

# **INFORMATION MEMORANDUM**

**RELATING TO**

## **MIDF AMANAH SHARIAH EQUITY FUND**

**MANAGER**

**MIDF AMANAH ASSET MANAGEMENT BERHAD (11804-D)**

**TRUSTEE**

**AMANAHRAYA TRUSTEES BERHAD (766894-T)**

This Information Memorandum is dated 5 July 2017.

**INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THE INFORMATION MEMORANDUM. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER BEFORE SUBSCRIBING TO UNITS OF THE FUND.**

**UNITS OF MIDF AMANAH SHARIAH EQUITY FUND CAN ONLY BE SOLD TO SOPHISTICATED INVESTORS.**

## **RESPONSIBILITY STATEMENT/STATEMENTS OF DISCLAIMER**

### **RESPONSIBILITY STATEMENT**

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

### **STATEMENTS OF DISCLAIMER**

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

Additionally, prospective investors should not treat the contents of this Information Memorandum as advice relating to investment, law or taxation and must rely on their own legal counsel, accountants and/or other professional advisers as to legal, tax and related matters concerning the Fund and investments therein.

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

The MIDF Amanah Shariah Equity Fund has been certified as Shariah-compliant by the Shariah Adviser.

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## 1. GLOSSARY

In this Information Memorandum the following abbreviations or words shall have the following meaning, unless the context otherwise requires:

“**Bursa Malaysia**” means the stock exchange managed and operated by Bursa Malaysia Securities Berhad;

“**Business Day**” means a day on which Bursa Malaysia is open for trading and/or banks in Kuala Lumpur are open for business; the Manager may declare certain business days to be a non business day although Bursa Malaysia and/or the banks in Kuala Lumpur are open for business;

“**CMSA**” means the Capital Markets and Services Act 2007;

“**Days**” means calendar days unless otherwise stated;

“**Deed**” means the deed dated 14 June 2017 relating to the Fund entered into between the Manager and the Trustee and any supplemental(s) thereto that may be entered into between the Manager and the Trustee;

“**Fund**” means the wholesale fund known as the MIDF Amanah Shariah Equity Fund;

“**GST**” means goods and services tax;

“**Guidelines**” means the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by the SC and any other relevant guidelines issued by the SC and as may be amended from time to time;

“**Islamic Deposits**” means Islamic current deposits and/or Islamic term deposits;

“**MIDF Amanah**” or “**Manager**” means MIDF Amanah Asset Management Berhad (Company No. 11804-D);

“**NAV**” means Net Asset Value;

“**NAV of the Fund**” or “**Fund’s NAV**” is determined by deducting the value of all the Fund’s liabilities from the value of all the Fund’s assets, at the valuation point;

“**NAV per Unit**” is the NAV of the Fund at a particular valuation point divided by the total number of Units of that Fund in circulation at the same valuation point;

“**Ringgit Malaysia**” means the lawful currency of Malaysia;

“**relevant authorities**” means any governmental or statutory authority with the power to regulate the securities industry (including fund management and unit trust industries) in Malaysia and/or having jurisdiction over the Manager and/or the Trustee and includes, without limitation, the SC;

“**relevant laws**” means all laws, rules, regulations, guidelines and directives passed or issued by any relevant authority relating to or connected with the fund management and unit trust industries in Malaysia;

“**RM**” means Ringgit Malaysia;

“**SACSC**” means the Shariah Advisory Council of the SC;

“**Sales Charge**” means a fee payable by an investor for his/her purchase of Units. It is represented as a percentage of the NAV per Unit;

“**SC**” means the Securities Commission Malaysia;

“**Shariah**” means Islamic law, originating from the *Qur’an (the holy book of Islam)*, and its practices and explanations rendered by the Prophet Muhammad (*PBUH*) and *ijtihad* of *ulamak* (personal effort by qualified Shariah scholars to determine the true ruling of the divine law on matters whose revelations are not explicit);

“**Shariah Adviser**” refer to MIDF Amanah Investment Bank Berhad (Company No. 23878-X) (Backed by MIDF Shariah Committee), the Shariah adviser appointed by the Manager for the Fund;

“**Shariah Requirements**” is a phrase or expression which generally means the requirement dictated by Shariah in any human conduct whether in business or otherwise such that in performing the conduct all the essential elements that make up the conduct must be present and that each essential element must meet all the necessary conditions required by Shariah for that element;

“**Sophisticated Investor**” means –

- (a) an individual whose total net personal assets, or total net joint assets with his or her spouse, exceed RM3 million or its equivalent in foreign currencies, excluding the value of the individual’s primary residence;
- (b) an individual who has a gross annual income exceeding RM300,000 or its equivalent in foreign currencies per annum in the preceding 12 months;
- (c) an individual who, jointly with his or her spouse, has a gross annual income exceeding RM400,000 or its equivalent in foreign currencies in the preceding 12 months;
- (d) a corporation with total net assets exceeding RM10 million or its equivalent in foreign currencies based on the last audited accounts;
- (e) a partnership with total net assets exceeding RM10 million or its equivalent in foreign currencies;
- (f) a unit trust scheme or prescribed investment scheme;
- (g) a private retirement scheme;
- (h) a closed-end fund approved by SC;
- (i) a company that is registered as a trust company under the Trust Companies Act 1949 which has assets under management exceeding RM10 million or its equivalent in foreign currencies;
- (j) a corporation that is a public company under the Companies Act 2016 which is approved by the SC to be a trustee under the CMSA and has assets under management exceeding RM10 million or its equivalent in foreign currencies;
- (k) a statutory body established by an Act of Parliament or an enactment of any State;
- (l) a pension fund approved by the Director General of Inland Revenue under section 150 of the Income Tax Act 1967;
- (m) Central Bank of Malaysia established under the Central Bank of Malaysia Act 2009;
- (n) a holder of a capital markets services licence or an executive director or a chief executive officer of a holder of a capital markets services licence;
- (o) a licensed institution established under the Financial Services Act 2013;
- (p) an Islamic bank established under the Islamic Financial Services Act 2013;
- (q) an insurance company licensed under the Financial Services Act 2013;
- (r) a *takaful* licensee registered under the Islamic Financial Services Act 2013;
- (s) a bank licensee or insurance licensee as defined under the Labuan Financial Services and Securities Act 2010; and
- (t) an Islamic bank licensee or *takaful* licensee as defined under the Labuan Islamic Financial Services and Securities Act 2010.

“**Special Resolution**” means a resolution passed at a meeting of Unit Holders duly convened in accordance with the Deed by a majority of not less than three-fourths of the Unit Holders present and voting at the meeting in person or by proxy; for the avoidance of doubt, “three-fourths of the Unit

“Holders present and voting” means three-fourths of the votes cast by the Unit Holders present and voting; for the purposes of terminating the Fund, “Special Resolution” means a resolution passed at a meeting of Unit Holders duly convened in accordance with the Deed by a majority in number holding not less than three-fourths of the value of the votes cast by the Unit Holders present and voting at the meeting in person or by proxy.

“**Trustee**” means AmanahRaya Trustees Berhad (Company No. 766894-T), the trustee of the Fund;

“**Unit**” or “**Units**” in relation to the Fund, means unit of the Fund and where applicable includes a fraction of the unit;

“**Unit Holder(s)**” means the person registered as the holder of a Unit or Units including persons jointly registered.

## 2. CORPORATE DIRECTORY

### MANAGER

**MIDF Amanah Asset Management Bhd.**

**Registered Office**

Level 21, Menara MIDF  
82 Jalan Raja Chulan  
50200 Kuala Lumpur  
Wilayah Persekutuan  
Malaysia  
Tel: 03-2173 8888

**Business Office**

Level 3A, Menara MIDF  
82 Jalan Raja Chulan  
50200 Kuala Lumpur  
Wilayah Persekutuan  
Malaysia  
Tel: 03-2173 8488  
Fax: 03- 2173 8555  
E-mail: midfamanah@midf.com.my  
Website: www.midf.com.my/index.php/en/what-we-do-en/asset-management

### TRUSTEE

**AmanahRaya Trustees Berhad**

**Registered Office**

Tingkat 11, Wisma AmanahRaya  
No.2, Jalan Ampang  
50508 Kuala Lumpur

**Business Office**

Tingkat 2, Wisma AmanahRaya II  
No. 21, Jalan Melaka  
50100 Kuala Lumpur  
Tel : 03-2036 5129  
Fax: 03-2072 0322  
Website: www.artrustees.com.my

### BOARD OF DIRECTORS

**Cik Hasnah binti Omar**

*(Non-Independent Non-Executive Director/  
Chairman)*

**Datuk Mohd Najib bin Hj. Abdullah**

*(Non-Independent Non-Executive Director)*

**Mr. Tai Keat Chai**

*(Independent Non-Executive Director)*

**Encik Ahlan Nasri bin Mohd Nazir @ Nasir**

*(Independent Non-Executive Director)*

**Encik Hasman Yusri bin Yusoff**

*(Independent Non-Executive Director)*

**Encik Azlan Hussin**

*(Non-Independent Executive Director/CEO)*

### SHARIAH ADVISER

**MIDF Amanah Investment Bank Berhad  
(Backed by MIDF Shariah Committee)**

**Registered Office**

Level 21, Menara MIDF, 82 Jalan Raja Chulan,  
50200 Kuala Lumpur

**Business Office**

Level 9, 10, 11 & 12, Menara MIDF, 82 Jalan  
Raja Chulan, 50200 Kuala Lumpur

### INVESTMENT COMMITTEE MEMBERS

**Encik Hasman Yusri bin Yusoff**

*(Independent Member) (Chairman)*

**Mr. Tai Keat Chai**

*(Independent Member)*

**Encik Ahlan Nasri bin Mohd Nazir @ Nasir**

*(Independent Member)*



### 3. KEY DATA

<b>INFORMATION ON THE FUND</b>	
<b>Name of Fund</b>	MIDF Amanah Shariah Equity Fund
<b>Fund Category</b>	Shariah-compliant Equity Wholesale Fund
<b>Fund Type</b>	Growth
<b>Initial Offer Period</b>	1 Day
<b>Commencement Date</b>	The first Business Day after the date of this Information Memorandum.
<b>Objective</b>	The Fund aims to achieve long-term capital growth for investors through investments in a portfolio of Shariah-compliant equities.
<b>Asset Allocation</b>	At least 70% of the Fund's NAV will be invested in Shariah-compliant equities.  A maximum of 30% of the Fund's NAV will be invested in Islamic Deposits and/or Islamic money market instruments.
<b>Investment Strategy</b>	The Fund aims to invest at least 70% of its NAV in Shariah-compliant equities listed in Bursa Malaysia that offer long-term growth potential. The remainder of the Fund's NAV not invested in Shariah-compliant equities will be invested in Islamic Deposits and/or Islamic money market instruments up to a limit of 30% of the Fund's NAV.
<b>Performance Benchmark</b>	FTSE Bursa Malaysia Hijrah Index  <i>Note: The risk profile of the Fund differs from the risk profile of the benchmark.</i>
<b>Financial Year End</b>	The last day of the commencement month of the Fund. The first financial year shall be the period beginning from the commencement date and ending on the date which is the month end of the commencement date of the subsequent year.
<b>Income Distribution Policy</b>	Annually, depending on the level of income (if any) the Fund generates and at the discretion* of the Manager after deducting all fees, zakat and expenses including management fee and trustee fee.  <i>*The Manager has the discretion with due consideration for the best interest of the Fund, to decide on the amount to be distributed to the Unit Holders. If the distribution available is too small or insignificant, the Manager may choose not to distribute the income as the distribution may not be beneficial to the Unit Holders as the total cost to be incurred in such distribution may be higher than the amount available for distribution.</i>

<b>TRANSACTION DETAILS / FEES AND CHARGES</b>	
<b>Minimum Initial Investment</b>	RM50,000.00 or such amount as the Manager may decide from time to time.
<b>Minimum Additional Investment</b>	RM50,000.00 or such lower amount as the Manager may decide from time to time.
<b>Currency</b>	Ringgit Malaysia
<b>Minimum Repurchase</b>	RM50,000.00 or such lower amount as the Manager may decide from time to time.
<b>Frequency of Repurchase</b>	No limit
<b>Payment of Repurchase Proceeds</b>	Within 10 Days from the day on which a repurchase request is received by the Manager.
<b>Initial Offer Price Per Unit during Initial Offer Period</b>	RM1.00
<b>Sales Charge per Unit</b>	Nil
<b>Repurchase Charge per Unit</b>	Nil
<b>Minimum Holding</b>	RM50,000.00 or such amount as the Manager may decide from time to time.
<b>Annual Management Fee</b>	Up to 1.50% per annum of the NAV of the Fund.
<b>Annual Trustee Fee</b>	0.05 % per annum of the NAV of the Fund.
<i>* In respect of all investors or any particular investor, the Manager may from time to time at its sole discretion waive, increase or reduce the minimum limits for initial investments, additional investments, repurchases and holdings, as well as the amount of any fee or other charges payable by the investor or investors in respect of the Fund.</i>	

**Prospective Unit Holders should read and understand the contents of the Information Memorandum and, if necessary, should consult their adviser(s).**

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

**The fees and charges quoted in this Information Memorandum are exclusive of GST.**

## **4. OBJECTIVE**

The Fund aims to achieve long-term capital growth for investors through investments in a portfolio of Shariah-compliant equities.

## **5. INVESTMENT STRATEGY**

### **5.1 Investment Strategy**

The Fund aims to invest at least 70% of its NAV in Shariah-compliant equities listed in Bursa Malaysia that offer long-term growth potential. The remainder of the Fund's NAV not invested in Shariah-compliant equities will be invested in Islamic Deposits and/or Islamic money market instruments up to a limit of 30% of the Fund's NAV.

The Manager adopts both "top-down" and "bottom-up" strategies when constructing the portfolio of Shariah-compliant equities. "Top-down" strategy will take into consideration among others; economic outlook, equity market outlook, investor sentiment and market cycle. Meanwhile, "bottom-up" strategy includes focussing primarily at investing in companies that have robust fundamentals, strong earnings potential, attractive valuations and good corporate governance.

The Fund is actively managed and targets to provide consistent returns. However, the frequency of its trading strategy will depend on the market opportunities.

### **Temporary Defensive Positions**

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

### **5.2 Asset Allocation**

At least 70% of the Fund's NAV will be invested in Shariah-compliant equities.

A maximum of 30% of the Fund's NAV will be invested in Islamic Deposits and/or Islamic money market instruments.

### **5.3 Shariah Investment Guidelines**

The Shariah investment guidelines is endorsed by the Shariah Adviser based on the Fund's investment objective and strategy. The investment of the Fund is restricted to Shariah-compliant equities listed in Bursa Malaysia and Islamic money market instruments and Islamic Deposits with a maturity period of less than a year.

The Shariah Adviser will review;

- 1) Shariah-compliant equities based on the List of Shariah-compliant Securities approved by SACSC.
- 2) Islamic money market instruments based on data available from [www.bondinfo.bnm.gov.my](http://www.bondinfo.bnm.gov.my).

## Divestment and Cleansing/Purification Process

In the event the Fund invests in Shariah non-compliant instruments, the Fund shall dispose of such Shariah non-compliant instruments within 30 Days from the date of knowing the Shariah non-compliant status of the instruments. Any gain in the form of capital gain or profit received during or after the disposal of the instruments shall be channelled to charitable bodies approved by the Shariah Adviser. The Fund has the right to retain the original investment cost which may include brokerage fees and transaction costs.

## Zakat Payment

The Fund pays zakat on behalf of Muslim individuals and Islamic legal entities who are Unit Holders. The zakat calculation methodology is explained below:-



The zakat calculation methodology has been approved by the Shariah Adviser. The zakat shall be paid after the financial year end of the Fund.

## 6. PERMITTED INVESTMENTS

Unless otherwise prohibited by the relevant authorities or any law or Shariah Requirements or contract and provided always that there is no inconsistency with the objective of the Fund, the Fund will invest in the following permitted investments:-

- (1) Shariah-compliant equities listed on Bursa Malaysia;
- (2) Islamic money market instruments and Islamic Deposits;
- (3) Collective investment schemes that are Shariah-compliant; and
- (4) Any other form of Shariah-compliant instruments as may be agreed upon by the Manager and the Trustee from time to time that are in line with the Fund's objective.

## 7. INVESTMENT RESTRICTIONS AND LIMITS

The Fund can only be sold or marketed to Sophisticated Investors.

The investment restrictions and limits applicable to the Fund are as follows:

- The value of the Fund's investments in Shariah-compliant equities issued by any single issuer must not exceed 10% of the Fund's NAV.
- The value of the Fund's investments in Shariah-compliant equities and Islamic money market instruments issued by any single issuer must not exceed 15% of the Fund's NAV.

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

## **8. GENERAL RISKS AND SPECIFIC RISKS OF THE FUND**

All types of investments carry some degree of risk. It is not always possible to protect against all types of risk that can occur. For example, political changes and natural disasters can have a rapid effect on the outlook for economies and currencies. Therefore, before making an investment decision, an investor should consider the different types of risk that may affect the Fund or the investor individually as detailed below.

### **8.1 General Risks Of Investing In The Fund**

Just like any other form of investment, investments in the Fund also carry some risks. Risk is the term used to describe the extent to which any form of investment may fluctuate in value. One should consider, amongst others, the following when investing in the Fund:

#### **(a) Affected by variable factors**

The performance of the Fund is affected by many variable factors and therefore cannot be guaranteed. These include overall stock market condition, interest rate fluctuation, stability of local currency, general economic environment and the Manager's performance. While a track record may provide some insight on future performance, it is by no means guaranteed. The prices of Units may go down as well as up. Likewise, distribution may vary from year to year depending on the performance of the Fund.

#### **(b) Management risk**

Poor management of the Fund may jeopardise the investment of each Unit Holder. Therefore, the Manager shall set investment objectives, policies and appropriate strategies before any investment activities can be considered. However, there can be no guarantee that these measures will produce the desired results.

#### **(c) Non-compliance risk**

The operations and administration of the Fund by the Manager or its delegate are governed by the Deed, relevant laws and regulations or internal policies and procedures. Non-compliance risk may adversely affect the investment of the Fund especially if the Manager is forced to sell the investment of the Fund at a lower price to rectify the non-compliance.

#### **(d) Liquidity risk**

Liquidity risk refers to the ease of liquidating an asset depending on the asset's volume traded in the market. If the Fund holds assets that are illiquid, or are difficult to dispose of, the value of the Fund will be negatively affected when it has to sell such assets at unfavourable prices.

## **8.2 Specific Risks Of The Fund**

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

Market risk refers to potential losses that may arise from changes in the market prices of the Fund's investments. The prices of securities that the Fund invests in may fluctuate due to various factors, for example, events or news relating to the general market, economic uncertainties, political and geo-political conditions. Such movements in the prices of securities will cause the prices or NAV of the Units to fluctuate. This is a risk associated with all securities and cannot be eliminated. The Fund may invest in a well-diversified portfolio of securities from different sectors which would help mitigate this risk so that the adverse movement of securities from any one sector would not impact too greatly on the value of the Fund.

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

Any fluctuation in the value of a particular Shariah-compliant security in response to the circumstances affecting individual companies such as adverse financial performance, news of a possible merger or loss of key personnel of a company may affect the price of Units. The impact is however minimized by the Fund investing in a wide portfolio of investments consisting of Shariah-complaint securities issued by various companies, thus spreading the element of risk.

### **(c) Profit Rate Risk**

Changes in interest rates will generally affect the profit rates for Islamic Deposit, the pricing for Islamic money market instruments. In the event of rising interest rates, Islamic Deposits will suffer the opportunity loss to earn profits at higher rate and prices of such affected Islamic money market instruments will generally decrease and vice versa.

### **(d) Inflation Risk**

Inflation reduces the purchasing power of money even though the value of the investment in monetary terms has increased. Therefore, in an inflationary environment, there is a possibility that income from Islamic Deposits and Islamic money market instruments may not be able to keep up with inflation. This risk can be mitigated by investing in Islamic money market instruments that can provide positive real rate of return.

### **(e) Counterparty Risk**

Counterparty risk refers to the risk that the counterparty of the Islamic money market instruments and Islamic Deposits with which the Fund has invested in fails to fulfill its obligations such as failing to make timely payments of profit and/or principal when due.

### **(f) Default Risk**

This risk relates to the creditworthiness of a financial institution or an issuer and its expected ability to make timely payments of interest and/or principal. Any adverse situations faced by the financial institution or issuer may impact the value as well as liquidity of the Islamic Deposits and Islamic money market instruments. In the event a financial institution or an issuer defaults on its obligations, i.e. unable to service timely payments of interest and/or pay the principal amount upon maturity, this may result in the loss of capital and/or income, thus reducing the value of the Fund. The Manager will conduct ongoing monitoring of the financial institution's or issuer's credit ratings.

### **(g) Reclassification of Shariah Status Risk**

This risk refers to the risk that the currently held Shariah-compliant securities in the portfolio of Islamic funds may be reclassified to be Shariah non-compliant in the periodic review of the securities by the SACSC or the Shariah Adviser. If this occurs, the value of the Fund may be adversely affected where the Manager will take the necessary steps to dispose of such securities in accordance with SACSC's resolutions and guidelines. There may be opportunity loss to the Fund due to the Fund not being allowed to retain the excess capital gains derived from the disposal of the Shariah non-compliant securities.

**Investors are advised to read the Information Memorandum and obtain professional advice before subscribing to the Fund.**

**It is important to note that events affecting the investments cannot always be foreseen. Therefore, it is not always possible to protect your investment against all risks. The various asset classes generally exhibit different levels of risk.**

**The investments of the Fund carry risk and we recommend that you read the whole Information Memorandum to assess the risks of the Fund.**

## **9. THE MANAGER OF THE FUND**

### **9.1 Background Information**

MIDF Amanah was incorporated in Malaysia on 29 February 1972. Its issued and paid-up share capital as at 1 April 2017 was RM25,000,000 comprising 25,000,000 ordinary shares. Its registered office is at Level 21, Menara MIDF, 82 Jalan Raja Chulan, 50200 Kuala Lumpur.

MIDF Amanah is a fund manager licensed under the Capital Markets and Services Act 2007. It has more than 20 years' experience in providing fund management and investment advisory services.

As at 1 April 2017, MIDF Amanah manages 21 private funds and 6 unit trust funds and 5 wholesale funds with total funds valued at approximately RM3.9 billion backed by 18 employees of whom 14 are executive staff and 4 are non-executive staff.

### **9.2 Functions, Duties and Responsibilities of the Manager**

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

- (i) to ensure that the Fund is managed within the ambit of the Deed, the CMSA and the relevant laws at all time;
- (ii) to keep the Unit Holders informed of the Manager and performance of the Fund through the quarterly and annual reports; and
- (iii) to ensure that the interest of the Unit Holders is best served and protected at all times.

### **9.3 Board of Directors of the Manager**

**Cik Hasnah binti Omar** (Non-independent Non-executive Director/ Chairman)

**Datuk Mohd Najib bin Hj. Abdullah** (Non-independent Non-executive Director)

**Mr. Tai Keat Chai** (Independent Non-executive Director)

**Encik Ahlan Nasri bin Mohd Nazir @ Nasir** (Independent Non-executive Director)

**Encik Hasman Yusri bin Yusoff** (Independent Non-executive Director)

**Encik Azlan Hussin** (Chief Executive Officer/Non-Independent Executive Director)

### **9.4 Role of the Investment Committee**

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

### **9.5 The Investment Committee Members**

**Encik Hasman Yusri bin Yusoff** (Independent Member) (Chairman)

**Mr. Tai Keat Chai** (Independent Member)

**Encik Ahlan Nasribin Mohd Nazir @ Nasir** (Independent member)

### **9.6 Investment Team**

The investment team of MIDF Amanah comprises the following:

Encik Azlan Hussin (designated fund manager for the Fund)

Encik Mohamed Sany Mohamed Zainudin

Puan Azlina Abdul Aziz

Puan Samania Osman

The investment team of MIDF Amanah will meet on a weekly basis.

### **9.7 Shariah Adviser**

Effective 1<sup>st</sup> November 2014, MIDF Amanah had appointed MIDF Amanah Investment Bank Berhad (backed by MIDF Shariah Committee) as its new Shariah Adviser for its Islamic funds and discretionary accounts. The MIDF Shariah Committee consists of the following members:-

Ir. Dr. Hj. Muhamad Fuad Abdullah

Prof. Madya Dato' Hj. Muhamad Asri Haji Abdullah

Dr. Mohamad Sabri Zakaria

Assoc. Prof. Dr. Shahul Hameed Mohamed Ibrahim

Ustaz Mazrul Shahir bin Md Zuki



## 9.8 Roles and Responsibilities of the Shariah Adviser

The Shariah Adviser will review the Fund's investments on a monthly basis to ensure compliance with Shariah Requirements at all times and meet with the Manager on a quarterly basis to review and advise on the Fund's compliance with Shariah Requirements.

## 10. PRICING POLICY

### 10.1 Policy in respect of valuation point and computation of NAV and NAV per Unit

The NAV of the Fund is determined at the close of each Business Day and is the total value of all assets of the Fund (which includes, amongst others investments and cash held by the Fund including income derived by the Fund which has not been distributed to Unit Holders), less all liabilities of the Fund (which includes, amongst others, any amount owing or payable by the Fund including any valid provisions that the Trustee or the Manager considers necessary to be made).

Please note that the example below is for illustration only:

		RM
	Investment	100,000,000.00
Add :	Other Assets (including cash) & Income	1,400,000.00
Less :	Liabilities	200,000.00
	NAV before deducting annual management fee and annual trustee fee for the day	<u>101,200,000.00</u>
Less :	Annual management fee for the day (at 0.08% per annum calculated based on the NAV) RM101,200,000.00 X 0.085% (GST inclusive) / 365 days	235.67
Less :	Annual trustee fee for the day (at 0.05% per annum calculated based on the NAV) RM101,200,000.00 X 0.053% (GST inclusive) / 365 days	146.95
	NAV	<u><u>101,199,617.38</u></u>

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

In the event that there are 300,000,000 Units of the Fund in circulation at the point of valuation, the NAV per Unit of the Fund shall therefore be calculated as follows:

		RM
	NAV	101,199,617.38
Divide:	Units in Circulation	300,000,000
	NAV per Unit of a Fund (Rounded up to 4 decimal point)	<u><u>0.3373*</u></u>

\* NAV per Unit will be rounded up to four (4) decimal places.

## 10.2 Pricing of Units

The price of Units of the Fund is determined by using forward pricing where the price is based on the NAV per Unit of the Fund at the end of a Business Day after the application for sale or redemption of Unit is received by the Manager.

For the Fund, all transactions of Units by an investor/Unit Holder on a Business Day, will be based on the NAV per Unit which is determined at the close of each Business Day. Investors can obtain the NAV per Unit through MIDF Amanah's Customer Service Line at 03-2173 8488.

A transaction of Units of the Fund by an investor/Unit Holder is considered as carried out on a particular Business Day only if the payment (in cleared funds) together with completed application form and relevant supporting documents are received by the Manager not later than 4.00 p.m. (or such other later time as the Manager may deem fit in its discretion) on that same Business Day. In the event the same is only received by the Manager after 4.00 p.m. (or such other later time as the Manager may deem fit in its discretion), the transaction is considered as carried out on the immediate following Business Day. Any payment made on a non-Business Day shall be treated as payment made on the following Business Day.

Applications for redemption must be submitted to the Manager on a Business Day no later than 4.00 p.m. (or such other later time as the Manager may deem fit in its discretion). Such redemption requests are deemed received only if all documents and forms received by the Manager are duly and correctly completed. Any documents and forms received by the Manager after 4.00 p.m., (or such other later time as the Manager may deem fit in its discretion) shall be treated as having been received by the Manager on the next Business Day.

## 10.3 Bases of Valuation

In undertaking any of the Fund's investments, the Manager will ensure that all the assets of the Fund under its management will be valued appropriately, that is, at fair market value. All valuation method would require approval by the Trustee.

Accordingly:

- For listed Shariah-compliant equities, valuation shall be based on the last done market price quoted by the stock exchange on the relevant date.

However, if –

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

then the Shariah-compliant equities should be valued at fair value, as determined in good faith by the Manager, based on the methods or bases approved by the Trustee after appropriate technical consultation.

- Islamic Deposits placed with financial institutions will be valued each day by reference to the principal value of such investments. Profit receivable will be accrued each day based on the profit attached to the Islamic Deposits.

- The value of investments in Islamic fixed income instruments and Islamic money market instruments shall be determined each day by reference to their nominal values/principal sum and the accrued profit, if any.
- Shariah-compliant collective investment schemes will be valued based on the last published repurchase price.

## **11. INCOME DISTRIBUTION**

### **11.1 Income Distribution Policy**

Annually, depending on the level of income (if any) the Fund generates and at the discretion\* of the Manager after deducting all fees, zakat and expenses including management fee and trustee fee.

\* The Manager has the discretion with due consideration for the best interest of the Fund, to decide on the amount to be distributed to the Unit Holders. If the distribution available is too small or insignificant, the Manager may choose not to distribute the income as the distribution may not be beneficial to the Unit Holders as the total cost to be incurred in such distribution may be higher than the amount available for distribution.

Unit Holders may specify their distribution preferences as follows:-

- Cash option: Distribution proceeds will be paid directly to the Unit Holders; or
- Reinvestment option: Unit Holders may opt for distribution proceeds to be reinvested as additional Units of the Fund at NAV per Unit on the Business Day following the distribution declaration date.

If Unit Holders do not indicate their preferred distribution option, any distributions will be automatically reinvested as additional Units of the Fund at the NAV per Unit on the Business Day following the distribution declaration date.

For Unit Holders who select the cash option, the Manager shall pay all distributions via telegraphic transfer within one Business Day from the distribution declaration date.

#### **Auto Re-investment of Distribution Cheques upon the Lapse of Six Months Cheque Validity Period**

All unclaimed distributions will be automatically reinvested into additional Units at the expiry of the validity period of the cheques based on the prevailing NAV per Unit seven (7) Business Days after the validity period of the cheques.

### **11.2 Unclaimed Monies**

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

## **12. PERIODIC REPORTING TO INVESTORS**

The Fund will adopt the following:

- Monthly statement of accounts will be sent to Unit Holders.

- Quarterly report consisting of unaudited financial statements, Shariah Adviser report, information on fund performance and volatility, risk, market outlook, changes in key investment personnel, illiquid holdings and details on portfolio exposure will be sent to Unit Holders.
- Annual report consisting of audited financial statements, Shariah Adviser report, information on fund performance and volatility, risk, market outlook, changes in key investment personnel, illiquid holdings and details on portfolio exposure will be sent to Unit Holders.
- Reports may be in hardcopy or softcopy format.

## **13. FREQUENCY OF REDEMPTION AND CREATION OF UNITS**

### **13.1 Subscription for Units**

Units of the Fund are available for subscription by Sophisticated Investors from the commencement date onwards. During the Initial Offer Period, which is the period of 1 Day, Units will be sold at RM1.00 each and will be issued only upon the Manager's designated account being credited with the subscription amount. After the Initial Offer Period, Units will be sold at the NAV per Unit as at the close of the Business Day on which the subscription amount is credited into the Manager's designated account. The cut-off time is 4.00 p.m. (or such other later time as the Manager may deem fit in its discretion) which means applications and subscription amount received after 4.00 p.m. will be deemed to have been received on the following Business Day.

The minimum initial investment by an investor is RM50,000.00 or such amount as the Manager may decide from time to time while subsequent investments by the same investor can be in any amount of RM50,000.00 or such amount as the Manager may decide from time to time.

The Manager may at its sole discretion decline any application for subscription.

Units can be bought or sold on any Business Day between 8.45 a.m. to 5.45 p.m. However, the cut off time is 4.00 p.m. (or such other later time as the Manager may deem fit in its discretion) which means applications and subscription amount received after 4.00 p.m. will be deemed to have been received on the following Business Day.

### **13.2 Redemption / Repurchase of Units**

Unit Holders may redeem their investments partially or wholly by requesting the Manager to repurchase their Units; requests are irrevocable. Units will be repurchased at the NAV per Unit as at the close of the Business Day when the request is received. There is no repurchase charge. Repurchase proceeds will be paid to a Unit Holder within 10 Days from the Manager's receipt of the repurchase request. Redemptions have to be for a minimum of RM50,000.00; if following a repurchase request or such amount as the Manager may decide from time to time, a Unit Holder will be holding less than RM50,000.00 worth of Units or such amount as the Manager may decide from time to time, the Manager is entitled, but not compelled, to consider that a repurchase request has also been made in respect of those Units and can compulsorily repurchase the same.

If due to circumstances beyond the Manager's control and in the Manager's sole opinion, liquidation of the assets of the Fund for the purpose of raising proceeds for repurchase cannot be effected without prejudicing the interests of Unit Holders, the Manager will endeavour to pay the Unit Holders within 10 Days from the Manager's receipt of the repurchase request.

Units can be bought or sold on any Business Day between 8.45 a.m. to 5.45 p.m. However, the cut off time is 4.00 p.m. which means applications received after 4.00 p.m. will be deemed to have been received on the following Business Day.

### 13.3 Switching

Switching is not allowed for this Fund.

### 13.4 Transfers

Unit Holders are not allowed to transfer their Units.

### 13.5 Transaction Details and Operational Requirements

TRANSACTIONS	OPERATIONAL REQUIREMENTS
<p><b>MAKING AN INITIAL INVESTMENT</b></p>	<p><b><i>Individual investor (single or joint applicant)</i></b></p> <ul style="list-style-type: none"> <li>• completed Account Opening &amp; Investment Form;</li> <li>• photocopy of identity card or passport (if applicant is a Malaysian resident or foreigner); and</li> <li>• payment for the investment in cleared funds.</li> </ul> <p><b><i>Corporate investor</i></b></p> <ul style="list-style-type: none"> <li>• completed Account Opening &amp; Investment Form;</li> <li>• a copy each of the company's resolution and certificate of incorporation (certified by a director or company secretary); and list of authorised signatories and specimen signatures;</li> <li>• Form 11, 13, 49 and other documents, if required; and</li> <li>• payment for the investment in cleared funds.</li> </ul> <p><i>An investor is recognised as a registered Unit Holder by MIDF Amanah upon acceptance and receipt of payment together with completed Account Opening &amp; Investment Form and other relevant supporting documents by MIDF Amanah, the Manager will then issue a Holder Statement within 5 Business Days upon receipt of the aforesaid documents.</i></p>
<p><b>MAKING AN ADDITIONAL INVESTMENT</b></p>	<p><b><i>Individual investor (single or joint applicant) / Corporate Investor</i></b></p> <ul style="list-style-type: none"> <li>• completed Account Opening &amp; Investment Form; and</li> <li>• payment for the investment in cleared funds.</li> </ul> <p><i>The additional investments are recognised by the Manager upon its receipt of payment together with the relevant supporting documents. The Manager will then issue a notification confirming the investment within 5 Business Days upon receipt of the aforesaid documents.</i></p>
<p><b>REPURCHASE OF UNITS</b></p>	<p><b><i>Individual investor (single or joint applicant)/ Corporate Investor</i></b></p> <ul style="list-style-type: none"> <li>• completed Transaction Form.</li> </ul>

TRANSACTIONS	OPERATIONAL REQUIREMENTS
	<p><i>Repurchase can be made in part (provided the applicable minimum holding is not breached) or entirely on any Business Day.</i></p> <p><i>If the minimum holding is breached, the Manager will have the discretion to determine whether a repurchase request needs to be made in respect of the remaining Units.</i></p> <p><i>Unit Holders may receive the repurchase proceeds within ten (10) Days from the date the Manager is in receipt of the duly completed Repurchase Form by the Manager.</i></p>

## 14. MANAGEMENT AND OTHER FEES

### 14.1 Annual Management Fee

An annual management fee of up to 1.50% per annum of the NAV of the Fund is calculated and accrued daily and is charged to the Fund; this fee is collected by the Manager on a monthly basis.

### 14.2 Annual Trustee Fee

An annual trustee fee of 0.05% per annum of the NAV of the Fund is calculated and accrued daily and is charged to the Fund and this fee is collected by the Trustee on a monthly basis.

### 14.3 Other Expenses

Fund expenses are deducted from the Fund as and when they are incurred. The Fund will bear all direct and indirect expenses relating to the running of the Fund (including but not limited to brokerage, audit, trustee and settlement fees, etc). Expenses of the Fund may vary over time. The Manager will make all reasonable efforts to keep the costs of running the Fund at a reasonable level. Expenses associated with the management and administration of the Fund, such as general overheads and costs for services expected to be provided by the Manager, will not be charged to the Fund.

### 14.4 Goods and Services Tax

All charges and fees will be subject to GST and any other taxes that may be introduced by the Government of Malaysia from time to time, at the prevailing rate. The Manager and the Trustee reserve the right to collect from you an amount equivalent to the taxes payable for all charges and fees, whichever applicable. The GST amount would be collected from the effective date of the GST.

## 15. BENCHMARK

The Fund's performance shall be benchmarked against FTSE Bursa Malaysia Hijrah Index.

The information on the benchmark can be obtained from Bloomberg.

The risk profile of the Fund differs from the risk profile of the benchmark.

## **16. TRUSTEE**

AmanahRaya Trustees Berhad (“ART”) was incorporated under the Companies Act 1965 on 23 March 2007 and registered as a trust company under the Trust Companies Act 1949. ART is a subsidiary of Amanah Raya Berhad (“ARB”) which is wholly owned by the Minister of Finance (Incorporated). ART took over the corporate trusteeship functions of ARB and acquired ARB’s experience of more than 50 years in trustee business. ART has been registered and approved by the SC to act as trustee to unit trust funds.

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

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

- (i) acting as trustee of the Fund and therefore, safeguarding the rights and interests of the Unit Holders;
- (ii) taking custody and control of all the assets of the Fund and holding them in trust for the Unit Holders in accordance with the provisions of the Deed and the relevant laws;
- (iii) exercising all the powers of a trustee and powers that are incidental to the ownership of assets of the Fund;
- (iv) notify the SC immediately of any irregularity, any breach of the provisions of the CMSA, the Deed, the Guidelines or securities laws and any other matter properly regarded by the Trustee as not being in the interests of the Unit Holders;
- (v) submit or make available any statements, documents, books, records and other information relating to the Fund and the business of the Trustee or such periodical returns, as may be required by the SC from time to time;
- (vi) maintain and ensure that the Manager maintains proper accounting records and other records as are necessary to enable a complete and accurate view of the Fund to be formed.

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

### **16.2 Trustee’s Responsibility Statement**

The Trustee consents and agrees to assume the position as trustee of the Fund and undertakes all the obligations in accordance with the Deed, all relevant laws and rules of laws for the benefit of the registered Unit Holders.

## **17. RIGHTS AND LIABILITIES OF UNIT HOLDERS**

### **17.1. Unit Holder’s Rights**

- (a) The Unit Holder shall have the right to receive distributions of income (if any), participate in any increase in the value of the Units and such other rights and privileges as provided in the Deed.

- (b) No Unit Holder shall be entitled to require the transfer to him of any of the assets comprised in the Fund or be entitled to interfere with or question the exercise by the Trustee or the Manager on his behalf of the rights of the Trustee as owner of such assets.
- (c) The Unit Holder shall have the right to call for Unit Holders' meeting and to vote for the removal of the Trustee through a Special Resolution.
- (d) The Unit Holder shall have the right to receive annual and quarterly reports of the Fund.

#### **17.2. Unit Holder's Liabilities**

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

#### **17.3. Termination of the Fund**

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

- (a) a Special Resolution is passed at a Unit Holders' meeting to terminate or wind up the Fund; or
- (b) the Fund has reached its maturity date (if any) as specified in the Deed.

#### **17.4. Unit Holders' Meeting**

Unless otherwise required or allowed by the relevant laws, the Manager shall within twenty-one (21) Days of receiving a direction from not less than fifty (50) or one-tenth (1/10) of all the Unit Holders, whichever is less, summon a meeting of the Unit Holders by:

- (a) sending by post at least fourteen (14) Days before the date of the proposed meeting a notice of the proposed meeting to all the Unit Holders at the Unit Holder's last known address or, in the case of jointholders, to the jointholders whose name stands first in the records of the Manager at the jointholder's last known address; and
- (b) specifying in the notice the place and time of the meeting and the terms of the resolutions to be proposed at the meeting.

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

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



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

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

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

#### **17.5 Customer Information Service**

Unit Holders can seek assistance on any issue relating to the Fund, from the Manager's client servicing personnel at 03-2173 8488. Alternatively, Unit Holders may e-mail their enquiries to [midfamanah@midf.com.my](mailto:midfamanah@midf.com.my).

### **18. POLICY ON REBATES AND SOFT COMMISSION**

Any rebate on fees or shared commissions is to be credited into the accounts of the Fund (where such fees or shared commissions are paid out or to be paid out of that Fund). Goods and services ("Soft Commission") received from broker/dealer are retained by the Manager or its delegate only if the goods and services are of demonstrable benefit to the Unit Holders and in the form of research and advisory services that assist in the decision making process relating to the Fund's investments such as research materials and computer software incidental to the investment management of that Fund.

### **19. POLICY ON CROSS TRADES**

The Manager shall only undertake sale and purchase transactions between the Fund with another fund/client of MIDF Amanah (cross-trades) where the:

- (1) sale and purchase decisions are in the best interest of both clients;
- (2) transactions are executed on an arm's length and fair value basis;
- (3) reason for such transactions is documented prior to execution;
- (4) activity is identified to both clients in their respective periodic transaction reports or statements;
- (5) transaction is executed through a dealer/financial institution; and
- (6) written authorisation to conduct such activity has been obtained in advance from clients.

Cross trades between staff personal account and the Fund's account(s), and cross trades between proprietary account(s) and the Fund's account(s) are prohibited.