee Fee ⁽²⁾	0.04% ⁽¹⁾
License fee ⁽³⁾	
◆ For the amount up to the initial funding amount	0.0175% per annum x initial funding amount
◆ For the amount over the initial funding amount, but less than 275% of the initial funding amount	0.01% per annum ⁽¹⁾
◆ For the amount over 275% of the initial funding amount subject to a minimum fee of USD21,234 (Approximately RM73,979 as at the Latest Practicable Date)	No charge
Initial funding amount is USD115,400,000 (Approximate RM438,520,000 at launch of fund)	
Other fund expenses ⁽⁴⁾	0.04% ⁽¹⁾ (estimate)

Notes: -

(1) Applied to the NAV of the Fund.

(2) The annual Trustee Fee includes local custodian fees and excludes foreign custodian fees (if any).

(3) The license fee is payable to MIG, the provider of the Benchmark.

(4) There will be other fees or expenses incurred by the Fund such as audit fees, tax agent's fees, printing and stationery, bank charges, investment committee fees for independent members, lodgement fees for annual reports, out-of-pocket expenses of the Supervisory Committee and other expenses permitted by the Deed.

Where the Manager effects any Cash Creations and Redemptions, the portion of portfolio transactions will increase as the Fund invests Cash Creation receipts or funds Cash Redemption amounts. The Manager expects that most portfolio transactions will be effected on a principal (as opposed to an agency) basis and, accordingly, it does not expect to have to incur significant brokerage. Purchases from brokers/dealers will include the spread between the bid and ask price.

The primary objective of the Manager in placing orders for the purchase and sale of the Index Securities, Non-Index Securities and/or other investments, when adjusting the Fund Assets to reflect changes in the Benchmark, or in respect of a Cash Creation or Redemption, is to obtain the most favourable net results taking into account such factors as price, commission or spread and size of the order. Where it is consistent with this objective, it is the Manager's practice to place such orders with brokers/dealers who supply research, market information and quotations and statistical

information to the Manager, which may be useful to the Manager in providing its services as management company of the Fund and/or may be useful to the Manager in providing services to other clients (including other funds managed by the Manager), other than as management company of the Fund.

The Manager or any delegate thereof shall not retain any rebate from, or otherwise share in any commission with, any broker / dealer in consideration for direct dealings (if any) in the investments of the Fund. Accordingly, any rebate or shared commission should be directed to the account of the Fund.

The goods and services (“soft commission”) can be retained by the Manager provided that:-

- the Manager does not utilise the soft commission for the purpose of defraying costs relating to the establishment or maintenance of its infrastructure, framework or systems;
- the Manager ensures that the soft commissions are in the form of research and advisory services that assist in the decision making process relating to the Fund’s investments; and
- the practice of the Manager in relation to soft commissions is adequately disclosed in this Prospectus and annual report, including a description of the goods and services received by the Manager.

The aforementioned fees may be expressed in the form of a ratio i.e. management expenses ratio (“MER”). The MER is the ratio of all the incidental costs incurred in operating the Fund to the average NAV of the Fund calculated on a daily basis and is paid directly from the Fund which includes: -

- (a) Manager Fee;
- (b) Trustee Fee; and
- (c) Fund expenses.

The Fund’s MER is calculated in accordance with the following formula: -

$$\text{MER} = \frac{\text{Fees of the Fund} + \text{recoverable expenses of the Fund} \times 100}{\text{Average NAV of the Fund (calculated on a daily basis)}}$$

The Trustee and the Manager shall be entitled to make payment out of the Fund Assets the following fees, costs and expenses to the extent they have been incurred in relation to the Fund:-

- (a) any costs, fees and expenses to be paid under any license and data supply contracts in relation to the Index Licensor entered into by the Trustee and/or the Manager in respect of the Fund;
- (b) the processing or handling fees levied by any person for rendering services to effect any acquisition, disposal or any other dealings whatsoever in the Fund Assets and any expenses in relation thereto including commissions/fees paid to brokers and/or dealers in effecting dealings in the investments of the Fund;
- (c) all professional fees relating to the agreeing and/or contesting of taxation, liabilities or recoveries to be discharged out of or paid into the Fund;
- (d) all fees, charges, expenses and disbursements of any legal adviser or counsel, accountant, auditor, investment adviser, valuer, broker, banker, tax adviser, computer expert or other professional advisers employed or engaged by the Trustee or the Manager in the establishment of the Fund, in maintaining, preserving and protecting the Fund Assets and in the ongoing performance of their respective duties and obligations under the Deed;
- (e) all fees, charges, expenses and disbursements incurred in relation to the safe-custody, acquisition, holding, registration, realisation of or other dealing with any investment or the holding of any investment or the custody of the documents of title thereto (including insurance of documents of title against loss in shipment, transit or otherwise and charges made by agents of the Trustee for retaining documents in safe-custody), any applicable fees and expenses of the Custodian, joint-custodian and/or sub-custodian appointed pursuant to the

provisions of the Deed and all transactional fees as may be agreed from time to time between the Manager and the Trustee in relation to all transactions involving the whole or any part of the Deposited Property;

- (f) all charges and expenses incurred for any meeting of Unit Holders other than convened by and for the benefit of the Manager and the Trustee;
- (g) the fees and expenses incurred by the Manager and the Trustee in obtaining and/or maintaining the listing and quotation of the Units on Bursa Securities, and/or the authorisation or other official approval or sanction of the Fund under the CMSA or any other relevant law or regulation;
- (h) the fees and expenses incurred in connection with depositing and holding Units with Bursa Depository and the Clearing House (and in any other securities depository or clearing system);
- (i) all charges, costs and expenses incurred by the Manager and the Trustee in respect of and/or in connection with the maintenance of a website or webpages (as the case may be) dedicated entirely to the Fund and communications with and/or notifications to the Unit Holders, the registrar and/or any relevant authorities including notifications made in relation to the Fund in Bursa Securities, newspaper(s) in Malaysia and such other forms of communication permitted / acceptable under the ETF Guidelines and as the Manager may from time to time determine;
- (j) all fees, costs and expenses incurred in respect of distributing, lodging and registering this Prospectus;
- (k) all fees, costs and expenses incurred in respect of preparing any deeds supplemental to the Deed and in respect of preparing any agreement in connection with the Fund other than those for the benefit of the Manager or the Trustee;
- (l) all costs incurred in respect of the preparation, publication and distribution of the audited accounts and unaudited semi-annual accounts and of all cheques, statements, notices and other documents relating to the Fund;
- (m) all fees and expenses properly incurred by the Auditor in connection with the Fund;
- (n) all fees and expenses incurred in connection with the removal of the Manager, the Trustee or the Auditor or the appointment of a new manager, a new trustee or new auditor;
- (o) all expenses incurred in the collection of Income (including expenses incurred in obtaining tax repayments or relief and agreement of tax liabilities) or the determination of taxation;
- (p) all expenses associated with the distributions declared pursuant to the Deed including without limitation fees for the revalidation or reissuance of any distribution cheque or warrant or telegraphic transfer;
- (q) all fees and expenses incurred by the Manager and the Trustee in terminating the Fund;
- (r) fees for the valuation of the Fund by independent valuers for the benefit of the Fund;
- (s) all fees and expenses of the independent members of the investment committee and the out-of-pocket expenses of the Supervisory Committee; and
- (t) such other charges, costs, expenses and disbursements (including but not limited to any tax and other duties imposed by any government and other authorities) as permitted or required (as the case may be) under the applicable laws which the Manager or Trustee is entitled to charge to the Fund.

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

5. CREATION AND REDEMPTION OF UNITS

5.1 Creation and Redemption of Units

Creation/Redemption Applications from the Participating Dealers for the creation/redemption of Units in accordance with the Participating Dealer Agreement are expected under the following circumstances: -

- (a) To facilitate Participating Dealers' clients' requests for creation and/or redemption of Units; and
- (b) To create liquidity in the market as part of the Participating Dealer's market making function.

Investors should note that the Fund is not like a typical unit trust fund offered to the public. Investors, whether retail or otherwise, should acquire or dispose of Units by trading Units on Bursa Securities. New Units are only issued to Participating Dealers. Hence, investors, whether retail or otherwise, may only create/redeem Units via applications for Creation/Redemption Units through a Participating Dealer, subject to the terms and conditions of the Deed and based on the procedures set out in the Participating Dealer Agreement.

The prices at which creations and redemptions of Units occur are based on the NAV per Unit of the Fund at the next Valuation Point on the Dealing Day after a Creation/Redemption Application is received in a form set out in the Participating Dealer Agreement.

The Manager may permit Participating Dealers to use a reverse repurchase transaction in connection with or submitted with any Creation/Redemption Application in accordance with the Participating Dealer Agreement, the Deed and applicable laws.

Creation/Redemption of Units will be based on the NAV of the Fund, as at the next Valuation Point of the Fund.

5.1.1 In-Kind Creation

Investors (who are not Participating Dealers) who wish to create Units via in-Kind Creation must approach a Participating Dealer to do so on their behalf in such minimum number of Units that may be notified together with the In-Kind Creation Basket. Investors (who are Participating Dealers) who wish to create Units via In-Kind Creation may approach the Manager to do so. The Manager may, in its discretion, approve the Creation Application upon such terms as it deems fit. For such purpose, investors may be required to complete a form as required by the Manager or the Participating Dealer. In addition, the Manager or the Participating Dealer may request the investor to make certain representations and/or furnish certain certifications. Investors should be aware that their particular broker or dealer may not have executed a Participating Dealer Agreement and therefore, Creation Applications have to be placed by the investor's broker or dealer through a Participating Dealer that has entered into the Participating Dealer Agreement. Unless otherwise permitted by the ETF Guidelines and subject to any exemption or variation which may be granted by the relevant authorities from time to time, the Manager shall only accept Creation Applications from Participating Dealers.

The Manager shall determine the Index Securities, Non-Index Securities, other investments and/or Cash Issue Component (if any) comprising the In-Kind Creation Basket applicable to Creation Applications to create Units in Creation Units or multiples thereof submitted with respect to that Dealing Day. Generally, the Manager will permit creations by Participating Dealers of Creation Units or multiples thereof on a continuous basis on every Dealing Day.

The Manager may change the number of Units comprising a Creation Unit aggregation for the purpose of effecting creations of Units. Any change in the In-Kind Creation Basket, and/or Creation Units shall be notified to the Trustee and the Participating Dealers.

Creation Applications received from Participating Dealers before the Dealing Deadline of 4.30 p.m. on each Dealing Day and accepted by the Manager will be issued at an Issue Price based on the closing NAV per Unit of the Fund on that Dealing Day.

Creation Applications received from Participating Dealers after the Dealing Deadline or on a day which is not Dealing Day shall be deemed to be received by the Manager before the Dealing Deadline for the next Dealing Day. Investors placing Creation Applications for Units should provide sufficient time to permit proper submission of the Creation Applications by the Participating Dealers to the Manager prior to the Dealing Deadline on the relevant Dealing Day.

Subsequent to the submission of the Creation Application, the Participating Dealer must deliver to the Trustee (on behalf of the Fund) the Creation Securities and the Cash Issue Component (if any) for each Creation Unit, in accordance with the procedures set out in the Participating Dealer Agreement.

The creation of Units in Creation Unit aggregations will only be carried out if the following are satisfied: -

- (i) The Creation Securities and the Cash Issue Component (if any) to be delivered to the Trustee (on behalf of the Fund) has been approved by the Manager; and
- (ii) The Creation Securities and the Cash Issue Component (if any) as approved in item (i) above has been delivered to the Trustee (on behalf of the Fund) to the Trustee's satisfaction and any processing and other fees payable have been paid in full.

If any of the above is not satisfied, the Creation Application may be cancelled. Participating Dealers will be liable for all direct and indirect losses incurred by the Fund resulting from Creation Applications submitted by them that are cancelled after the time for cancellation (if applicable) set out in the Deed or Participating Dealer Agreement has passed, including processing fees, cancellation fees, duties, charges and any interest costs incurred by the Fund and any losses arising in respect of the Fund's purchase and/or sale of investment in connection with such cancellation.

The Manager and/or the Trustee reserve the right in its/their sole discretion, provided that it is reasonable, to reject or suspend a Creation Application if:

- (i) the Creation Application is unclear, erroneous or ambiguous (in the reasonable opinion of the Manager and/or Trustee);
- (ii) the Creation Securities and the Cash Issue Component (if any) do not correspond with the In-Kind Creation Basket for the applicable Dealing Day;
- (iii) the aggregate of the Creation Units in respect of a Creation Application and the number of Units then in issue exceeds the authorised size of the Fund;
- (iv) the Manager reasonably believes that the acceptance of the Creation Securities would be unlawful;
- (v) if any of the stock exchanges that the Fund invest in are closed; or
- (vi) the Manager has suspended the rights of the Participating Dealer to make Creation Applications pursuant to this Deed.

The Trustee may refuse to create Units or create Units in the number instructed by the Manager if the Trustee considers that such creation is not in the interest of the Unit Holders or that it would result in a breach of the provisions of the Deed and other applicable laws.

To be effective, the Creation Application: -

- (i) must be given to the Manager by a Participating Dealer in accordance with the Participating Dealer Agreement;
- (ii) must specify the round number of Creation Unit aggregation;
- (iii) where applicable, must include the certifications contemplated in the Participating Dealer Agreement in respect of creation of Units, together with such other certifications and opinions

of counsel as the Trustee and the Manager may consider necessary to ensure compliance with applicable laws; and

(iv) must be in Creation Unit aggregations.

Subject to the Deed and the Participating Dealer Agreement, a Creation Application once given cannot be revoked or withdrawn without the consent of the Manager.

The Manager may from time to time and at any time permit or require the substitution of an amount of cash to replace any Index Securities, Non-Index Securities and/or other investments of the Fund comprised in an In-Kind Creation Basket.

In the event the Manager exercises this discretion, the cash in lieu amount shall be equal to the value of any substituted Index Securities, Non-Index Securities and/or other investments of the Fund and shall comprise part of the Cash Issue Component and each such substituted Index Security, Non-Index Security and/or other investments of the Fund shall be deemed not to be a Creation Security comprising part of the In-Kind Creation Basket.

The Manager shall be entitled to charge the applicant of any Units for which cash is paid in lieu of delivering any Creation Securities such additional sum it may consider represents the appropriate provision for duties and charges.

5.1.2 In-Kind Redemption

Investors (who are not Participating Dealers) who wish to redeem Units via In-Kind Redemption must approach a Participating Dealer to do so on their behalf, in such minimum number of Units that may be notified together with the In-Kind Redemption Basket. Investors (who are Participating Dealers) who wish to redeem Units via In-Kind Redemption may approach the Manager to do so. The Manager may, in its discretion, approve the Redemption Application upon such terms as it deems fit. For such purpose, investors may be required to complete a form as required by the Manager or the Participating Dealer. In addition, the Manager or the Participating Dealer may request the investor to make certain representations and/or furnish certain certifications. Investors should be aware that their particular broker or dealer may not have executed a Participating Dealer Agreement and therefore, Redemption Applications have to be placed by the investor's broker or dealer through a Participating Dealer that has entered into the Participating Dealer Agreement. Unless otherwise permitted by the ETF Guidelines and subject to any exemption or variation which may be granted by the relevant authorities from time to time, the Manager shall only accept Redemption Applications from Participating Dealers.

The Manager shall determine the Index Securities, Non-Index Securities, other investments and/or Cash Redemption Component (if any) comprising the In-Kind Redemption Basket applicable to applications to redeem Units in Redemption Units or multiples thereof submitted with respect to that Dealing Day. Generally, the Manager will permit redemptions by Participating Dealers of Redemption Units or multiples thereof on a continuous basis on every Dealing Day.

The Manager may from time to time, change the number of Units comprising a Redemption Unit aggregation for the purpose of effecting redemption of Units. Any change in the In-Kind Redemption Basket, and/or Redemption Units shall be notified to the Trustee and the Participating Dealer.

Redemption Applications received from Participating Dealers before the Dealing Deadline of 4.30 p.m. on each Dealing Day and accepted by the Manager will be issued at that Dealing Day's Redemption Price. Redemption Applications received from Participating Dealers after the Dealing Deadline or on a day which is not Dealing Day shall be deemed to be received by the Manager before the Dealing Deadline for the next Dealing Day. Investors placing Redemption Applications to redeem Units should provide sufficient time to permit proper submission of the applications by the Participating Dealers to the Manager prior to the Dealing Deadline on the relevant Dealing Day.

The Redemption Securities and Cash Redemption Component (if any) shall be transferred or paid by the Trustee in accordance with the Participating Dealer Agreement provided that the Units, which are the subject of the Redemption Application, have been delivered to the Trustee or its nominee and the full amount of the Cash Redemption Component (if negative) and any processing and other fees payable have been paid in full. The Unit Holder on whose behalf a Redemption Application is

made by a Participating Dealer shall be deemed to authorise (i) the transfer of the Redemption Securities by book entry to the designated 'RENTAS' securities account and (ii) the payment of the Cash Redemption Component by book entry payment to the designated cash account or by telegraphic transfer to a bank account in the name or to the order, in each case, of that Participating Dealer by or through whom that Redemption Application was made.

No Redemption Securities shall be delivered and no Cash Redemption Component shall be paid unless the Units which are the subject of the Redemption Application have been delivered to the Trustee or its nominee for redemption and by such time as the Manager shall for the time being prescribe in the Participating Dealer Agreement for such Redemption Application. The Manager may at its discretion and with the approval of the Trustee extend the settlement period, such extension to be on such terms and conditions as the Manager may determine.

The Manager and/or the Trustee reserve the right in its/their sole discretion, provided that it is reasonable, to reject or suspend a Redemption Application if:

- (i) the Redemption Application is unclear, erroneous or ambiguous (in the reasonable opinion of the Manager and/or Trustee);
- (ii) the number of Units in respect of which Redemption Applications are received by the Manager exceeds the limit for redemption on the Dealing Day;
- (iii) the Manager has suspended the rights of the Participating Dealer to make Redemption Applications pursuant to the Deed;
- (iv) if any of the stock exchanges that the Fund invest in are closed; or
- (v) in the reasonable opinion of the Manager, the Redemption Application may breach any of the terms or conditions of the Participating Dealer Agreement and/or the Deed.

The Trustee may refuse to redeem Units or redeem Units in the number instructed by the Manager if the Trustee considers that such redemption is not in the interest of the Unit Holders or that it would result in a breach of the provisions of the Deed and other applicable laws.

In the event those Units are not delivered to the Trustee or its nominee for redemption in accordance with the foregoing: -

- (i) the Redemption Application may be cancelled (except that the applicable processing and other fees shall remain due and payable); and
- (ii) the Manager may, but shall not be bound to, charge the applicant a cancellation fee as may from time to time be disclosed in this Prospectus to represent the administrative costs involved in processing the Redemption Application, and any losses arising in respect of the Fund's sale and purchase of securities and any interest costs incurred by the Fund in connection with such failed redemption.

To be effective, the Redemption Application: -

- (i) must be given to the Manager by a Participating Dealer in accordance with the Participating Dealer Agreement;
- (ii) must specify the round number of Redemption Unit aggregations;
- (iii) where applicable, must include the certifications contemplated in the Participating Dealer Agreement in respect of redemptions of Units, together with such other certifications and opinions of counsel as the Trustee and Manager may consider necessary to ensure compliance with applicable laws; and
- (iv) must be in Redemption Unit aggregations.

In the event that the total number of Units in respect of which Redemption Applications are received by the Manager on a Dealing Day exceeds 30% (or such other percentage as the Manager may

determine) of the NAV of the Fund in any particular day of the total number of Units in issue (disregarding any Units which have been agreed to be issued), the Manager shall be entitled to limit the total number of Units which Unit Holders are entitled to redeem on that Dealing Day to 30% (or such higher percentage as the Manager may determine) in any particular case of the total number of Units in issue (disregarding any Units which have been agreed to be issued).

Subject to the Deed and the Participating Dealer Agreement, a Redemption Application once given cannot be revoked or withdrawn without the consent of the Manager.

5.1.3 Creation by Cash

Participating Dealers (either for their own account or for the account of their clients) may apply for Units via Cash Creation. Such investors may be required to complete a form as required by the Participating Dealer or the Manager. Payment of Units may be made in such manner and/or to such bank account as the relevant Participating Dealer or, as the case may be, the Manager may specify.

Unless otherwise permitted by the ETF Guidelines and subject to any exemption or variation which may be granted by the relevant authorities from time to time, the Manager shall only accept Creation Applications from Participating Dealers.

The minimum number of Units that may be created will be the number of Units notified together with the In-Kind Creation Basket.

The Issue Price of each Unit shall be ascertained as follows: -

- (i) by dividing the value of the NAV at the next Valuation Point on a Dealing Day by the number of Units in issue; and
- (ii) by adjusting the resulting total per Unit to the nearest RM0.0001 (with fractions of RM0.00005 being rounded up).

Applications for subscription of Units via Cash Creation must reach the Manager before the Dealing Deadline, which is 4.30 p.m. or if that day is not a Dealing Day, then on the immediately following Dealing Day.

If the request for subscription of Units via Cash Creation is received by the Manager after the Dealing Deadline, it shall be deemed to be received by the Manager on the next Dealing Day. This means that if your application is received by the Manager after 4.30 p.m., the Issue Price you pay per Unit will be based on the Issue Price on the following Dealing Day. Investors placing applications for Units should provide sufficient time to permit proper submission of the applications by the Participating Dealers to the Manager prior to the Dealing Deadline on the relevant Dealing Day.

The Manager and/or the Trustee reserve the right in its/their sole discretion, provided that it is reasonable, to reject or suspend a Creation Application if:

- (i) the Creation Application is unclear, erroneous or ambiguous (in the reasonable opinion of the Manager and/or Trustee);
- (ii) the aggregate of the Creation Units in respect of a Creation Application and the number of Units then in issue exceeds the authorised size of the Fund;
- (iii) the Manager reasonably believes that the acceptance of the Creation Securities would be unlawful;
- (iv) if any of the stock exchanges that the Fund invest in are closed; or
- (v) the Manager has suspended the rights of the Participating Dealer to make Creation Applications pursuant to this Deed.

5.1.4 Redemption by Cash

Participating Dealers (either for their own account or for the account of their clients) may apply for redemption of Units via Cash Redemption. Such Unit Holder may be required to complete a form as required by the Manager or the Participating Dealer.

Unless otherwise permitted by the ETF Guidelines and subject to any exemption or variation which may be granted by the relevant authorities from time to time, the Manager shall only accept Redemption Applications from Participating Dealers.

There is no minimum holding amount for the Units. The minimum number of Units that may be redeemed will be the number of Units notified together with the In-Kind Redemption Basket. Unit Holders who hold less than the minimum redemption amount of Units may sell their Units for cash by trading the Units on Bursa Securities.

The net redemption proceeds shall be ascertained as follows: -

- (i) by dividing the value of the NAV at the next Valuation Point on a Dealing Day by the number of Units in issue;
- (ii) by adjusting the resulting total per Unit to the nearest RM0.0001 (with fractions of RM0.00005 being rounded up); and
- (iii) by multiplying the resulting total by the number of Units to be redeemed.

Applications to redeem Units via Cash Redemption must reach the Manager before the Dealing Deadline, which is 4.30 p.m. or if that day is not a Dealing Day, then on the immediately following Dealing Day.

In the event that the total number of Units in respect of which Redemption Applications are received by the Manager on a Dealing Day exceeds thirty percent (30%) (or such other percentage as the Manager may determine) of the NAV of the Fund in any particular day of the total number of Units in issue (disregarding any Units which have been agreed to be issued), the Manager shall be entitled to limit the total number of Units which Unit Holders are entitled to redeem on that Dealing Day to 30% (or such higher percentage as the Manager may determine) in any particular case of the total number of Units in issue (disregarding any Units which have been agreed to be issued).

If the request to redeem Units via Cash Redemption is received by the Manager after the Dealing Deadline, it shall be deemed to be received by the Manager on the next Dealing Day. This means that if your application is received by the Manager after 4.30 p.m., the Redemption Price you get will be based on the Redemption Price on the following Dealing Day. Investors redeeming Units should provide sufficient time to permit proper submission of the applications by the Participating Dealers to the Manager prior to the Dealing Deadline on the relevant Dealing Day.

Payment will be made within 6 Business Days after the Dealing Day on which the Redemption Application is made subject to the provisions of the Deed and/or the Participating Dealer Agreement.

The Manager and/or the Trustee reserve the right in its/their sole discretion, provided that it is reasonable, to reject or suspend a Redemption Application if:

- (i) the Redemption Application is unclear, erroneous or ambiguous (in the reasonable opinion of the Manager and/or Trustee);
- (ii) the number of Units in respect of which Redemption Applications are received by the Manager exceeds the limit for redemption on the Dealing Day;
- (iii) the Manager has suspended the rights of the Participating Dealer to make Redemption Applications pursuant to the Deed;
- (iv) if any of the stock exchanges that the Fund invest in are closed; or

- (v) in the reasonable opinion of the Manager, the Redemption Application may breach any of the terms or conditions of the Participating Dealer Agreement and/or the Deed.

5.1.5 Dilution

The NAV of the Fund could be reduced as a result of costs incurred in investing cash subscriptions received on an application of Units, in paying Cash Redemption proceeds on a redemption of Units, or incurred in respect of dealing in portfolio securities, duties, taxes or other normal costs of the Fund. In addition, there may dilution costs due to the difference between the buying and selling prices of such securities and the market value of these securities. In order to prevent any potential adverse effect on investors in the Fund and to avoid a dilution of the Fund's property due to such duties and charges and/or dilution costs, the Manager has the discretion to charge a fee comprising normal charges and dilution charges to investors to compensate for any decrease in the Fund's NAV when Units are created or redeemed. Any such fee paid to the Fund, will become part of the property of the Fund. Such fee (if any) will be determined by the Manager as the Manager may consider represents the appropriate provision for duties and charges. If the actual duties and charges incurred by the Fund are less than the Manager's provision therefore, such difference will be for the benefit of the Fund and to the extent such duties and charges incurred by the Fund are more than the provision therefore, then any such deficiency will be borne by the Fund.

5.2 Obtaining Information on the In-Kind Creation/Redemption Baskets

Details of the In-Kind Creation/Redemption Baskets and the corresponding Unit aggregations will be made available via daily announcements by the Manager on Bursa Securities and on the Fund's website at www.abfmy1.com.my. The Manager does not accept any responsibility for any errors of the details published or for any non-publication, non-telecast, late publication or late telecast of such details and shall incur no liability in respect of any action taken or loss suffered by the investors in reliance upon such publication or telecast (as the case may be).

5.3 Trading the Units on Bursa Securities (Secondary Market)

Units of the Fund are listed for trading on Bursa Securities. Units can be bought and sold throughout the trading day like other publicly-traded shares. There is no minimum investment. Although Units are generally purchased and sold in "board lots" of 100 Units, brokerage firms may permit investors to purchase or sell Units in smaller "odd-lots", although prices of Units traded in "odd-lots" may differ slightly from Units purchased and sold in "board lots".

However, investors should note that transactions in the secondary market on Bursa Securities will occur at quoted market process which may differ from the daily NAV per Unit due to market demand and supply, liquidity and trading spread for the Units in the secondary market. As a result, the market price of the Units in the secondary market may be higher or lower than the daily NAV per Unit.

When buying or selling Units through a broker, investors will incur customary brokerage, stamp duty and clearing fees. Unit prices are reported in RM per Unit. Pursuant to Section 14(1) of the Central Depositories Act, Bursa Securities has prescribed the Units as a prescribed security. In consequence thereof, the Units will be deposited directly with Bursa Depository and any dealings in these Units will be carried out in accordance with the aforesaid Act and the rules of Bursa Depository.

Investors owning Units of the Fund are beneficial owners as shown on the records of Bursa Depository. Bursa Depository serves as the securities depository for all Units of the Fund. As a beneficial owner of Units, you are not entitled to receive physical delivery of Unit certificates or to have Units registered in your name, and you are not considered a registered owner of Units. Therefore, to exercise any right as an owner of Units, you must rely upon the procedures of Bursa Depository. These procedures are the same as those that apply to securities listed on Bursa Securities.

Investors may open a CDS Account by contacting any of the participating organisations. A list of the participating organisation is available on Bursa Securities' website at www.bursamalaysia.com/market/securities/equities/brokers/list-of-participating-organisations.

Unit Trading Prices

The trading prices of Units on Bursa Securities may differ in varying degrees for their daily NAVs and can be affected by market forces such as supply and demand, economic conditions and other factors. Unit Holders may keep track of the current market price of the Units via Bursa Securities' website at www.bursamalaysia.com on a daily basis.

The Units are traded on the board as determined by Bursa Securities in accordance with the relevant tick-size rules as set by Bursa Securities. This may be different from the bid/ask spread of the underlying securities.

Market Making

It is the intention of the Manager to facilitate the provision of liquidity for investors through the appointment of Participating Dealers/market makers who are required to maintain a market for the Units. In maintaining a market for Units, the Participating Dealers/market makers may realise profits or sustain losses in the amount of any differences between the prices at which they buy the Units and the prices at which they sell the Units. Any profit made by the Participating Dealers/market makers may be retained by them for their absolute benefit and they shall not be liable to account to the Trustee in respect of such profits.

Although Participating Dealers/market makers may buy and sell Units just like retail investors via Bursa Securities, there is no guarantee or assurance as to the price at which a market will be made. A list of Participating Dealers/market makers appointed by the Manager may be obtained from Bursa Securities' website. The Manager will also notify Bursa Securities of any changes to the list of Participating Dealers/market makers.

Keeping abreast with developments of the Fund/Customer services of the Manager

The Manager shall also deliver a copy of the interim and annual report of the Fund to each Unit Holder without charge within 2 months of the end of the financial year/period of the Fund. Additional copies of the said reports may be requested by the Unit Holder subject to the payment of a reasonable sum as may be determined by the Manager.

Where applicable, the Manager will send to Unit Holders their tax vouchers which sets out such information that is needed to complete a tax return.

Updated information on the Fund including but not limited to the Unit price or NAV per Unit of the Fund can be obtained from the Manager's website and as announced on Bursa Securities from time to time.

6. ABOUT THE MANAGER

6.1 Corporate Information

AmFunds Management Berhad [Registration No.: 198601005272 (154432-A)] (“**AFM**”) was incorporated in Kuala Lumpur, Malaysia on 9 July 1986 and is wholly owned by AmInvestment Bank Berhad with effect from 21 July 2016. As at 31 May 2021, AFM has more than thirty (30) years of experience in the unit trust industry.

With effect from 1 December 2014, AFM is the holder of a Capital Markets and Services License for the regulated activities of fund management in relation to portfolio management, dealing in securities restricted to unit trusts and dealing in private retirement scheme issued under the CMSA.

6.2 Duties and Responsibilities

The Manager is responsible for setting the investment policies for the Fund and implementing strategies to meet the objective of the Fund. The Manager is also responsible for managing the Fund's portfolio, issuing Units and preparing and issuing this Prospectus.

6.3 Directors and Key Personnel

The board of directors of AFM (“**Board of Directors**”), of which one-third (1/3) are independent members, exercise ultimate control over the operations of the company. The Board of Directors acts to ensure that investment risk and operational risk are monitored and managed. It also ensures that the company's operations comply with regulations issued by the government and regulatory authorities.

Members of the Board of Directors: -

- **Jeyaratnam A/L Tamotharam Pillai (Chairman, Independent)**, aged 66, was appointed to the Board of Directors of AmFunds Management Berhad on 1 April 2019 as Independent Non-Executive Chairman. He is currently the Chairman of AmInvestment Bank Berhad. With over 30 years' experience in the financial and investment banking services industry, Jeyaratnam is a seasoned banker having involved in various assignments which included the listing of companies, mergers and acquisitions, takeovers, corporate restructuring and fund raising exercises. Jeyaratnam undertook Malaysia's first privatisation exercise and participated in various feasibility studies and cross border transactions in India, Ghana and the United Kingdom. The area of expertise and experience of Jeyaratnam also include deals origination, define corporate and funding structures, evaluate and negotiate deals, execution and implementation of deals. He has been working closely with various stakeholders such as corporate clients, investors, banks, government agencies, Bursa Malaysia Berhad (“Bursa”), SC and Bank Negara Malaysia (“BNM”). During his career, Jeyaratnam had served as Chief Executive/Deputy Chief Executive of four investment banks over a 12-year period. He was also a member of the Sub-Committee of Bursa and the Capital Market Advisory Council of SC. Jeyaratnam was appointed by the Minister of Finance to be part of the six-member team that was responsible in formulating the Malaysian Capital Market Masterplan. He was overseeing the Investment Banking, Stockbroking, Fund Management and Venture Capital Activities during his tenure in Maybank as the Head of Investment Banking Division. Jeyaratnam's past directorships included Westcomb Financial Group Limited Singapore, Kuwait Finance House (Australia) Ptd Ltd, KFH Asset Management Sdn Bhd, Kuwait Finance House (Labuan) Berhad and Avenue Capital Resource Berhad. Jeyaratnam is a member of the Institute of Chartered Accountants in England and Wales and member of the Malaysia Institute of Accountants. He obtained a Certificate of fellowship from the Institute of Chartered Accountants in England and Wales in 2018. He held a Capital Markets Services Representative License (CMSRL Adviser License) and was a Qualified Senior Personnel (QSP) approved by SC.
- **Mustafa Bin Mohd Nor (Independent)**, aged 70, was appointed to the Board of Directors of AmFunds Management Berhad as an independent and non-executive director on 3 March 2014. He is also a director of USAS Berhad and a member of state investment committee, Perak Darul Ridzuan. In total, he has approximately forty (40) years of vast and diversified experience in economics, investment advisory, stockbroking, unit trust, asset and fund management. He

obtained a Master of Arts (Economic Policy) from Boston University and Bachelor of Economics (Analytical) from University of Malaya.

- **Tai Terk Lin (Independent)**, aged 60, was appointed to the Board of Directors of AmFunds Management Berhad as an independent and non-executive director on 15 December 2014. He has experience of more than thirty (30) years in fund management and banking industry, while leading a lot of management initiative projects in unit trust, commercial and private banking as well as wealth management. He was previously the Group Chief Executive Officer of ICB Financial Group Holdings AG, the holding company of ICB Banking Group, and a Commissioner of PT Bank ICB Bumiputera. Before that, he was the executive director of Platinum Capital Management (Asia) and a Senior Vice President of DBS Bank in Singapore. He holds a Master of Business Administration (MBA) from Cranfield University, United Kingdom. He has a Bachelor of Science with Education (B.Sc.Ed (Hons)) from the University of Malaya and holds the Certified Financial Planner (CFP) and the IBF Advance (IBFA) from the Institute of Banking and Finance Singapore.
- **Jas Bir Kaur a/p Lol Singh (Independent)**, aged 63, was appointed to the Board of Directors of AFM on 1 July 2021 as an independent and non-executive director. She is also the chairperson of the Investment Committee of the funds of AFM and AmIslamic Funds Management Sdn Bhd. She holds a degree in Economics and Business Administration (Analytical Economics) from University Malaya, Masters in Science (Finance) from the University of Strathclyde, Glasgow, Scotland and her second Master of Managerial Psychology (part-time) from HELP University, Kuala Lumpur. She is also a Certified Professional Coach (Corporate Coach Academy) and certified mediator under Malaysian Mediation Centre. Throughout her career, she had held senior positions at Bank Negara Malaysia, SC and Value Partners Hong Kong, an asset management company listed on the Hong Kong Stock Exchange. She is currently on the panel of mediators for Securities Industry Dispute Resolution Centre (SIDREC). She currently sits on the boards of Pacific Trustees Berhad and Federation of Investment Managers Malaysia.
- **Ng Chih Kaye (Independent)**, aged 65, was appointed to the Board of Directors of AFM on 1 July 2021 as an independent and non-executive director. He began his career at a firm of Chartered Accountants in London and later at KPMG, Kuala Lumpur. He then served Malayan Banking Berhad for 25 years in the areas of internal audit, credit control and asset recovery until he retired as Executive Vice-President in 2010. Mr Ng is a member of the Malaysian Institute of Accountants (“MIA”) and a Fellow of the Association of Chartered Certified Accountants (ACCA), United Kingdom. He has been a member of the Insolvency Committees of the Malaysian Institute of Certified Public Accountants (MICPA) and MIA for more than 15 years and remains a member to date. Presently, Mr Ng is an examiner with the Asian Institute of Chartered Bankers (AICB) for the Professional Credit Certification and Risk Management in Banking programmes. He is also a panel member of the Finance Accreditation Agency (FAA). He currently sits on the boards of Malaysia Debt Ventures Berhad, AmBank (M) Berhad and Shangri-La Hotels (Malaysia) Berhad.
- **Goh Wee Peng (Non-Independent)**, aged 46, is the Chief Executive Officer (CEO) of AmInvest, the brand for the funds management business of AFM and AmIslamic Funds Management Sdn Bhd. Both companies are wholly-owned subsidiaries of AmInvestment Bank Berhad. She is responsible for business strategy and management of AmInvest. Ms. Goh has more than 20 years of experience in the financial industry in which over 16 years’ experience are in funds management. Prior to her appointment as CEO in August 2018, she held various senior management roles within AFM comprising Acting CEO, Deputy CEO and Chief Investment Officer of Fixed Income. Her financial expertise and experience span money broking, bond trading and funds management. She started her career as a money market broker, then fixed income dealer before joining AFM as a credit analyst in 2002. Ms. Goh graduated with a degree in Bachelor of Business (Economics and Finance) from RMIT University, Melbourne, Australia. She holds a Capital Markets Services Representative’s License, Persatuan Forex License, Dealer’s Representative License and is a member of the Federation of Investment Managers Malaysia (FIMM) and Malaysian Association of Asset Managers (MAAM).

Members of the Key Personnel: -

- **Goh Wee Peng - Chief Executive Officer (CEO)**
(Please refer to the above)

- **Wong Yew Joe - Chief Investment Officer (CIO)**

Wong Yew Joe, 45, is the Chief Investment Officer of AFM overseeing investments in the firm. He has more than 20 years of experience in financial services and funds management. Over this tenure, his roles covered investment analysis, trading and portfolio management. He also played a key role in product development, business development and managing client relationships. Yew Joe first joined the Funds Management Division in 2006 as a fund manager. His last post was the Head of Fixed Income reporting to the Chief Investment Officer and oversaw investments in Islamic fixed income instruments and other related instruments. He holds a Bachelor of Commerce (Accounting and Finance) from the University of Southern Queensland, Australia. He also holds a Capital Markets Services Representative's License for the regulated activity of fund management.

Designated fund manager of the Fund

- **Kho Hock Khoon**

Kho Hock Khoon, 47, is the Senior Vice President of Fixed Income with more than 8 years of relevant experience in fund management field. He was a credit officer for 3 years with a foreign bank incorporated in Malaysia. He started as a credit analyst with the Manager and later assumes a greater responsibility as the fund manager cum credit analyst for the Manager. He has over RM4 billion of assets under his management. Kho holds a PhD degree and Master degree in Finance from Royal Melbourne Institute of Technology (RMIT), Australia. He also holds a Bachelor degree of Business in Economics and Finance from the same academic institution. Kho is the holder of Capital Markets Services Representative's License (CMSRL) for the regulated activity of fund management.

6.4 Investment Committee

The investment committee members meet at least five (5) times a year to ensure that the investment management of the Fund is consistent with:-

- (a) the Fund's investment objective;
- (b) the Deed;
- (c) the ETF Guidelines and other applicable laws;
- (d) the internal investment restrictions and policies; and
- (e) acceptable and efficacious investment management practices within the industry.

In the event of any conflict between the decisions, instructions, requirements and/or directions of the investment committee and of the Supervisory Committee in relation to the investment management of the Fund, the decisions, instructions, requirements and/or directions of the investment committee will prevail provided that such decisions, instructions, requirements and/or directions are made in accordance with the role, powers and duties set out in the ETF Guidelines and/or other applicable laws.

The investment committee comprises the following members:-

- Jas Bir Kaur a/p Lol Singh (Independent)
- Mustafa Bin Mohd Nor (Independent)
- Zainal Abidin Mohd. Kassim (Independent)
- Izad Shahadi bin Mohd Sallehuddin (Independent)
- Tai Terk Lin (Independent)
- Goh Wee Peng (Non-Independent)

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

- **Jas Bir Kaur a/p Lol Singh (Chairman)**

(Please refer to the above)

- **Izad Shahadi bin Mohd Sallehuddin**

Izad Shahadi bin Mohd Sallehuddin, aged 40, was appointed to the Board of Directors of Amlslamic Funds Management Sdn Bhd on 1 July 2021 as an independent and non-executive director. He is also a member of the Audit and Risk Management Committee of Amlslamic Funds Management Sdn Bhd, and a member of the Investment Committee of the funds of AFM and Amlslamic Funds Management Sdn Bhd. He holds a BSc Economics (Hons) from the London School of Economics and Political Science and a Master's degree in Business Administration from the University of Nottingham. He has also completed the Berkeley Executive Leadership Program at the Haas School of Business, University of California Berkeley. He has over 15 years of experience working

in financial institutions, including top global bulge bracket investment banks, such as UBS and Citigroup focusing on equities. He also has experience in fund raising activities as well as managing and rehabilitating assets of government-linked companies. He was previously the Chief Executive Officer of Urusharta Jamaah Sdn Bhd and Chief Investment Officer of Penjana Kapital Sdn Bhd.

- **Mustafa Bin Mohd Nor**
(Please refer to the above)

- **Tai Terk Lin**
(Please refer to the above)

- **Zainal Abidin Mohd. Kassim**

Zainal Abidin Mohd. Kassim is a Fellow of the Institute of Actuaries in the United Kingdom since 1986, a Fellow of the Actuarial Society of Malaysia, a Fellow of the Society of Actuaries of Singapore and an Associate of the Society of Actuaries, United States of America. He has been a Consulting Actuary and Senior Partner with over 30 years of consulting experience with extensive experience in conventional insurance and Takaful for both life and casualty insurance. He also has experience in various assignments on investment consulting for pension and provident funds as well as pension liabilities and pension benefit. Encik Zainal Abidin Mohd. Kassim holds a Bachelor of Science (First Class Honours) in Actuarial Science degree from City University London.

- **Goh Wee Peng**
(Please refer to the above)

6.5 Supervisory Committee

- (1) To the extent permitted or required by applicable laws, the Manager shall, with the approval of the Trustee, establish a Supervisory Committee which shall be constituted as follows: -
 - (a) the Supervisory Committee shall consist of at least 3 members. All members of the Supervisory Committee shall be subject to the prior approval of the SC. The chairman of the Supervisory Committee shall be appointed by the members of the Supervisory Committee from among themselves. The Supervisory Committee members shall serve until their resignation or removal.
 - (b)
 - (i) Subject to section (c) below, after the initial appointments to the Supervisory Committee, all further appointments shall be made by the Supervisory Committee itself, by majority vote, on a basis to be determined by it.
 - (ii) A Supervisory Committee member may be removed and replaced with or without cause at any time by a majority of the members of the Supervisory Committee by notice to the relevant Supervisory Committee member.
 - (iii) A Supervisory Committee member may resign at any time by giving thirty (30) Business Days' notice to the other members of the Supervisory Committee, the Trustee and the Manager.
 - (c) notwithstanding the above, if there are less than 3 members of the Supervisory Committee remaining at any time subject to the provisions of the Deed, the Manager with the approval of the Trustee shall be entitled to appoint additional persons to be members of the Supervisory Committee. All members of the Supervisory Committee shall be independent of the Trustee, the Manager and connected persons of both of them;
 - (d) the quorum for a meeting of the Supervisory Committee shall be the presence of no fewer than one half of its members (or their respective alternates) being not less than 2 in number and such quorum shall be present both at the commencement of business and also when such business is voted upon. Subject to the provisions in section (g) below, all resolutions of the Supervisory Committee shall be passed by a simple majority vote of the members (or their respective alternates) present or represented; provided that a quorum is present. In the event of a tie, the chairman of the Supervisory Committee shall have a second or casting vote.

- (e) any member of the Supervisory Committee may at any time appoint a person to be his alternate for the purposes of participating in meetings of the Supervisory Committee and may at any time terminate such appointment. While so appointed an alternate shall have all the rights, powers and privileges of his appointor.
 - (f) the Supervisory Committee shall meet whenever a matter under the Deed requires the Supervisory Committee's approval, consent or agreement (and in any event it shall meet at least once annually). Any 1 member of the Supervisory Committee may, at any time, convene a meeting of the Supervisory Committee provided that not less than 2 Business Days' notice of such meeting shall be given to all members of the Supervisory Committee (and their respective alternates). The Manager or the Trustee may also, at any time, convene a meeting of the Supervisory Committee, provided that not less than 7 Business Days' notice of such meeting shall be given to all members of the Supervisory Committee (and their respective alternates). In each case such notice may be waived by all the members of the Supervisory Committee (and their respective alternates).
 - (g) the Supervisory Committee may dissolve itself permanently by resolution passed by not less than 75% of all the members of the Supervisory Committee (and not their alternates), and in which event: -
 - (i) any matter requiring the approval, consent or agreement of the Supervisory Committee shall not require its approval, consent or agreement;
 - (ii) there shall be no requirement to convene or hold meetings of the Supervisory Committee in accordance with the provisions of the Deed; and
 - (iii) the Trustee and the Manager shall continue to manage and administer the Fund in accordance with the terms of the Deed as if all references to the Supervisory Committee had been removed and deleted from the Deed,
- (2) The Supervisory Committee shall, subject to applicable laws: -
- (a) oversee matters pertaining to the management and administration of the Fund;
 - (b) in connection with the management and administration of the Fund under and in accordance with the terms of the Deed: -
 - (i) have the right to make recommendations to (but not without being under any obligation to) the Manager on matters relating to strategic (but not day to day) issues related to the structure, management and administration of the Fund;
 - (ii) have the power to (but without being any obligation to) require the Manager to report to the Supervisory Committee on any matter, act or thing pertaining to their management or administration of the Fund, and in relation to the exercise of any discretion by the Manager under and in accordance with the terms of the Deed, including without limitation, in respect of the appointment or removal of any Service Provider (as hereinafter defined) and the Manager's current and future marketing plan; and
 - (iii) approve, consent or agree, direct or make recommendations to the Trustee and/or the Manager on such other matters as are set out in the Deed requiring the approval, consent or agreement of the Supervisory Committee or in respect of which the Supervisory Committee may direct or make recommendations to the Trustee and/or the Manager;
 - (c)
 - (i) have the power to recommend to the Manager that the Trustee be removed, in which case the Supervisory Committee shall give notice in writing to the Manager that it wishes the Trustee to retire;
 - (ii) upon receipt of such notice, the Manager shall give notice thereof to the SC; and
 - (iii) within 60 Business Days of its receipt of the Supervisory Committee's notice, the Manager shall convene, a meeting of Unit Holders for the purpose of proposing a

Special Resolution to remove the Trustee and if a Special Resolution is so passed, the Trustee shall be removed in accordance with the provisions of the Deed;

- (d)
 - (i) have the power to recommend to the Trustee that the Manager be removed, in which case the Supervisory Committee shall give notice in writing to the Trustee that it wishes the Manager to retire;
 - (ii) upon receipt of such notice, the Trustee shall give notice thereof to the SC; and
 - (iii) within 60 Business Days of its receipt of the Supervisory Committee's notice, the Trustee shall convene, a meeting of Unit Holders for the purpose of proposing a Special Resolution to remove the Manager and if a Special Resolution is so passed, the Trustee shall be removed in accordance with the provisions of the Deed.
- (e) in relation to its duties set out in the Deed, have power to delegate to such person or persons as the Supervisory Committee considers appropriate and fit and proper for carrying out such duties provided that the Supervisory Committee shall retain overall responsibility for such duties as may be delegated. The Supervisory Committee may also instruct any attorneys, bankers, accountants, brokers, lawyers and other professional persons as it sees fit.
- (3)
 - (i) The Supervisory Committee, and any member of the Supervisory Committee, shall be entitled to give or refuse to give or abstain from giving its approval, consent or agreement to any such matter, and on such terms and subject to such conditions as it sees fit in its absolute discretion without being liable therefore provided that if any such refusal or abstention, is prejudicial to the interest of the Unit Holders or would result in a breach or non-compliance with applicable laws, the Manager and/or Trustee may proceed without such approval, consent or agreement (as the case may be).
 - (ii) Members of the Supervisory Committee shall not be responsible or liable for any act or failure to act or other omission of the Trustee or the Manager or any action, costs, claims, damages, expenses or liabilities which the Trustee, the Manager or any Unit Holder or any other person who may be interested in any Units may suffer or incur as a result of any act or failure to act or other omission or the giving or their refusal to give or abstention from giving their approval, consent or agreement to any matter or for any advice, recommendation, direction, instruction or information given or provided by the Supervisory Committee to the Trustee and/or the Manager.
- (4) Subject to applicable laws, nothing in the Deed shall prevent any member of the Supervisory Committee from contracting or entering into any financial, investment, banking (including foreign exchange), trustee, insurance, secretarial, joint venture or partnership or other transaction of any kind whatsoever with, or from providing services of any kind to, the Fund, any Unit Holder, any Fund Investment (as hereinafter defined), or any other person in any fiduciary or other capacity (including for the avoidance of doubt acting as trustee in relation to any Fund Investment) or from being interested in any contract, transaction, joint venture or partnership or from being a director or employee of or consultant to any Fund Investment (as hereinafter defined). Any member of the Supervisory Committee shall not be liable to account for any profits or benefits made or derived from or in connection with any such contract, transaction, joint venture or partnership or other transaction. In this section, "**Fund Investment**" means any company, person, partnership, joint venture, Fund, association, sovereign, state, government, government agency, body of persons or entity of any kind whatsoever in which the assets in the Fund are, or are proposed to be, invested.
- (5) The Trustee and Manager shall provide to each member of the Supervisory Committee (and their respective alternates) at least 2 Business Days before each meeting held in accordance with the provisions of the Deed, and otherwise upon written request by the Supervisory Committee, a report which shall contain such information as the Supervisory Committee shall from time to time reasonably request but shall include (but not be limited to), in so far as the Trustee and/or the Manager are aware of them:-
 - (a) details of any material events or material changes relating to the management, operation and administration of the Fund; and

- (b) details of any material breaches by the Trustee, the Manager or any of the Fund's Service Providers of the duties and responsibilities imposed on each of them under, as the case may be, the Deed or any of the agreement(s) relating to the Fund to which they are a party.
- (6) In the event that there is no member appointed to/remains in the Supervisory Committee for a continuous period of 1 month or more, notwithstanding the other terms of the Deed: -
- (a) any matter requiring the approval, consent or agreement of the Supervisory Committee shall not require its approval, consent or agreement;
 - (b) there shall be no requirement to convene or hold meetings of the Supervisory Committee in accordance with the provisions of the Deed; and
 - (c) the Trustee and the Manager shall continue to manage and administer the Fund in accordance with the terms of the Deed as if all references to the Supervisory Committee had been removed and deleted from the Deed, until such time as at least 3 members/new members are appointed to the Supervisory Committee in accordance with the provisions of the Deed.
- (7) For the purposes of this section, "Service Provider" means any person appointed by the Trustee and/or the Manager (as the case may be) to provide services to or for the purposes of the Fund and includes any person to whom the provision of such services is delegated, and shall include, but not be limited to, Participating Dealers and any custodian of the investments comprising assets of the Fund.

6.6 Material Litigation

As at the 31 May 2021, the Manager is not engaged in any material litigation and arbitration, including those pending or threatened, and there are no facts likely to give rise to any proceedings which might materially affect the business or financial position of the Manager.

6.7 Customer Identification Program

Pursuant to the relevant laws of Malaysia on anti-money laundering, we have an obligation to prevent the use of the Fund for money laundering purposes. As such, a procedure for identification of investors has been imposed. In relation to any Creation Application, the Manager requires the applicants to provide their names, date of birth, national registration identity number, residential and business address, (and mailing address if different), name of beneficial owner, address of beneficiary, national registration identity card number of beneficiary, date of birth of beneficiary or other official identification when the applicants open or reopen an account.

Additional information may be required by the regulatory authorities in certain situations. Applications without such information may not be accepted and the application amount shall be returned to the applicant. To the extent permitted by applicable laws, the Manager reserves the right to place limits on transactions in the applicants' accounts until their identity is verified.

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

6.8 Direct and Indirect Unit Holding in the Fund

As at 1 July 2021, the directors or the key personnel of the Manager do not hold Units, direct or indirect, in the Fund.

As at 31 May 2021, the substantial shareholder of the Manager i.e. AmlInvestment Bank Berhad does not have any direct and indirect unit holding in the Fund.

For further information on the Manager and/or its delegate and any subsequent changes to such information, you may obtain the details from our website at www.aminvest.com or the Fund's website at www.abfmy1.com.my

7. ABOUT THE TRUSTEE

7.1 Corporate Information

The Trustee is HSBC (Malaysia) Trustee Berhad (Registration No.: 193701000084 [1281-T]), a company incorporated in Malaysia since 1937 and registered as a trust company under the Trust Companies Act 1949, with its registered address at 13th Floor, Bangunan HSBC, South Tower, No. 2, Leboh Ampang, 50100 Kuala Lumpur.

7.2 Duties and Responsibilities

The Trustee's main functions are to act as trustee and custodian of the assets of the Fund and to safeguard the interests of Unit Holders. In performing these functions, the Trustee has to exercise all due care, diligence and vigilance and is required to act in accordance with the provisions of the Deed, CMSA and the ETF Guidelines. Apart from being the legal owner of the Fund Assets, the Trustee is also responsible for ensuring that the Manager performs its duties and obligations in accordance with the provisions of the Deed, CMSA and the ETF Guidelines. In respect of the Subscription Amount, Creation Securities and the Cash Issue Component (if any) delivered by a Participating Dealer for the application of Units, the Trustee's responsibility arises when the Subscription Amount, Creation Securities and the Cash Issue Component (if any) are received in the relevant account of the Trustee and in respect of redemption, the Trustee's responsibility is discharged once it has transferred the Redemption Amount, Redemption Securities and Cash Redemption Component (if any) in accordance with the Participating Dealer Agreement.

7.3 Experience

Since 1993, the Trustee has acquired experience in the administration of trusts and has been appointed as trustee for unit trust funds, exchange traded funds, wholesale funds and funds under private retirement scheme.

7.4 Trustee's Delegate

The Trustee has appointed the Hongkong and Shanghai Banking Corporation Ltd as the custodian of both the local and foreign assets of the Fund. The Hongkong and Shanghai Banking Corporation Ltd is a wholly owned subsidiary of HSBC Holdings Plc, the holding company of the HSBC Group. For quoted and unquoted local investments of the Fund, the assets of the Fund are held through HSBC Bank Malaysia Berhad and/or HSBC Nominees (Tempatan) Sdn Bhd. The custodian's comprehensive custody and clearing services cover traditional settlement processing and safekeeping as well as corporate related services including cash and security reporting, income collection and corporate events processing. All investments are registered in the name of the Trustee or to the order of the Trustee. The custodian acts only in accordance with instructions from the Trustee.

The Trustee shall be responsible for the acts and omissions of its delegate as though they were its own acts and omissions.

However, the Trustee is not liable for the acts, omissions or failure of third party depository such as central securities depositories, or clearing and/or settlement systems and/or authorised depository institutions, where the law or regulation of the relevant jurisdiction requires the Trustee to deal or hold any asset of the Fund through such third parties.

Particulars of the Trustee's Delegate

Local and foreign assets:

The Hongkong And Shanghai Banking Corporation Limited
6/F, Tower 1,
HSBC Centre,
1 Sham Mong Road, Hong Kong.
Telephone No: (852)2288 1111

Local assets (for quoted and unquoted local investments of the Fund):

The Hongkong and Shanghai Banking Corporation Limited (as Custodian) and assets held through HSBC Nominees (Tempatan) Sdn Bhd (Registration No.: 199301004117 [258854-D])

No. 2, Leboh Ampang,
50100 Kuala Lumpur.
Tel: (03) 2075 3000
Fax: (03) 8894 2588

The Hongkong And Shanghai Banking Corporation Limited (as Custodian) and assets are held through HSBC Bank Malaysia Berhad (Registration No.: 198401015221 [127776-V])

No. 2, Leboh Ampang,
50100 Kuala Lumpur.
Tel: (03) 2075 3000
Fax: (03) 8894 2588

7.5 Material Litigation

As at 31 May 2021, the Trustee is not engaged in any material litigation and arbitration, including those pending or threatened, and is not aware of any facts likely to give rise to any proceedings which might materially affect the business/financial position of the Trustee and any of its delegates.

7.6 Trustee's Statement of Responsibility

The Trustee has given its willingness to assume the position as trustee of the Fund and all the obligations in accordance with the Deed, all relevant laws and rules of law. The Trustee shall be entitled to be indemnified out of the Fund against all losses, damages or expenses incurred by the Trustee in performing any of its duties or exercising any of its powers under this Deed in relation to the Fund. The right to indemnity shall not extend to loss occasioned by breach of trust, wilful default, negligence, fraud or failure to show the degree of care and diligence required of the Trustee having regard to the provisions of the Deed.

7.7 Anti-Money Laundering and Anti-Terrorism Financing Provisions

The Trustee has in place policies and procedures across the HSBC Group, which may exceed local regulations. Subject to any local regulations, the Trustee shall not be liable for any loss resulting from compliance of such policies, except in the case of negligence, wilful default or fraud of the Trustee.

7.8 Statement of Disclaimer

The Trustee is not liable for doing or failing to do any act for the purpose of complying with law, regulation or court orders.

7.9 Consent to Disclosure

The Trustee shall be entitled to process, transfer, release and disclose from time to time any information relating to the Fund, Manager and Unit Holders for purposes of performing its duties and obligations in accordance to the Deed, the CMSA, ETF Guidelines and any other legal and/or regulatory obligations such as conducting financial crime risk management, to the Trustee's parent company, subsidiaries, associate companies, affiliates, delegates, service providers, agents and any governing or regulatory authority, whether within or outside Malaysia (who may also subsequently process, transfer, release and disclose such information for any of the above mentioned purposes) on the basis that the recipients shall continue to maintain the confidentiality of information disclosed, as required by law, regulation or directive, or in relation to any legal action, or to any court, regulatory agency, government body or authority.

7.10 Related-Party Transactions/Conflict of Interest

As trustee for the Fund, there may be related party transaction involving or in connection with the Fund in the following events:-

- 1) Where the Fund invests in instruments offered by the related party of the Trustee (e.g. placement of monies, etc);
- 2) Where the Fund is being distributed by the related party of the Trustee as Institutional Unit Trust Adviser (IUTA);

- 3) Where the Fund Assets are being custodised by the related party of the Trustee both as sub-custodian and/or global custodian of the Fund (Trustee's delegate); and
- 4) Where the Fund obtains financing as permitted under the ETF Guidelines, from the related party of the Trustee.

The Trustee has in place policies and procedures to deal with conflict of interest, if any. The Trustee will not make improper use of its position as the owner of the Fund Assets to gain, directly or indirectly, any advantage or cause detriment to the interests of Unit Holders. Any related party transaction is to be made on terms which are best available to the Fund and which are not less favourable to the Fund than an arms-length transaction between independent parties.

Subject to the above and any local regulations, the Trustee and/or its related group of companies may deal with each other, the Fund or any Unit Holder or enter into any contract or transaction with each other, the Fund or any Unit Holder or retain for its own benefit any profits or benefits derived from any such contract or transaction or act in the same or similar capacity in relation to any other scheme.

8. SALIENT TERMS OF THE DEED

The Deed is a complex document and the following is a summary only. Investors should refer to the Deed itself to confirm specific information or for a detailed understanding of the Fund. The Deed is available for inspection at the registered office of the Manager.

The deed dated 12 July 2005 has been entered into between AmFunds Management Berhad as the Manager, HSBC (Malaysia) Trustee Berhad as the Trustee and the Unit Holders. The Fund is constituted by the Deed and regulated primarily by the CMSA and the ETF Guidelines. Subsequently, a supplemental deed dated 30 June 2006, a supplemental deed dated 20 June 2007, a second supplemental deed dated 24 February 2015 and a third supplemental deed 16 November 2020 were entered into between the Manager, the Trustee and the Unit Holders. The deed dated 12 July 2005 as amended by the supplemental deed dated 30 June 2006, the supplemental deed dated 20 June 2007, the second supplemental deed dated 24 February 2015 and the third supplemental deed dated 16 November 2020 shall collectively be referred to as the Deed. The terms and conditions of the Deed are binding on each Unit Holder as if he had:-

- (a) been a party to and had executed the Deed;
- (b) thereby covenanted for himself and for all such persons to observe and be bound by all the provisions thereof; and
- (c) thereby authorised the Trustee and the Manager respectively to do all such acts and things as the Deed may require.

8.1 The Deed

Some of the more important provisions of the Deed have been summarised in this Prospectus.

The Deed describes how a Fund is to operate and sets out the rights and liabilities of a Unit Holder and the duties and obligations of the Manager and the Trustee.

8.2 Altering the Deed

All alterations, modifications or variation to the terms of the Deed must be made through a deed supplemental to the Deed and will take effect upon registration of the supplementary deed with the SC. The Manager must submit any such supplementary deed to the SC for such registration pursuant to the CMSA. In addition to the foregoing, any material change to the Deed, including any material change to the Fund's investment objective must be approved by Unit Holders by way of a resolution of not less than two-thirds of all Unit Holders at a meeting of Unit Holders duly convened and held in accordance with the provisions of the Deed.

8.3 Rights and Limitations of the Unit Holders

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

You have the right to: -

- (i) Receive income distribution (if any);
- (ii) Sell your Units;
- (iii) Call, attend and vote at meetings (the rules governing the holding of meetings are set out in the Deed); and
- (iv) Receive annual and interim reports of the Fund.

8.4 Liabilities of the Unit Holders

The Deed limits your liability to the value of your investments in the Fund. Accordingly, if the Liabilities exceed its assets, no Unit Holder, will be personally liable to indemnify the Trustee or the Manager or any of their respective creditors.

8.5 Fees and Charges Permitted by the Deed

(a) Manager Fee

The amount of the Manager Fee chargeable to the Fund shall not exceed a maximum of one percent (1%) per annum of the NAV of the Fund as stipulated in the Deed. The current level of the Manager Fee shall be stated in this Prospectus and the Manager Fee shall not be higher than that disclosed in this Prospectus unless: -

- (i) the higher Manager Fee does not exceed the maximum rate stipulated in the Deed;
- (ii) the Manager has notified the Trustee in writing of the higher Manager Fee and the Trustee agrees after considering the matters required under the ETF Guidelines;
- (iii) the Manager has announced to Bursa Securities of the higher Manager Fee and its effective date;
- (iv) thirty (30) days have elapsed since the date of the announcement in Section 8.5 (a)(iii); and
- (v) a supplementary or replacement prospectus stating the higher Manager Fee and its effective date, has been registered, lodged and issued.

Any increase of the maximum rate of the Manager Fee as stated in Section 8.5(a) above may only be made by way of a supplementary deed and in accordance with the requirements of the CMSA.

(b) Trustee Fee

The amount of the Trustee Fee chargeable to the Fund shall not exceed a maximum of zero point five percent (0.5%) per annum of the NAV of the Fund as stipulated in the Deed. The Trustee Fee shall be stated in this Prospectus and the Trustee Fee shall not be higher than that disclosed in this Prospectus unless: -

- (i) the higher Trustee Fee does not exceed the maximum rate stipulated in the Deed;
- (ii) the Trustee has notified the Manager in writing of the higher Trustee Fee and the Manager agrees after considering the matters required under the ETF Guidelines;
- (iii) the Manager has announced to Bursa Securities of the higher Trustee Fee and its effective date;
- (iv) thirty (30) days have elapsed since the date of announcement in Section 8.5(b)(iii); and
- (v) a supplementary or replacement prospectus stating the higher Trustee Fee and its effective date, has been registered, lodged and issued.

Any increase of the maximum rate of the Trustee Fee as stated in Section 8.5(b) above may only be made by made by way of a supplementary deed and in accordance with the requirements of the CMSA.

(c) Other Fees and Charges

The Trustee and the Manager shall be entitled to pay the following fees, costs and expenses from the Fund Assets to extent they have been incurred in relation to the Fund:-

- ◆ any costs, fees and expenses to be paid under any licence and data supply contracts in relation to the Index Licensor entered into by the Trustee and/or the Manager in respect of the Fund;
- ◆ the processing or handling fees levied by any person for rendering services to effect any acquisition, disposal or any other dealings whatsoever in the Fund Assets and any expenses in relation thereto including commissions/fees paid to brokers and/or dealers in effecting dealings in the investments of the Fund;
- ◆ all professional fees relating to the agreeing and/or contesting of taxation, liabilities or recoveries to be discharged out of or paid into the Fund;
- ◆ all fees, charges, expenses and disbursements of any legal adviser or counsel, accountant, auditor, investment adviser, valuer, broker, banker, tax adviser, computer expert or other professional advisers employed or engaged by the Trustee or the Manager in the establishment of the Fund, in maintaining, preserving and protecting the Fund Assets and in the ongoing performance of their respective duties and obligations under the Deed;
- ◆ all fees, charges, expenses and disbursements incurred in relation to the safe-custody, acquisition, holding, registration, realisation of or other dealing with any investment or the holding of any investment or the custody of the documents of title thereto (including insurance of documents of title against loss in shipment, transit or otherwise and charges made by agents of the Trustee for retaining documents in safe custody), any applicable fees and expenses of the Custodian, joint-custodian and/or sub-custodian appointed pursuant to the provisions of the Deed and all transactional fees as may be agreed from time to time between the Manager and the Trustee in relation to all transactions involving the whole or any part of the Deposited Property;
- ◆ all charges and expenses incurred for any meeting of Unit Holders other than convened by and for the benefit of the Manager and the Trustee;
- ◆ the fees and expenses incurred by the Manager and the Trustee in obtaining and/or maintaining the listing and quotation of the Units on Bursa Securities, and/or the authorisation or other official approval or sanction of the Fund under the CMSA or any other relevant law or regulation;
- ◆ the fees and expenses incurred in connection with depositing and holding Units with the Bursa Depository and the Clearing House (and in any other securities depository or clearing system);
- ◆ all charges, costs and expenses incurred by the Manager and the Trustee in respect of and/or in connection with the maintenance of a website or webpages (as the case may be) dedicated entirely to the Fund and communications with and/or notification to the Unit Holders, the registrar and/or any relevant authorities including notifications made in relation to the Fund in Bursa Securities, newspaper(s) in Malaysia and such other forms of communication permitted/acceptable under the ETF Guidelines and as the Manager may from time to time determine;
- ◆ all fees, costs and expenses incurred in respect of distributing, lodging and registering the first Prospectus;
- ◆ all fees, costs and expenses incurred in respect of preparing any deeds supplemental to the Deed and in respect of preparing any agreement in connection with the Fund other than those for the benefit of the Manager or the Trustee;
- ◆ all costs incurred in respect of the preparation, publication and distribution of the audited accounts and unaudited semi-annual accounts and of all cheques, statements, notices and other documents relating to the Fund;
- ◆ all fees and expenses properly incurred by the Auditor in connection with the Fund;

- ◆ all fees and expenses incurred in connection with the removal of the Manager, the Trustee or the Auditor or the appointment of a new manager, a new trustee or new auditor;
- ◆ all expenses incurred in the collection of Income (including expenses incurred in obtaining tax repayments or relief and agreements of tax liabilities) or the determination of taxation;
- ◆ all expenses associated with the distributions declared pursuant to the Deed including without limitation fees for the revalidation or reissuance of any distribution cheque or warrant or telegraphic transfer;
- ◆ all fees and expenses incurred by the Manager and the Trustee in terminating the Fund;
- ◆ fees for the valuation of the Fund by independent valuers for the benefit of the Fund;
- ◆ all fees and expenses of the independent members of the investment committee and the out-of-pocket expenses of the Supervisory Committee; and
- ◆ such other charges, costs, expenses and disbursements (including but not limited to any tax and other duties imposed by any government and other authorities) as permitted or required (as the case may be) under the applicable laws which the Manager or Trustee is entitled to charge to the Fund.

8.6 Removal, Replacement and Retirement of Manager and Trustee

Retirement and removal of the Manager

The Manager may retire from the management of the Fund upon giving to the Trustee six (6) months' notice in writing of its desire so to do or such lesser time as the Manager and Trustee agree upon.

The Manager covenants that it will retire from the management of the Fund when required to do so by the Trustee by notice in writing if:-

- i) the Manager goes into liquidation or provisional liquidation (except for the purpose of amalgamation or reconstruction or some similar purpose) or is placed under official management or ceases to carry on business or if a receiver, or a receiver and manager is appointed in relation to the property of the Manager and is not removed or withdrawn within thirty (30) days of the appointment;
- ii) the Manager has contravened its obligations to the Unit Holders in a manner that, in the reasonable opinion of the Trustee, adversely affects those Unit Holders and, within such period as is specified by the Trustee in a written notice to the Manager, the contravention(s) have not been remedied;
- iii) the Unit Holders by Special Resolution resolve that the Manager must be removed; or
- iv) the approval of the Manager to act under provisions of the CMSA and the regulations is revoked.

Retirement and removal of Trustee

The Trustee may retire as Trustee of the Fund upon giving six (6) months' notice in writing to the Manager or such lesser period of notice as the Manager and the Trustee agree upon.

The Trustee covenants, subject to the provisions of the CMSA and the regulations thereunder, that it will retire from the Fund if and when required to do so by the Manager by notice in writing if:-

- i) the Trustee goes into liquidation or provisional liquidation (except for the purpose of amalgamation or reconstruction or some similar purpose) or is placed under official management or ceases to carry on business or if a receiver, or receiver and manager, is

- appointed in relation to all or substantially all of the property of the Trustee and is not removed or withdrawn within thirty (30) days of the appointment;
- ii) the approval of the Trustee to act under provisions of the CMSA and the regulations is revoked;
 - iii) the Unit Holders by Special Resolution resolve that the Trustee should be removed; or
 - iv) the Trustee has contravened its obligation to the Unit Holders in a manner that, in the reasonable opinion of the Manager, adversely affects those Unit Holders and, within such period as is specified by the Manager in a written notice to the Trustee, the contravention(s) have not been remedied;
 - v) the Trustee ceased to exist;
 - vi) the Trustee has not been validly appointed;
 - vii) the Trustee is not eligible to be appointed or to act as trustee under any applicable law;
 - viii) the Trustee has failed or refused to act as trustee in accordance with the provisions or covenants of the Deed or any applicable law;
 - ix) a receiver is 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 a petition is presented for the winding up of the Trustee (other than for the purpose of and followed by a reconstruction, unless during or following such reconstruction the Trustee becomes or is declared to be insolvent); or
 - x) the Trustee is under investigation for conduct that contravenes the Trust Companies Act 1949, the Trustee Act 1949, the Companies Act 2016 or any applicable law.

8.7 Termination of the Fund

- (1) The Fund shall be deemed to have commenced on the date of the Deed and shall continue until determined by the Trustee under the provisions hereinafter contained.
- (2) Notwithstanding the termination of the Fund, the Unit Holder of any Unit in respect of which any amount remains unpaid shall remain liable for such amount until payment to that Unit Holder by the Trustee of the final distribution to be made in accordance with the Deed.
- (3) (a) The Fund may be terminated by the Trustee, with the approval of the Manager (except in the case of Sections 8.7(3)(a)(v), (vi), (vii) and (viii) hereof) in accordance with the provisions of the CMSA as hereinafter provided in any of the following event, namely:-
 - (i) if it becomes illegal or in the opinion of the Trustee impossible or impracticable to continue the Fund;
 - (ii) if the Fund shall become liable to taxation (whether in Malaysia or elsewhere) in respect of income or capital gains at a rate considered by the Manager to be excessive in relation to the rate which would be borne by the Unit Holders if they owned directly the relevant Fund Asset in question;
 - (iii) if the Units cease to be listed on the Bursa Securities;
 - (iv) if the Licence Agreement is terminated and a new Licence Agreement relating to the Benchmark is not entered into by the Trustee and the Manager;
 - (v) if the Manager goes into liquidation (other than voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or insolvent or appoints liquidators or if a receiver shall be appointed in respect of the property or undertaking of the Manager or any part thereof or the Manager is the subject of any analogous proceedings or procedure

in each case under the law of Malaysia or such other law as may be applicable in the circumstances where, after the expiration of a period of three (3) months, the Trustee has not appointed a new management company;

- (vi) if on the expiration of three (3) months after notifying the Manager that in the Trustee's opinion a change of management company is desirable in the interests of the Unit Holders and the Trustee has not found another company ready to accept the office of the management company of the Fund of which the Trustee and the SC shall approve;
- (vii) if, in the opinion of the Trustee, the Manager has ceased to carry on business; or
- (viii) if, in the opinion of the Trustee, the Manager has to the prejudice of Unit Holders failed to comply with the provisions of the Deed or contravened any of the provisions of any relevant law.

Upon a Special Resolution to terminate the Fund is passed by the Unit Holders at a meeting of Unit Holders summoned by the Trustee pursuant to Sections 8.7(3)(v), (vi), (vii) or (viii) the Trustee shall apply to the court for an order confirming such Special Resolution.

- (b) The Fund may be terminated by the Trustee or the Manager by notice in writing to the Unit Holders in the event the Fund ceases to be approved under the CMSA.
 - (c) The decision of the Trustee and/or the Manager in any of the events specified in this Section 8.7 (with the exception of Section 8.7(a)(v) hereof) shall be final and binding upon all parties concerned but the Trustee and the Manager shall be under no liability on account of any failure to terminate the Fund pursuant to this Section 8.7 or otherwise.
 - (d) Notwithstanding the termination of the Fund, the Unit Holder of any Unit in respect of which any amount remains unpaid shall remain liable for such amount until payment to that Unit Holder by the Trustee of the final distribution to be made in accordance with this Section.
 - (e) Upon the occurrence of any of the events in Sections 8.7(a) and (b) above, all dealing in Units shall cease.
- (4) The Manager shall give written notice of termination of the Fund to the Unit Holders and participants in the manner herein provided and shall by such notice fix the date at which such termination is to take effect, which date shall not be less than three (3) months after the service of such notice. The Manager must immediately announce to the Bursa Securities on any intention to terminate the Fund in accordance with the Listing Requirements. In circumstances where the Unit Holders' resolution for the termination is not required, the Manager shall as soon as practicable after the termination of the Fund, publish a notice on the termination of the Fund in accordance with the relevant laws.
- (5) The Fund may be terminated at any time by Special Resolution of the Unit Holders and such termination shall take effect from date on which such Special Resolution is passed or such later date (if any) as the Special Resolution may provide.
- (6) Upon the Fund being terminated:-
- (a) the Trustee shall sell or realise all or part of the Fund Assets then remaining in its hands as part of the Fund Assets as the Trustee in its absolute discretion determines and such sale and repayment shall be carried out and completed in such manner and within such period after the termination of the Fund as the Trustee deems advisable. Subject to Section 8.7(6)(c), any net cash proceeds derived from such sale or realisation and any other cash remaining in its hands as part of the relevant Fund Assets shall at such time or times as the Trustee shall deem convenient be distributed to the Unit Holders *pro rata* to the number of Units held or deemed to be held by them respectively;

- (b) subject to Section 8.7(6)(c), if all or any part of the Fund Assets are not sold or realised, the Trustee shall carry out and complete the distribution in such manner and within such period after the termination of the Fund as the Trustee in its absolute discretion deems fit;
- (c) the Trustee shall be entitled to retain any part of the Fund Assets in its hands under the provisions of Section 8.7(6) to the extent required, in its absolute discretion, to make full provision for all costs, charges, expenses, claims and demands incurred, made or apprehended by the Trustee being either in connection with or arising out of the liquidation of the Fund or otherwise properly payable out of the Fund Assets in accordance with the Deed or applicable laws and out of the moneys so retained to be indemnified and saved harmless against any costs, charges, expenses, claims and demands;
- (d) any unclaimed cash held by the Trustee at such time shall be dealt with in accordance with the Unclaimed Moneys Act, 1965; and
- (e) no further Units shall be issued and no outstanding Units may be redeemed from the time of commencement of liquidation and upon liquidation of the Fund.

8.8 Unit Holders' Meeting

- (1) The Trustee or the Manager may respectively at any time convene a meeting of Unit Holders at such time or place in Malaysia (subject as hereinafter provided) as the party convening the meeting may think fit and the following provisions of the Deed shall apply thereto. The Manager shall call for a meeting of Unit Holders if not less than fifty (50) Unit Holders or ten per cent (10%) of all Unit Holders, whichever is less, direct the Manager to do so in writing delivered to the registered office of the Manager for the purpose of:
 - (a) considering the most recent financial statement of the Fund;
 - (b) giving the Trustee such directions as the meeting thinks proper; or
 - (c) considering any other matter related to the Deed.
- (2)
 - (a) Where the meeting is convened to pass an ordinary resolution, at least fourteen (14) days' written notice (exclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of such meeting shall be given to the Unit Holders by the Manager or the Trustee in the manner provided in the Deed.
 - (b) Where the meeting is convened to pass a Special Resolution, at least twenty one (21) days' written notice (exclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of such meeting shall be given to the Unit Holders by the Manager or the Trustee in the manner provided in the Deed.
 - (c) Where resolution which requires approval by not less than two-thirds of all Unit Holders at a meeting of Unit Holders, at least twenty one (21) days' written notice (exclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of such meeting shall be given to the Unit Holders by the Manager or the Trustee in the manner provided in the Deed.
 - (d) The notice shall be in the form of a circular and shall specify the place, time of meeting, the general nature of the business to be transacted and the terms of any resolution to be proposed thereat. A copy of the notice shall be sent to the Trustee unless the meeting is convened by the Trustee. The accidental omission to give notice to or the non-receipt of notice by any of the Unit Holders shall not invalidate the proceedings at any meeting. The Manager shall publish an advertisement giving the relevant notice of the meeting of Unit Holders in at least one nationally circulated Bahasa Malaysia or English daily newspaper. The meeting of Unit Holders shall be held not later than two (2) months after the notice was given at the place and time specified in the notice and advertisement.

- (3) At any meeting, at least five (5) Unit Holders present in person or by proxy shall form a quorum for the transaction of business except for the purpose of passing a Special Resolution. The quorum for passing a Special Resolution shall be at least five (5) Unit Holders present in person or by proxy registered as holding not less than twenty five per cent (25%) of the Units in issue provided that if there are only five (5) or less than five (5) Unit Holders, the quorum at any meeting shall be by all the Unit Holders for the time being. No business shall be transacted at any meeting unless the requisite quorum is present at the commencement of business.
- (4) Every Unit Holder (being an individual) who is present in person or by proxy or (being a corporation) is present by one of its representatives or by proxy shall have one vote for every Unit of which he or it is the Unit Holder and need not cast all the votes to which he or it is entitled in the same way.
- (5) Each Unit Holder shall be entitled to attend and vote at any meeting of Unit Holders, and shall be entitled to appoint an advocate, an approved company auditor or a person approved by the Companies Commission of Malaysia as his proxy to attend and vote. Where the Unit Holder is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with units standing to the credit of the said securities account. Where a Unit Holder appoints two (2) proxies in accordance with this provision the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. Such proxy shall have the same rights as the member to vote whether on a poll or a show of hands, to speak and to be reckoned in a quorum.
- (6) Any Unit Holder being a corporation may by resolution of its directors or other governing body authorise any person to act as its representative at any meeting of Unit Holders, and a person so authorized shall at such meeting be entitled to exercise the same powers on behalf of the corporation as the corporation could exercise if it were an individual Unit Holder.
- (7) In the case of an equality of votes the chairman of a meeting of Unit Holders shall have a casting vote in addition to his votes (if any) as a Unit Holder both on a show of hands and on a poll.
- (8) Every question arising at a general meeting of Unit Holders shall be decided by a poll.
- (9) Upon any question decided by a poll, each Unit Holder present in person or by proxy shall have one vote for each fully paid Unit.
- (10) Subject to any applicable laws, the Manager and/or the Trustee shall have the power to convene a virtual meeting of Unit Holders by video conference, web-based communication, electronic or such other communication facilities or technologies available from time to time, subject to the fulfilment of the following conditions:
 - (a) the Manager and/or the Trustee shall:
 - (i) ensure that there is reliable infrastructure to enable the conduct of a virtual meeting including enabling the Unit Holders to exercise their rights to speak and vote at the virtual meeting;
 - (ii) provide guidance to the Unit Holders on the requirements and method of participating in the virtual meeting using the selected platform;
 - (iii) identify a broadcast venue as the place of meeting and to state the online platform that will be used for the virtual meeting in the written notice to the Unit Holders;
 - (iv) ensure only Unit Holders are allowed to participate in the virtual meeting; and
 - (v) observe the applicable directive, safety and precautionary requirements prescribed by the relevant authorities;
 - (b) the broadcast venue shall be a physical venue in Malaysia where the chairman of the meeting shall be physically present;
 - (c) participation by a Unit Holder in a Unit Holders' meeting by any of the communication facilities referred to in this Section 8.8(10) shall be deemed as present at the said Unit

Holders' meeting and shall be counted towards the quorum notwithstanding the fact that the Unit Holder is not physically present at the main venue of where the Unit Holders' meeting is to be held; and

- (d) the provisions of the Second Schedule of the Deed shall apply *mutatis mutandis* to a virtual meeting of Unit Holders.

Unless otherwise prescribed by the relevant laws, a Unit Holders' meeting summoned pursuant to this Section 8.8(10) shall not be deemed to have proceeded for such period or periods where any of the communication facilities referred to in this Section 8.8(10) have been disconnected. The chairman of the meeting shall have the discretion to adjourn the meeting which had been disconnected and which cannot be reconnected within a reasonable time, to another date and time to be agreed by the Unit Holders present at the meeting.

9. RELATED PARTY TRANSACTION

9.1 Existing and Potential Related Party Transactions

9.1.1 The Manager

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

9.1.2 The Trustee

Any related party transaction is to be made on terms which are best available to the Fund and which are not less favourable to the Fund than an arms-length transaction between independent parties.

Subject to the above and any local regulations, the Trustee and/or its related group of companies may deal with each other, the Fund or any Unit Holder or enter into any contract or transaction with each other, the Fund or any Unit Holder or retain for its own benefit any profits or benefits derived from any such contract or transaction or act in the same or similar capacity in relation to any other scheme..

9.2 Conflict of Interest

As at 31 May 2021, save as disclosed in Sections 9.1 and 9.6 of this Prospectus, the Manager is not aware of any circumstance that exists or is likely to exist to give rise to a possible conflict of interest situation in its capacity as the Manager to the Fund.

9.3 Policies on Dealing with Conflict of Interest Situation

9.3.1 Manager

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

9.3.2 Trustee

The Trustee has in place policies and procedures to deal with conflict of interest, if any. The Trustee will not make improper use of its position as the owner of the Fund Assets to gain, directly or indirectly, any advantage or cause detriment to the interests of Unit Holders. Any related party transaction is to be made on terms which are best available to the Fund and which are not less favourable to the Fund than an arms-length transaction between independent parties.

Subject to the above and any local regulations, the Trustee and/or its related group of companies may deal with each other, the Fund or any Unit Holder or enter into any contract or transaction with each other, the Fund or any Unit Holder or retain for its own benefit any profits or benefits derived from any such contract or transaction or act in the same or similar capacity in relation to any other scheme.

9.4 Details of the Directors of the Manager's Direct and Indirect Interest in Other Corporations Carrying on a Similar Business

The directors of AFM may have direct or indirect interest through their directorship in AIFM. Following are the details of the directors:

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

9.5 Details of the Substantial Shareholders of the Manager's Direct and Indirect Interest in other Corporations Carrying on a Similar Business

Save as disclosed below, as at 31 May 2021, the substantial shareholder of the Manager does not have any direct or indirect interest in other corporations carrying on a similar business:

Name	Business/Corporations	Nature of interest	Direct Interest	Indirect Interest
AmlInvestment Bank Berhad	AmlIslamic Funds Management Sdn Bhd	Shareholder	% 100.0	% -

9.6 Declaration of Conflict of Interest

As at 31 May 2021, save as disclosed in Section 7.10, Section 9.1 and Section 9.3 of this Prospectus, none of the advisers (i.e., the Trustee, tax adviser, auditor and solicitor) have any existing or potential conflicts of interest in an advisory capacity with the Fund and/or us.

10. TAXATION

Private & Confidential / Sulit

11 February 2021

The Board of Directors
AmFunds Management Berhad
9th & 10th Floor, Bangunan AmBank Group
No. 55, Jalan Raja Chulan
50200 Kuala Lumpur

Dear Sirs

ABF Malaysia Bond Index Fund Taxation of the Fund and Unit Holders

1. This letter has been prepared for inclusion in the Prospectus in connection with the offer of units in the ABF Malaysia Bond Index Fund (hereinafter referred to as “the Fund”).

The following is general information based on Malaysian tax law in force at the time of lodging the Prospectus with the Securities Commission Malaysia (“SC”) and investors should be aware that the tax law may be changed at any time. To an extent, the application of tax law depends upon an investor’s individual circumstances. The information provided below does not constitute tax advice. The Manager therefore recommends that an investor consult his accountant or tax adviser on questions about his individual tax position.

2. Taxation of the Fund

2.1 Income Tax

As the Fund’s Trustee is resident in Malaysia, the Fund is regarded as resident in Malaysia. The taxation of the Fund is governed principally by Sections 61 and 63B of the Malaysian Income Tax Act, 1967 (“MITA”).

Pursuant to the Section 2(7) of MITA, any reference to interest shall apply, mutatis mutandis, to gains or profits received and expenses incurred, in lieu of interest, in transactions conducted in accordance with the principles of Shariah. The effect of this is that any gains or profits received and expenses incurred, in lieu of interest, in transactions conducted in accordance with the principles of Shariah, will be accorded the same tax treatment as if they were interest.

The income of the Fund in respect of dividends, interest or profits from deposits and other investment income (other than income which is exempt from tax) derived from or accruing in Malaysia is liable to income tax. The Fund may be receiving income such as exit fee which will be subject to tax at the prevailing tax rate applicable on the Fund. Gains on disposal of investments by the Fund will not be subject to income tax.

The income tax rate applicable to the Fund is 24%.

Tax exempt interest as listed in the Appendix attached received by the Fund are not subject to income tax.

...2/-

With effect from 1 January 2014, Malaysia has fully moved to a single-tier income tax system. The Fund is not liable to tax on any Malaysia sourced dividends paid, credited or distributed to the Fund under the single tier tax system, where the company paying such dividend is not entitled to deduct tax under the MITA. The tax deductibility of other deductions by the Fund against such dividend income will be disregarded in ascertaining the chargeable income of the Fund.

In addition to the single-tier dividend that may be received by the Fund, the Fund may also receive Malaysian dividends which are tax exempt from investments in companies which had previously enjoyed or are currently enjoying the various tax incentives provided under the law. The Fund is not subject to income tax on such tax exempt dividend income.

The Fund may also receive dividends, profits and other income from investments outside Malaysia. Income derived from sources outside Malaysia and received in Malaysia by a unit trust is exempted from Malaysian income tax. However, such income may be subject to foreign tax in the country from which the income is derived.

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

Generally, income from distribution by the Malaysia Real Estate Investment Trusts ("REIT") will be received net of withholding tax of 10%. No further tax will be payable by the Fund on the distribution. Distribution from such income by the Fund will also not be subject to further tax in the hands of the Unit Holders.

Expenses being manager's remuneration, maintenance of register of Unit Holders, share registration expenses, secretarial, audit and accounting fees, telephone charges, printing and stationery costs and postage, which are not allowed under the general deduction rules, qualify for a special deduction, subject to a minimum of 10% and a maximum of 25% of such expenses pursuant to Section 63B of the MITA.

2.2 Gains on Disposal of Investments

Gains on disposal of investments by the Fund will not be subject to income tax but where the investments represent shares in real property companies, such gains may be subject to Real Property Gains Tax ("RPGT") under the RPGT Act, 1976. A real property company is a controlled company which owns or acquires real properties or shares in real property companies with a market value of not less than 75% 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.

2.3 Service Tax

The issuance of units by the Fund to investors will not be subject to Service Tax. Any distributions made by the Fund to Unit Holders are also not subject to Service Tax. The Fund would not be required to pay Service Tax on the acquisition of fund management services from the Fund Manager.

...3/-

To the extent that the Fund invests in any financial services products (e.g. securities, derivatives, units in a fund or unit trust), the acquisition of these interests will also not be subject to Service Tax.

If the Fund acquires any imported taxable services from a service provider outside of Malaysia, these services would be subject to 6% Service Tax. The Fund would be required to file an SST-02A return on an ad hoc basis and report and pay this amount of tax to the Royal Malaysian Customs Department.

3. Taxation of Unit Holders

3.1 Taxable Distribution

Unit Holders will be taxed on an amount equivalent to their share of the total taxable income of the Fund to the extent such income is distributed to them. Unit Holders are also liable to pay income tax on the taxable income distributions paid by the Fund. Taxable income distributions carry a tax credit in respect of the tax chargeable on that part of the Fund. Unit Holders will be subject to tax on an amount equal to the net taxable income distribution plus attributable underlying tax paid by the Fund.

Income distributed to Unit Holders is generally taxable as follows in Malaysia :-

Unit Holders	Malaysian Tax Rates for Year of Assessment 2020	Malaysian Tax Rates for Year of Assessment 2021
<p>Malaysian tax residents:</p> <ul style="list-style-type: none"> ▪ Individual and non-corporate Unit Holders ▪ Co-operative societies <p>Malaysian tax residents:</p> <ul style="list-style-type: none"> ▪ Trust bodies 	<ul style="list-style-type: none"> ▪ Progressive tax rates ranging from 0% to 30% ▪ Progressive tax rates ranging from 0% to 24% ▪ 24% 	<ul style="list-style-type: none"> ▪ Progressive tax rates ranging from 0% to 30% ▪ For tax resident individual within the chargeable income band of RM50,000 to RM70,000, the tax rate will be reduced by 1% ▪ Progressive tax rates ranging from 0% to 24% ▪ 24%

Unit Holders	Malaysian Tax Rates for Year of Assessment 2020	Malaysian Tax Rates for Year of Assessment 2021
<ul style="list-style-type: none"> • Corporate Unit Holders <ul style="list-style-type: none"> i. A company with paid up capital in respect of ordinary shares of not more than RM2.5 million where the paid up capital in respect of ordinary shares of other companies within the same group as such company is not more than RM2.5 million (at the beginning of the basis period for a year of assessment) and having gross income from source or sources consisting of a business of not more than RM50 million for the basis period of a year assessment. ii. Companies other than those in (i) above. Non-Malaysian tax residents: <ul style="list-style-type: none"> iii. Individual and non-corporate Unit Holders iv. Co-operative societies 	<ul style="list-style-type: none"> ▪ 17% for every first RM600,000 of chargeable income ▪ 24% for chargeable income in excess of RM600,000 ▪ 24% • 30% • 24% 	<ul style="list-style-type: none"> ▪ 17% for every first RM600,000 of chargeable income ▪ 24% for chargeable income in excess of RM600,000 ▪ 24% • 30% • 24%

The tax credit that is attributable to the income distributed to the Unit Holders will be available for set off against tax payable by the Unit Holders. There is no withholding tax on taxable distributions made to non-resident Unit Holders.

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 treaties with Malaysia, the Malaysian tax suffered may be creditable in the foreign tax jurisdictions.

3.2 Tax Exempt Distribution

Tax exempt distributions made out of gains from realisation of investments and other exempt income earned by the Fund will not be subject to Malaysian tax in the hands of Unit Holders, whether individual or corporate, resident or non-resident. All Unit Holders do not pay tax on that portion of their income distribution from the Fund's distribution equalisation account.

3.3 Distribution Voucher

To help complete a Unit Holder's tax returns, the Manager will send to each Unit Holder a distribution voucher as and when distributions are made. This sets out the various components of the income distributed and the amount of attributable income tax already paid by the Fund.

3.4 Sale, Transfer or Redemption of Units

Any gains realised by a Unit Holder on the sale, transfer or redemption of his units are generally tax-free capital gains unless the Unit Holder is an insurance company, a financial institution or a person trading or dealing in securities. Generally, the gains realised by these categories of Unit Holders constitute business income on which tax is chargeable.

3.5 Reinvestment of Distribution

Unit Holders who receive their income distribution by way of investment in the form of the purchase of new units will be deemed to have received their income distribution after tax and reinvested that amount in the Fund.

3.6 Unit Splits

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

Yours faithfully

Mark Chan Keat Jin
Executive Director

Tax Exempt Income of Unit Trusts

1. Interest or discount paid or credited to any individual, unit trust and listed closed-end fund in respect of the following will be exempt from tax: -
 - Securities or bonds issued or guaranteed by the Government; or
 - Debentures or sukuk, other than convertible loan stock, approved or authorized by, or lodged with, the SC; or
 - Bon Simpanan Malaysia issued by the Central Bank of Malaysia.
2. Income of a unit trust in respect of interest derived from Malaysia and paid or credited by any bank or financial institution licensed under the Financial Services Act 2013 ("FSA") or the Islamic Financial Services Act 2013 ("IFSA") or any development financial institution regulated under the Development Financial Institutions Act 2002 ("DFIA").

Provided that the exemption shall not apply to the interest paid or credited to a unit trust that is a wholesale fund which is a money market fund.

In addition to the above, the Minister of Finance ("MoF") has informed vide their letter dated 23 January 2020 to the SC that the tax exemption on interest income received by corporate investors for investment in retail money market fund will be withdrawn with effective from 1 July 2020. However, the MoF has agreed to defer the expiry date to 1 July 2021 vide its letter to SC dated 17 April 2020.
3. Interest in respect of any savings certificates issued by the Government.
4. Interest paid or credited to any person in respect of Sukuk originating from Malaysia, other than convertible loan stock, issued in any currency other than RM and approved or authorized by, or lodged with, the SC or approved by the Labuan Financial Services Authority.
5. Interest received in respect of bonds and securities issued by Pengurusan Danaharta Nasional Berhad within and outside Malaysia.
6. Interest income derived from bonds (other than convertible loan stocks) paid or credited by any company listed in Malaysia Exchange of Securities Dealing and Automated Quotation Berhad ("MESDAQ") (now known as Bursa Malaysia Securities Berhad ACE Market).
7. Income derived from the Sukuk Issue which has been issued by the Malaysia Global Sukuk Inc.
8. Discount or profit received from the sale of bonds or securities issued by Pengurusan Danaharta Nasional Berhad or Danaharta Urus Sendirian Berhad within and outside Malaysia.
9. Income derived from the Sukuk Ijarah, other than convertible loan stock, issued in any currency by 1Malaysia Sukuk Global Berhad.

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10. Gain or profit received from the investment in Islamic securities, other than convertible loan stock, which are issued in accordance with the principles of *Mudharabah*, *Musyarakah*, *Ijarah*, *Istisna'* or any other principle approved by the Shariah Advisory Council established by the SC under the Capital Markets and Services Act 2007.
11. Gains or profits in lieu of interest, derived from the Sukuk Wakala in accordance with the principle of *Al-Wakala Bil Istithmar*, other than a convertible loan stock, issued in any currency by Wakala Global Sukuk Berhad.
12. Income derived from Sukuk Kijang is exempted from the payment of income tax pursuant to Income Tax (Exemption) (No. 10) Order 2013. For the purpose of this order, "Sukuk Kijang" means the Islamic Securities of nominal value of up to two hundred and fifty million United States dollars (USD\$250,000,000) issued or to be issued in accordance with the Shariah principle of *Ijarah* by BNM Kijang Berhad.
13. Gains or profits derived, in lieu of interest, derived from the Sukuk Wakala with the nominal value up to one billion and five hundred million United States Dollar (USD1,500,000,000.00) in accordance with the principle of *Wakala Bil Istithmar*, other than a convertible loan stock, issued by the Malaysia Sovereign Sukuk Berhad.
14. Gains or profits derived, in lieu of interest from the Sukuk Wakala with the nominal value up to one billion and five hundred million United States Dollar (US\$1,500,000,000.00) in accordance with the principle of *Wakala*, other than a convertible loan stock, issued by the Malaysia Sukuk Global Berhad (formerly known as 1Malaysia Sukuk Global Berhad).
15. Income received by the Fund from Malaysia Building Society Berhad ("MBSB").

11. FURTHER INFORMATION

11.1 Material contracts

No material agreement or contract out of the course of ordinary business has been entered into by the Manager in relation to the Fund as at the date of this Prospectus.

11.2 Consents

The Trustee and Trustee's delegate (custodian) have given their consent to the inclusion of their names and statements in the form and context in which they appear in this Prospectus and have not been subsequently withdrawn such consent before the issue of this Prospectus.

The tax adviser has given its consent to the inclusion of its name and tax adviser's letter in the form and context in which they appear in this Prospectus and have not been subsequently withdrawn such consent before the issue of this Prospectus.

11.3 Documents for inspection

Copies of the following documents may be inspected at the principal office of the Manager and/or Trustee during normal business hours:-

- (a) The Deed or the supplemental deed (if any);
- (b) The material contracts referred to in Section 11.1 of this Prospectus;
- (c) The latest annual report of the Fund;
- (d) The audited financial statements of the Manager and the Fund for the three (3) most recent financial years or such shorter period that the Fund has been in existence, preceding the date of this Prospectus;
- (e) The tax adviser's letter referred to in Section 10 of this Prospectus;
- (f) The letters of consent referred to in Section 11.2 of this Prospectus; and
- (g) This Prospectus and the supplementary prospectuses.

11.4 Approvals and Conditions

SC had, via a letter dated 20 July 2005, noted that the IOPV per Unit will be based on the NAV per Unit and will be published once a day. The SC also approved the Manager's application to allow the Fund to invest in derivatives subject to the following terms and conditions:

- the investments in forwards and swaps, which together with other derivatives allowed such as futures, warrants and options should not exceed 20% of the NAV of the Fund; and
- the ratings of the counterparty for the investments in forwards and swaps must indicate adequate safety for trading payments of financial obligations. Moreover, the parties should have an adequate and favourable credit profile rated by any domestic or equivalent global rating agency.

SC had, via a letter dated 11 February 2014, approved an application for a variation to paragraph 9.08 of the Exchange-traded Funds Guidelines issued on 11 June 2009 which provides that all requests for creation and redemption must be done through the participating dealers who will apply to the management company for the creation and redemption of exchange-traded fund units. The Manager is allowed to accept Cash Creation applications directly instead of through the Participating Dealers under exceptional circumstances as stated under paragraph 11.14 of the Exchange-traded Funds Guidelines issued on 11 June 2009 and subject to the following terms:

- (a) the requests received directly from investors are for smaller Cash Creation applications, i.e. Cash Creation applications that are insufficient to assemble a basket;

- (b) the total amount received for Cash Creation applications during the cash dealing period will be capped at 5% of the net asset value of the Fund;
- (c) such requests will only be accepted during the rebalancing of the Fund; and
- (d) the Manager will have the right to reject Cash Creation applications if it is detrimental to the Fund.

11.5 Avenue for Advice

All queries, notices and communications to the Manager should be made in writing and sent to the following addresses:

9th & 10th Floor, Bangunan AmBank Group
No. 55, Jalan Raja Chulan
50200 Kuala Lumpur

Tel. No.: 03 – 2032 2888
Fax No.: 03 – 2031 5210
E-mail: enquiries@aminvest.com

Information of the Fund's website can be obtained at the Fund's website, www.abfmy1.com.my.

11.6 Cross Trade

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

Notwithstanding the above, cross trades between the personal account of an employee of the Manager and the Fund's account and between the Manager's proprietary trading accounts and the Fund's account are strictly prohibited. The execution of cross trade will be reported to the investment committee and disclosed in the Fund's report accordingly.

AmFunds Management Berhad

(198601005272 [154432-A])

Tel : 03-2032 2888

Fax : 03-2031 5210

Email : enquiries@aminvest.com