



**CGS International Wealth Management Malaysia Sdn. Bhd.**  
(formerly known as CGS-CIMB Wealth Management Sdn Bhd)

## Replacement Information Memorandum

# CGS Ihsan Income Fund

(constituted and launched on 1 September 2023)

### Manager

CGS International Wealth Management Malaysia Sdn. Bhd.  
(formerly known as CGS-CIMB Wealth Management Sdn Bhd)  
Registration No.: 199601003596 (375942-X)

### Trustee

SCBMB Trustee Berhad  
Registration No.: 201201021301 (1005793-T)

This Replacement Information Memorandum is dated 8 May 2024.

THIS IS A REPLACEMENT INFORMATION MEMORANDUM WHICH REPLACES AND SUPERSEDES THE INFORMATION MEMORANDUM IN RELATION TO CGS IHSAN INCOME FUND DATED 1 SEPTEMBER 2023.

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UNITS OF THE CGS IHSAN INCOME FUND CAN ONLY BE SOLD TO SOPHISTICATED INVESTORS.

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

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE [10].

## **RESPONSIBILITY STATEMENT**

This replacement information memorandum has been reviewed and approved by the directors of CGS International Wealth Management Malaysia Sdn. Bhd. (formerly known as CGS-CIMB Wealth Management Sdn. Bhd.) and they collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, they confirm to the best of their knowledge and belief, that there are no false or misleading statements, or omission of other facts which would make any statement in this information memorandum false or misleading.

## **STATEMENTS OF DISCLAIMER**

**The Securities Commission Malaysia has not authorised or recognised the CGS Ihsan Income Fund and a copy of this information memorandum has not been registered with the Securities Commission Malaysia.**

**The lodgement of this information memorandum should not be taken to indicate that the Securities Commission Malaysia recommends the CGS Ihsan Income Fund or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this information memorandum.**

**The Securities Commission Malaysia is not liable for any non-disclosure on the part of CGS International Wealth Management Malaysia Sdn. Bhd. (formerly known as CGS-CIMB Wealth Management Sdn. Bhd.) responsible for the CGS Ihsan Income Fund and takes no responsibility for the contents of this information memorandum. The Securities Commission Malaysia makes no representation on the accuracy or completeness of this information memorandum, and expressly disclaims any liability whatsoever arising from, or in reliance upon, the whole or any part of the content of this information memorandum.**

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

## **ADDITIONAL STATEMENTS**

Investors should note that they may seek recourse under the *Capital Markets and Services Act 2007* for breaches of securities laws including any statement in the 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 CGS Ihsan Income Fund.

CGS Ihsan Income Fund will not be offered for sale in the United States of America, its territories or possessions and all areas subject to its jurisdiction, or to any U.S. Person(s). Accordingly, investors may be required to certify that they are not U.S. Person(s) before making an investment in CGS Ihsan Income Fund.

This Information Memorandum is issued and distributed in Malaysia only. Consequently, no representation has been and will be made as to its compliance with the laws of any country or jurisdiction other than in Malaysia.

CGS Ihsan Income Fund has been certified as Shariah-compliant by the Shariah adviser appointed for the CGS Ihsan Income Fund.

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## 1. CORPORATE DIRECTORY

### MANAGER

NAME : **CGS International Wealth Management Malaysia Sdn. Bhd.** (formerly known as CGS-CIMB Wealth Management Sdn. Bhd.)

REGISTRATION NO. : 199601003596 (375942-X)

REGISTERED OFFICE : Level 12, Menara Aras Raya  
No.11, Jalan Raja Laut  
50350 Kuala Lumpur

BUSINESS OFFICE : Level 29, Menara Aras Raya  
No. 11, Jalan Raja Laut  
50350 Kuala Lumpur

TELEPHONE NO. : 03-2635 8888

FAX NO. : 03-2602 0119

EMAIL : [wealthmanagement.my@cgsi.com](mailto:wealthmanagement.my@cgsi.com)

WEBSITE : [www.cgsi.com.my/en/wealth](http://www.cgsi.com.my/en/wealth)

### TRUSTEE

NAME : **SCBMB Trustee Berhad**

REGISTRATION NO. : 201201021301 (1005793-T)

REGISTERED OFFICE & BUSINESS OFFICE : Level 25, Equatorial Plaza  
Jalan Sultan Ismail  
50250 Kuala Lumpur

TELEPHONE NO. : 603 - 76829712 / 603 - 76829710 / 603 - 76829704

EMAIL : [my.trustee@sc.com](mailto:my.trustee@sc.com)

WEBSITE : [www.sc.com/my/trustee](http://www.sc.com/my/trustee)

### SHARIAH ADVISER

NAME : **Prof Dr. Aznan Hasan**

ADDRESS : No 17, Jalan 6/6, Seksyen 6,  
Bandar Baru Bangi,  
43650 Selangor

EMAIL : [aznanh@gmail.com](mailto:aznanh@gmail.com)

## 2. DEFINITIONS

In this information memorandum, the following abbreviations or words shall have the following meanings unless expressly stated:

|                                   |  |
|-----------------------------------|--|
| <b>“BNM”</b>                      | Bank Negara Malaysia.  |
| <b>“Bursa Malaysia”</b>           | The stock exchange managed and operated by Bursa Malaysia Securities Berhad.   |
| <b>“Business Day”</b>             | A day on which Bursa Malaysia is open for trading and/or banks in Kuala Lumpur are open for business.  |
| <b>“Class(es)”</b>                | Any class of Units representing similar interest in the assets of the Fund although a class of Units of the Fund may have different features from another class of Units of the same Fund.   |
| <b>“CMSA”</b>                     | Capital Markets and Services Act 2007, as may be amended from time to time.  |
| <b>“Deed”</b>                     | The deed entered into between the Manager and the Trustee in respect of the Fund, as may be modified or varied by a supplemental deed from time to time.   |
| <b>“Eligible Market”</b>          | An exchange, government securities market or an over-the-counter market that is regulated by a regulatory authority of that jurisdiction, that is open to the public or to a substantial number of market participants, and on which financial instruments are regularly traded.                                   |
| <b>“financial institution”</b>    | If the institution is in Malaysia:<br>i. licensed bank;<br>ii. licensed investment bank; or<br>iii. licensed Islamic bank; or<br><br>if the institution is outside Malaysia, any institution that is licensed, registered, approved or authorised by the relevant banking regulator to provide financial services. |
| <b>“Fund”</b>                     | CGS Ihsan Income Fund.   |
| <b>“Information Memorandum”</b>   | This information memorandum in relation to the Fund as may be amended or replaced from time to time.   |
| <b>“Manager”</b>                  | CGS International Wealth Management Malaysia Sdn. Bhd. (formerly known as CGS-CIMB Wealth Management Sdn. Bhd.).   |
| <b>“MARC”</b>                     | Malaysian Rating Corporation Berhad.   |
| <b>“Net Asset Value” or “NAV”</b> | The total value of the Fund’s assets minus its liabilities at the valuation point; where the Fund has more than one Class, there shall be a NAV of the Fund attributable to each Class.  |
| <b>“NAV per Unit”</b>             | The NAV of a Class at the valuation point divided by the total number of Units in circulation of that Class at the same valuation point.   |
| <b>“RAM”</b>                      | RAM Rating Services Berhad.  |
| <b>“RM”</b>                       | Ringgit Malaysia, the lawful currency of Malaysia.   |
| <b>“SAC of BNM”</b>               | Shariah Advisory Council of BNM.   |

**“SAC of the SC”**

Shariah Advisory Council of the SC.

**“SC”**

Securities Commission Malaysia.

**“Sophisticated Investors”**

- (a) a unit trust scheme, private retirement scheme or prescribed investment scheme;
- (b) Bank Negara Malaysia;
- (c) a licensed person or a registered person;
- (d) an exchange holding company, a stock exchange, a derivatives exchange, an approved clearing house, a central depository or a recognized market operator;
- (e) a corporation that is licensed, registered or approved to carry on any regulated activity or capital market services by an authority in Labuan or outside Malaysia which exercises functions corresponding to the functions of the SC;
- (f) a bank licensee or an insurance licensee as defined under the Labuan Financial Services and Securities Act 2010;
- (g) an Islamic bank licensee or a takaful licensee as defined under the Labuan Islamic Financial Services and Securities Act 2010;
- (h) a chief executive officer or a director of any person referred to in paragraphs (c) to (g);
- (i) a closed-ended fund approved by the SC;
- (j) a company that is registered as a trust company under the Trust Companies Act 1949 and has assets under its management exceeding RM10 million or its equivalent in foreign currencies;
- (k) a corporation that:
  - (i) 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 its management, exceeding RM10 million or its equivalent in foreign currencies; or
  - (ii) is carrying on the regulated activity of fund management solely for the benefit of its related corporations and has assets under its management exceeding RM10 million or its equivalent in foreign currencies;
- (l) a corporation with total net assets exceeding RM10 million or its equivalent in foreign currencies based on the last audited accounts;
- (m) a partnership with total net assets exceeding RM10 million or its equivalent in foreign currencies;
- (n) a statutory body established under any laws whose function or mandate is investment in capital market products;
- (o) a pension fund approved by the Director General of Inland Revenue under the Income Tax Act 1967;
- (p) an individual –
  - (i) whose total net personal assets exceeding RM3 million or its equivalent in foreign currencies, provided that the net value of the individual's primary residence contribute not more than RM1 million of the total net assets;
  - (ii) whose total joint assets with his or her spouse, or, his or her child, exceeding RM3 million or its equivalent in foreign currencies, provided that the net value of the primary residence of the individual with his or her spouse or child contribute not more than RM1 million of the total net assets;
  - (iii) who has a gross annual income exceeding RM300,000 or its equivalent in foreign currencies in the preceding twelve months;
  - (iv) who jointly with his or her spouse, has a gross annual income exceeding RM400,000 or its equivalent in foreign currencies in the preceding twelve months; or
  - (v) whose total net personal investment portfolio or total net joint investment portfolio with his or her spouse or child, in any capital

- market products exceeding RM1 million or its equivalent in foreign currencies;
- (q) an individual who holds any of the following qualifications and has five consecutive years of relevant working experience in finance, economics, actuarial science or accounting –
    - (i) holds a Bachelor’s or Master’s degree related to Finance, Economics or Actuarial Science;
    - (ii) holds a Bachelor’s or Master’s degree in Accounting; or
    - (iii) holds a Master of Business Administration;
  - (r) an individual who holds the following membership in the associations as set out below:
    - (i) Active Member of Chartered Financial Analyst (CFA) Institute;
    - (ii) Chartered Banker of Asian Institute of Chartered Bankers (AICB);
    - (iii) Ordinary Member of Financial Markets Association Malaysia (FMAM);
    - (iv) Chartered Account, C.A(M) of Malaysian Institute of Accountants (MIA);
    - (v) Ordinary Member of Malaysia Association of Tax Accountants (MATA);
    - (vi) Accredited Angel Investor of Malaysian Business Angel Network (MBAN);
    - (vii) Certified Member of Financial Planning Association of Malaysia (FPAM); or
    - (viii) Ordinary Member of Malaysian Financial Planning Council (MFPC); or
  - (s) an individual who has five consecutive years of working experience in a capital market intermediary relating to product development, corporate finance, deal advisory, investment management, sales and trading, investment research and advisory, financial analysis, or the provision of training in investment products;
  - (t) any person who acquires the unlisted capital market products where the consideration is not less than two hundred and fifty thousand ringgit or its equivalent in foreign currencies for each transaction whether such amount is paid for in cash or otherwise; or
  - (u) any other category of investor(s) as may be permitted by the SC from time to time and/or under the relevant guidelines for wholesale funds.
- “Special Resolution”**
- (a) A resolution passed by a majority of not less than three-fourths (3/4) of the Unit Holders of the Fund or a Class, as the case may be, present and voting in person or by proxy at a meeting of Unit Holders duly convened in accordance with the Deed; or
  - (b) For the purposes of terminating the Fund or a Class, as the case may be, a resolution passed by a majority in number of Unit Holders present and voting in person or by proxy and such Unit Holders represent at least three-fourths (3/4) of the value of the Units held by the Unit Holders of the Fund or a Class, as the case may be, present and voting in person or by proxy at a meeting of Unit Holders duly convened in accordance with the Deed.
- “Trustee”** SCBMB Trustee Berhad.
- “Unit(s)”** 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 or a Class (as the context so require).
- “Unit Holder”** The person for the time being who is registered pursuant to the Deed as a holder of Units of a Class, including a jointholder. In relation to the Fund, means all the unit holders of every Class in the Fund.

|                        |  |
|------------------------|--|
| <b>“Unrated Sukuk”</b> | Sukuk which are not rated by any credit rating agencies, including but not limited to Islamic treasury bills and sukuk issued by government, government agency, statutory bodies or a corporation.   |
| <b>“U.S.”</b>          | United States of America.  |
| <b>“U.S. Person”</b>   | <ul style="list-style-type: none"> <li>(a) a U.S. citizen (including those who hold dual citizenship or a green card holder);</li> <li>(b) a U.S. resident alien for tax purposes;</li> <li>(c) a U.S. partnership;</li> <li>(d) a U.S. corporation;</li> <li>(e) any estate other than a non-U.S. estate;</li> <li>(f) any trust if: <ul style="list-style-type: none"> <li>(i) a court within the U.S. is able to exercise primary supervision over the administration of the trust; and</li> <li>(ii) one or more U.S. Persons have the authority to control all substantial decisions of the trust;</li> </ul> </li> <li>(g) any other person that is not a non-U.S. person; or</li> <li>(h) any other definition as may be prescribed under any relevant laws including but not limited to the Regulation S under the U.S. Securities Act of 1933 and the Foreign Account Tax Compliance Act, as may be amended from time to time.</li> </ul> |



### 3. CGS IHSAN INCOME FUND

**Fund Category**  
Fixed Income (Islamic)

**Fund Type**  
Income

**Base currency**  
Ringgit Malaysia

**Financial Year End**  
30 September

**Deed**  
Deed dated 29 August 2023

#### **Class of Units and Initial Offer Price**

Class A: RM1.00  
Class B: RM1.00

*The Fund may create new Classes without having to seek Unit Holders' prior approval. Unit Holders will be notified of the issuance of the new Classes by way of a notification and the prospective investors will be notified of the same by way of a supplementary information memorandum or replacement information memorandum.*

#### **Initial Offer Period**

A period of twenty-one (21) days commencing from 1 September 2023 to 21 September 2023.

*The Manager may shorten the initial offer period if the Manager determines that it is in your best interests for the Fund to commence investments.*

#### **Investment Objective**

The Fund aims to provide Unit Holders with regular income and liquidity to meet cash flow requirements whilst maintaining capital preservation\* by investing in a diversified portfolio of instruments that comply with Shariah principles.

*Note:*

*\* The Fund is not a capital guaranteed fund nor a capital protected fund.*

**ANY MATERIAL CHANGE TO THE FUND'S OBJECTIVE WOULD REQUIRE UNIT HOLDERS' APPROVAL.**

#### **Investment Strategy**

The Fund seeks to achieve its objective by investing in sukuk, Islamic money market instruments and Islamic deposits. The Fund also has the flexibility to invest in Islamic collective investment schemes to gain exposure to sukuk, Islamic money market instruments and Islamic deposits.

The Fund will invest in the following manner:

- at least 80% of its NAV in sukuk, Islamic money market instruments, Islamic deposits and/or Islamic collective investment schemes, with at least 30% of the Fund's NAV in sukuk;
- up to 30% of its NAV in Unrated Sukuk; and
- up to 20% of its NAV in Islamic structured products; and
- up to 30% of its NAV in any of the aforesaid investments in any Eligible Market globally to capture income opportunities.

The Fund may invest in Islamic structured products when opportunities arise for the Manager to enhance the returns of the Fund. The Fund may also use Islamic derivatives for hedging purposes.

To ensure the Fund is able to provide regular income whilst maintaining sufficient liquidity to meet redemption requests, the Fund is actively managed and the asset allocation would vary from time to

time, in accordance with the Manager's judgement as to the general market and economic conditions, trends and yields, interest rates and changes in fiscal and monetary policies, among other factors. The Manager will select sukuk that will deliver better returns compared to those of similar risk levels. The Fund may also consider sukuk with favourable and improving credit that provide potential capital appreciation.

For rated instruments, the minimum credit rating for local sukuk and Islamic money market instruments that the Fund may invest in must be at least "A3" for long-term instruments or "P2" for short-term instruments as assigned by RAM, MARC or its equivalent rating by any other domestic rating agencies, whereas, for foreign sukuk and Islamic money market instruments, they must be at least investment grade as assigned by any global rating agencies. Should the ratings be downgraded below the stated minimum credit rating, the Manager may dispose of the instruments within a reasonable time frame as it deems appropriate taking into consideration the market condition and other relevant factors. However, the Manager may consider to hold on to the investment if the Manager is of the view that it is in the best interests of the Unit Holders to do so or the downgrade of the instruments may be temporary.

#### Temporary defensive strategy

Temporary defensive positions that may be inconsistent with the Fund's investment strategy may be taken in an attempt to respond to adverse economic, political or any other market conditions. In such circumstances, the Manager may allocate up to 100% of the Fund's assets into Islamic money market instruments and placed Islamic deposits with Islamic financial institutions, which are defensive in nature.

#### **Performance Benchmark**

Maybank's 1-month General Investment Account-i (GIA-i) rate.

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

*Note: The risk profile of the Fund is not the same as the risk profile of the performance benchmark.*

#### **Distribution Policy**

Class A and Class B:

Depending on the level of income (if any) that the Fund generates, quarterly or any other frequency at the discretion of the Manager.

#### **Permitted Investments**

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

- Sukuk;
- Islamic money market instruments;
- Islamic deposits placed with Islamic financial institutions;
- Islamic collective investment schemes;
- Islamic structured products;
- Islamic derivatives (for hedging purposes only); and
- Any other form of Shariah-compliant investments as may be permitted by the SC, the SAC of the SC, the SAC of BNM, the Shariah Supervisory board of the relevant indices or the Shariah Adviser and agreed between the Manager and the Trustee from time to time that is in line with the Fund's objective.

#### **Investment Restrictions and Limits**

The Fund is not subject to any investment restrictions and limits.

## Valuation Point of the Fund

The Fund is valued once at the end of every Business Day. However, if the Fund has investments outside Malaysia, the Fund may be valued by the end of the next Business Day.

The currency translation of investments outside Malaysia to the Fund's base currency will be based on the last available exchange rates quoted and published by Bank Negara Malaysia at the end of every Business Day which is available at <https://www.bnm.gov.my/exchange-rates>.

## Valuation of Assets of the Fund

The bases of valuation of the respective assets classes of the Fund are as follows:

### Sukuk

Listed sukuk will be valued daily based on the last done market price on the Eligible Market on which the listed sukuk is quoted.

However, if:

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

Unlisted sukuk denominated in Ringgit Malaysia will be valued daily based on the price quoted by a bond pricing agency ("BPA") registered with the SC. Where the Manager is of the view that the price quoted by BPA for a specific sukuk differs from the market price by more than 20 basis points, the Manager may use the market price, provided that the Manager:

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

Unlisted sukuk denominated in foreign currencies will be valued daily using the Bloomberg Generic Price ("BGN price") provided by Bloomberg. Where BGN price is not available, the unlisted sukuk denominated in foreign currencies will be valued by reference to the average indicative yield quoted by three (3) independent and reputable financial institutions.

### Islamic money market instruments

Islamic money market instruments denominated in Ringgit Malaysia will be valued daily based on the price quoted by BPA registered with the SC. Where the Manager is of the view that the price quoted by BPA differs from the market price by more than 20 basis points, the Manager may use the market price, provided that the Manager:

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

Islamic money market instruments denominated in foreign currencies will be valued daily using the BGN price provided by Bloomberg. Where BGN price is not available, the Islamic money market instruments denominated in foreign currencies will be valued by reference to the average indicative yield quoted by three (3) independent and reputable financial institutions.

### Islamic deposits

Islamic deposits placed with Islamic financial institutions will be valued daily by reference to the value of such Islamic deposits and the profits accrued thereon for the relevant period.

#### Islamic derivatives and Islamic structured products

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

#### Islamic collective investment schemes

Listed Islamic collective investment schemes will be valued daily based on the last done market price on the Eligible Market on which the listed Islamic collective investment schemes are quoted. Unlisted Islamic collective investment scheme will be valued daily based on the last published repurchase price per unit of that Islamic collective investment scheme.

#### Any other Shariah-compliant investments

Fair value as determined in good faith by the Manager, on methods or bases which have been verified by the auditor of the Fund and approved by the Trustee.

### **Financing and Borrowing**

The Fund is prohibited from borrowing other assets (including borrowing of securities within the meaning of the Securities Borrowing and Lending Guidelines issued by the SC) in connection with its activities. However, the Fund may obtain Islamic cash financing on a temporary basis for the purpose of meeting redemption requests for Units and for short term bridging requirements subject to the following:

- the Fund's Islamic cash financing is only on a temporary basis and that financings are not persistent;
- the financing period shall not exceed one (1) month;
- the aggregate financings of the Fund shall not exceed 10% of the Fund's NAV at the time the financing is incurred; and
- the Fund only obtains financing from Islamic financial institutions.

### **Cross Trade Policy**

We may conduct cross trades between funds that we are currently managing provided that the requirements of the applicable laws are complied with. Notwithstanding the above, cross trades between the personal account of an employee of the Manager and the Fund's account(s) and between the Manager's proprietary trading accounts and the Fund's account(s) are strictly prohibited. Cross trades undertaken shall be in the best interest of the Fund's rebalancing purposes and are transacted through a broker, dealer or a financial institution at an arm's length and fair value basis.

### **Shariah Investment Guidelines**

The Fund will invest in Shariah-compliant instruments in accordance with the guidelines of the SAC of the SC, the SAC of BNM, the Shariah Supervisory board of the relevant indices and the Shariah Adviser.

### **Screening Process**

#### **1. Sukuk**

The Fund will invest in sukuk that are compliant with Shariah law. Sukuk are certificates that represent ownership of an underlying asset or project.

#### **2. Islamic Money Market Instruments**

The Fund will invest in Islamic money market instruments that are approved by the SAC of BNM, the SAC of the SC or the Shariah Adviser.

#### **3. Islamic Deposits**

The Fund is prohibited from investing in interest-bearing deposits and recognising any interest income.

#### **4. Islamic Collective Investment Schemes**

The Fund may invest in Islamic collective investment schemes that are regulated and registered or authorised or approved by the relevant authority in its home jurisdiction.

#### **5. Islamic Derivatives and Islamic structured products**

Islamic derivatives and Islamic structured products endorsed by other Shariah adviser or committees must be approved by the Shariah Adviser. The Shariah Adviser will review the relevant documents, such as the principal terms and conditions, to ensure that the derivatives and structured products are compliant with Shariah law.

#### **Divestment of Shariah non-compliant securities**

1. If a security that is held by the Fund is later deemed to be Shariah non-compliant, the Manager must sell the security as soon as practicable.
2. Any profits that were earned from the security before it was deemed to be Shariah non-compliant can be retained by the Fund.
3. Any profits that were earned from the security after it was deemed to be Shariah non-compliant must be donated to charity.

#### **Purification Process for the Fund**

If the Fund receives any income from Shariah non-compliant investments, the Manager must purify the income by donating it to charity, to be endorsed by the Shariah Adviser.

#### **Compliance with Shariah principles**

The Shariah Adviser has determined that the Fund is compliant with Shariah principles, subject to the proper execution of legal documents and other transactions related to the Fund.

**The investment portfolio of the Fund will comprise instruments that have been classified as Shariah-compliant by the SAC of the SC and, where applicable the SAC of BNM or the Shariah Supervisory board of the relevant indices. For instruments that are not classified as Shariah-compliant by the SAC of the SC and, where applicable the SAC of BNM or the Shariah Supervisory board of the relevant indices, the status of the instruments has been determined in accordance with the ruling issued by the Shariah Adviser.**

## **4. RISK FACTORS**

### **4.1 GENERAL RISKS OF INVESTING IN THE FUND**

#### **Market risk**

Market risk refers to the possibility that an investment will lose value because of a general decline in financial markets, due to economic, political and/or other factors, which will result in a decline in the Fund's NAV. If the market in which the Fund invests in suffers a downturn or instability due to adverse economic or political conditions, this may adversely impact the market prices of the investments of the Fund.

#### **Inflation risk**

This is the risk that your investment in the Fund may not grow or generate income at a rate that keeps pace with inflation, thus reducing your purchasing power even though the value of the investment in monetary terms may have increased.

#### **Manager's risk**

This risk refers to the day-to-day management of the Fund by the Manager which will impact the performance of the Fund. For example, investment decisions undertaken by the Manager, as a result of an incorrect view of the market or any non-compliance with internal policies, investment mandate, the Deed, relevant law or guidelines due to factors such as human error or weaknesses in operational process and systems, may adversely affect the performance of the Fund.

#### **Non-compliance risk**

This refers to the current and prospective risk to the Fund and your interest arising from non-compliance of regulations imposed by the laws, the Deed, the Information Memorandum and/or the Manager's internal policies and procedures by the Manager. Such non-compliance may force the Manager to sell down the investments of the Fund at a loss to rectify the non-compliance and in turn affect the value of the Fund and your investment in the Fund.

#### **Financing risk**

This risk occurs when you take a cash financing to finance their investment. The inherent risk of investing with financed money includes you being unable to service the financing. In the event Units are used as collateral, you may be required to top-up your existing instalment if the prices of Units fall below a certain level due to market conditions. Failing which, the Units may be sold at a lower NAV per Unit as compared to the NAV per Unit at the point of purchase towards settling the financing.

### **4.2 SPECIFIC RISKS OF INVESTING IN THE FUND**

#### **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.

Liquidity risk of the Fund is also the Manager's ability as the management company to honour redemption requests or to pay Unit Holders' redemption proceeds in a timely manner. There may also be a risk that the Fund may not be able to meet the redemption requests due to insufficient liquidity.

#### **Credit and default risk**

Credit risk relates to the creditworthiness of the issuers of the sukuk and Islamic money market instruments and their expected ability to make timely payment of profits and/or principal. Any adverse situations faced by the issuer may impact the value as well as liquidity of the sukuk and Islamic money

market instruments. In the case of rated sukuk and Islamic money market instruments, this may lead to a credit downgrade. Default risk relates to the risk that an issuer of sukuk or Islamic money market instrument either defaulting on payments or failing to make payments in a timely manner which will in turn adversely affect the value of the sukuk or Islamic money market instrument. This could adversely affect the value of the Fund.

Islamic deposits placed with Islamic financial institutions are also exposed to credit and default risk. Any adverse situations faced by the Islamic financial institutions may impact the value as well as liquidity of the Islamic deposits. If the Islamic financial institutions become insolvent, the Fund may suffer capital losses with regards to the capital invested and profit foregone, causing the performance of the Fund to be adversely affected. Placements of Islamic deposits with Islamic financial institutions will also be made based on prudent selection.

### **Interest rate risk**

Interest rate risk refers to the impact of interest rate changes on the valuation of the sukuk and Islamic money market instruments. When interest rates rise, the pricing of sukuk and Islamic money market instruments prices may decline and lower the market value of the Fund's investment in sukuk and Islamic money market instruments. The reverse may apply when interest rates fall. In order to mitigate interest rate risk, the Manager will manage the sukuk and Islamic money market instruments taking into account the profit rate and time to maturity of the sukuk and Islamic money market instruments.

Interest rate fluctuations will also affect the Fund's potential returns from its future placement in Islamic deposits. When interest rates rise, future placement in Islamic deposits will benefit from the higher profit rates and in the event of falling interest rates, the Fund's future placement in Islamic deposits will be reinvested at lower profit rates which in turn will reduce the Fund's potential returns.

*Note: Interest rate is a general indicator that will have an impact on the management of the Fund regardless whether it is an Islamic fund or otherwise. It does not in any way suggest that this Fund will invest in conventional financial instruments.*

### **Counterparty risk**

The Fund will be exposed to credit risk of the counterparties with whom the Fund trades with or makes placements of Islamic deposits. In the event that the counterparty is not able to fulfil its obligations especially in the event of bankruptcy, this may lead to a loss to the Fund. Counterparty risk may be mitigated by conducting credit evaluation on the counterparty to ascertain the creditworthiness of the counterparty.

### **Islamic derivatives and Islamic structured products risk**

The Fund may from time to time use Islamic derivatives for hedging. Islamic derivatives are Islamic financial contracts whose value depend on, or are derived from, the value of an underlying Shariah-compliant asset, reference rate or index. Such Shariah-compliant assets may include shares, profit rate, currency exchange rates and stock indices. The use of Islamic derivatives may result in a lower NAV price. Some of the risks associated with Islamic derivatives are market risk, management risk, credit risk, liquidity risk and counterparty risk. While the hedging strategy will assist in mitigating the potential losses by the Fund, any potential gains from the hedging strategy will be capped as well.

The Fund may also invest in Islamic structured products when opportunities arise to enhance the returns of the Fund. The valuation of the Islamic structured products will affect the NAV of the Fund. Factors that may affect the valuation of the Islamic structured products include, but are not limited to the movement of the underlying assets, volatility of the underlying assets, profit rate levels, correlation of the underlying assets and other factors. Any change in the aforesaid factors may positively or negatively affect the valuation of the Islamic structured products and in turn affect the NAV of the Fund.

### **Income distribution risk**

It should be noted that the distribution of income is not guaranteed. The distribution of income is made from realised gains and/or realised income. As such, the Fund may not be able to distribute income if it does not receive such cash flows.

### **Currency risk**

As the investments of the Fund may be denominated in currencies other than the base currency of the Fund (i.e., Ringgit Malaysia), any fluctuation in the exchange rate between the base currency of the Fund and the currencies in which the investments are denominated may have an impact on the value of these investments. You should be aware that if the currencies in which the investments are denominated depreciate against the base currency of the Fund, this will have an adverse effect on the NAV of the Fund in the base currency of the Fund and vice versa. You should note that any gains or losses arising from the fluctuation in the exchange rate may further increase or decrease the returns of the investment.

In order to manage currency risk, the Manager may employ currency hedging strategies to hedge the foreign currency exposure of the Fund. Currency hedging may reduce the effect of the exchange rate movement but it does not entirely eliminate currency risk of the Fund. The unhedged portion of the Fund will still be affected by the exchange rate movements. You should note that if the exchange rate moves favourably, the Fund will not benefit from any upside in currency movement due to the hedging strategy. In addition, hedging is subject to a minimum size of entering into a hedging contract and the cost of hedging may affect returns of the Fund.

### **Country risk**

Investments of the Fund in any countries may be affected by changes in the economic and political climate, restriction on currency repatriation or other developments in the law or regulations of the countries in which the Fund invests in. For example, the deteriorating economic condition of such countries may adversely affect the value of the investments undertaken by the Fund in those affected countries. This in turn may cause the net asset value of the Fund or prices of units to fall.

### **Suspension of redemption risk**

The redemption of Units of the Fund may be suspended under exceptional circumstances, where the fair value of a material portion of the Fund's Shariah-compliant assets cannot be reasonably determined. Upon suspension, the Fund will not be able to pay Unit Holders' redemption proceeds in a timely manner (i.e., (i) within five (5) Business Days of receipt of the completed redemption form by the Manager in normal circumstances and (ii) within ten (10) Business Days of receipt of the completed redemption form by the Manager in the event the total redemption received by the Manager on a single Business Day exceeds 10% of the NAV of the Fund) and Unit Holders will be compelled to remain invested in the Fund for a longer period of time than the stipulated redemption timeline. Hence, Unit Holder's investments will continue to be subjected to the risk factors inherent to the Fund. Please refer to section Suspension of Dealing in Units under Section 6.3 for further details.

### **Shariah non-compliance risk**

There is a risk that the Fund may suffer losses when the Manager has to dispose of any investment to rectify any Shariah non-compliance. If this occurs, the value of the Fund may be adversely affected. This risk is, however, mitigated through the appointment of Shariah Adviser, who will be responsible to ensure that the Fund is managed and administered in accordance with the Shariah Investment Guidelines set out in Section 3 of this Information Memorandum.

### **Risk associated with investment in Islamic collective investment schemes**

Investing in Islamic collective investment schemes may be more costly to the Fund than if the Fund had invested in the underlying investments, directly as the Fund will indirectly be paying the fees and expenses of the Islamic collective investment schemes in addition to the Fund's direct fees and expenses. Investing in other Islamic collective investment schemes may subject the Fund to the risk



that (i) the valuations of the Fund may not reflect the true value of the underlying Islamic collective investment schemes at a specific time which could result in significant losses or inaccurate pricing for the Fund and/or (ii) the valuation of the underlying Islamic collective investment schemes may not be available as at the relevant valuation point for the Fund. The Fund's investments in Islamic collective investment schemes may also subject the Fund to additional risks (such as risk associated with the investment manager of the Islamic collective investment schemes) than if the Fund would have invested directly in the underlying investments of the Islamic collective investment schemes. The risk associated with the investment manager of the Islamic collective investment schemes includes but are not limited to the risk of non-adherence to the investment objective, strategy and policies of the Islamic collective investment schemes, the risk of direct or indirect losses resulting from inadequate or failed operational and administrative processes and systems of the investment manager of the Islamic collective investment schemes, and the risk that the Islamic collective investment schemes may underperform due to poor investment decisions by the investment manager of the Islamic collective investment schemes. Any adverse price movement of such Islamic collective investment schemes will adversely affect the Fund's NAV.

**THE ABOVE SHOULD NOT BE CONSIDERED TO BE AN EXHAUSTIVE LIST OF THE RISKS WHICH YOU SHOULD CONSIDER BEFORE INVESTING INTO THE FUND. YOU SHOULD BE AWARE THAT AN INVESTMENT IN THE FUND MAY BE EXPOSED TO OTHER RISKS FROM TIME TO TIME. YOU SHOULD CONSULT A PROFESSIONAL ADVISER FOR A BETTER UNDERSTANDING OF THE RISKS.**

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

The Manager will employ asset allocation strategy to mitigate the overall investment risk to the Fund. This approach enables strategic switching of assets to safeguard the overall value of the Fund when necessary. The Manager will review the portfolio composition of the Fund and will manage the investment risk accordingly. When downturn is expected in the sukuk market, and liquidity risks are high, we may reduce the Fund's allocation in sukuk and increase its allocation to Islamic liquid assets to safeguard the investment portfolio of the Fund. The Fund's exposure will also be spread across various sectors, counterparties and companies to diversify investment risk within an asset class as diversification strategy is also recognized as an essential risk management strategy for the Fund.

##### Liquidity Risk Management

The Manager has put in place a prudent decision-making process flow to ensure full transparency of communication and adopt the following liquidity risk management strategy to monitor and manage the liquidity of the Fund:

- (a) The Fund will manage its Islamic liquid assets to meet the redemption requests from Unit Holders; and/or
- (b) Where applicable, the Fund will take Islamic cash financing on a temporary basis in order to meet the redemption requests from Unit Holders, subject to the conditions set out in Section 3 – CGS Ihsan Income Fund under the heading "Financing and Borrowing".

However, if the Manager has exhausted the above avenues, the Manager will then, in consultation with the Trustee and having considered the interests of the Unit Holders, resort to suspend the redemption of Units to manage the liquidity of the Fund under exceptional circumstances, where the fair value of a material portion of the Fund's assets cannot be reasonably determined. Any redemption request received by the Manager during the suspension period will only be accepted and processed on the next Business Day after the cessation of suspension of the Fund. Please refer to section Suspension of Dealing in Units under Section 6.3 for further details.

## 5. FEES, CHARGES AND EXPENSES

The fees, charges and expenses currently disclosed are exclusive of any taxes or duties that may be imposed by the government or other authorities from time to time. The Manager / Trustee (where applicable) shall have the right to charge and recover from the Fund any applicable taxes and / or duties now or hereafter imposed by law or required to be paid in connection with the products or services provided by the Manager / Trustee (where applicable).

### 5.1 FEES AND CHARGES

Below are the fees and charges that you may **directly** incur when purchasing or redeeming Units of the Fund:

#### Sales Charge

| Class A                                    | Class B                                    |
|--|--|
| Up to 2.00% of the NAV per Unit of Class A | Up to 2.00% of the NAV per Unit of Class B |

Notes:

- *The Manager reserves the right to waive or reduce the sales charge from time to time at its absolute discretion.*
- *You may negotiate for a lower sales charge.*
- *Investment through different distribution channels may be subject to their respective terms and conditions.*
- *All sales charge will be rounded to two (2) decimal places.*

#### Redemption Charge

Nil.

#### Switching Fee

Nil.

#### Transfer Fee

Nil.

#### Other charges

All charges, for instance electronic payment charges (including, but not limited to Financial Process Exchange ("FPX") and direct debit), telegraphic transfer charges and courier charges in connection with the execution of transactions on your behalf shall be borne by you.

### 5.2 FEES AND EXPENSES

Below are the fees and expenses that you may **indirectly** incur when you invest in the Fund:

#### Management Fee

| Class A                                     | Class B                                     |
|---|---|
| Up to 0.50% per annum of the NAV of Class A | Up to 0.35% per annum of the NAV of Class B |

The management fee is calculated and accrued on a daily basis and payable to the Manager on a monthly basis.

## **Trustee Fee**

Up to 0.05% per annum of the Fund's NAV, subject to a minimum fee of RM15,000 per annum (excluding foreign custodian fees and charges).

The trustee fee is calculated and accrued on a daily basis and payable to the Trustee on a monthly basis.

## **5.3 OTHER EXPENSES RELATED TO THE FUND**

Only expenses that are directly related and necessary for the operation and administration of the Fund and permitted by the Deed may be charged to the Fund. The list of expenses related to the Fund is set out below:

- commissions or fees paid to brokers or dealers (where applicable);
- audit fee;
- tax adviser's fee;
- Shariah adviser's fee;
- taxes and other duties imposed by the government and/or other authorities;
- sub-custodian fees and charges;
- fees for the valuation of any investment of the Fund;
- fees in relation to fund accounting of the Fund;
- costs incurred for any modification of the Deed other than for the benefit of the Manager or the Trustee;
- costs incurred for any meeting of the Unit Holders other than those convened for the benefit of the Manager and / or the Trustee;
- costs incurred for the termination of the Fund;
- cost of printing or posting the annual and quarterly reports;
- remuneration and out of pocket expenses of the person(s) or members of a committee undertaking the oversight function of the Fund;
- any tax now or hereafter imposed by law or required to be paid in connection with any costs, fees and expenses incurred by the Fund; and
- any other expenses allowed under the Deed.

## **5.4 REBATES AND SOFT COMMISSIONS**

The Manager will not retain any rebates or soft commissions from, or otherwise share in any commissions with, any broker or dealer in consideration for directing dealings in the investments of the Fund. Accordingly, any rebate and shared commission will be directed to the account of the Fund.

Notwithstanding the aforesaid, the Manager may retain the soft commissions provided that:

- the soft commissions bring direct benefit or advantage to the management of the Fund and may include research and advisory related services;
- any dealing with the broker or dealer is executed on terms which are the most favourable for the Fund; and
- the Manager will not enter into unnecessary trades in order to achieve a sufficient volume of transactions to qualify for soft commissions.

## **5.5 MANAGER'S RIGHT**

The Manager may, for any reason and at any time, waive, or reduce the amount of any fees (except the trustee fee) or other charges payable by you in respect of the Fund, either generally (for all Unit Holders) or specifically (for any particular Unit Holder) and for any period or periods of time at its absolute discretion.

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

## 6. TRANSACTION INFORMATION

### 6.1 COMPUTATION OF NAV AND NAV PER UNIT

#### NAV

The NAV of the Fund means the total value of the Fund's assets less the Fund's expenses or liabilities incurred or accrued for the day.

Below is an illustration on how the NAV of the Fund is calculated:

|   | <b>Fund<br/>(RM)</b>  | <b>Class A<br/>(RM)</b>               | <b>Class B<br/>(RM)</b>               |
|---|-----------------------|---------------------------------------|---------------------------------------|
| Value of the Fund/Class   | 100,000,000.00        | 50,000,000.00                         | 50,000,000.00                         |
| <b>Multi-Class Ratio<sup>^</sup></b>                            | <b>100%</b>           | <b>50%</b>                            | <b>50%</b>                            |
| Add: Income   | 200,000.00            | 100,000.00                            | 100,000.00                            |
| Less: Expenses  | 100,000.00            | 50,000.00                             | 50,000.00                             |
| NAV before deducting management fee and trustee fee for the day | 100,100,000.00        | 50,050,000.00                         | 50,050,000.00                         |
| Less: Management fee for the day                                |                       | (50,050,000 x<br>0.50% / 365<br>days) | (50,050,000 x<br>0.35% / 365<br>days) |
|   | 1,165.55              | 685.62                                | 479.93                                |
| Less: Trustee fee for the day                                   |                       | (50,050,000 x<br>0.05% / 365<br>days) | (50,050,000 x<br>0.05% / 365<br>days) |
|   | 137.12                | 68.56                                 | 68.56                                 |
| <b>Total NAV (RM)</b>   | <b>100,098,697.33</b> | <b>50,049,245.82</b>                  | <b>50,049,451.51</b>                  |

<sup>^</sup>Multi-Class Ratio is apportioned based on the size of the Class Relative to the whole Fund. This means the multi-Class Ratio is calculated by taking the value of a Class for a particular day and dividing it with the value of the Fund for that same day. This apportionment is expressed as a ratio and calculated as a percentage.

#### NAV per Unit

The NAV per Unit is calculated by dividing the NAV of the Class by the total number of Units in circulation of that Class at the valuation point.

Below is an illustration on how the NAV per Unit of a Class is calculated:

|                                | <b>Fund<br/>(RM)</b> | <b>Class A<br/>(RM)</b> | <b>Class B<br/>(RM)</b> |
|--------------------------------|----------------------|-------------------------|-------------------------|
| NAV                            | 100,098,697.33       | 50,049,245.82           | 50,049,451.51           |
| Divide: Units in circulation   | 100,000,000          | 50,000,000              | 50,000,000              |
| NAV per Unit of the Class (RM) |                      | RM1.0010*               | RM1.0010*               |

\* The NAV per Unit will be rounded up to 4 decimal places for the purposes of publication of the NAV per Unit.

## 6.2 PRICING OF UNITS

### Single Pricing Policy

The Manager adopts a single pricing policy in calculating your application for and redemption of Units. Single pricing equates to sales and redemptions are quoted and transacted on a single price (i.e., the initial offer price during the initial offer period and the NAV per Unit after the initial offer period).

The NAV per Unit is valued daily at the next valuation point on a forward pricing basis.

### Selling Price of Units

The selling price of a Unit is the NAV per Unit at the next valuation point after the request to purchase Units is received by the Manager (forward pricing). The sales charge applicable is payable by you in addition to the selling price for the Units purchased.

*Example:*

If you wish to invest RM10,000.00 in Class A before 4.00 p.m. on any Business Day, and if the sales charge is 0.50% of the NAV per Unit, the total number of Units to be issued to you will be as follows:

$$\begin{aligned}\text{Sales charge incurred} &= \frac{\text{investment amount}}{1 + \text{sales charge (\%)}} \times \text{sales charge (\%)} \\ &= \frac{\text{RM10,000}}{1 + 0.50\%} \times 0.50\% \\ &= \text{RM49.75} \\ \\ \text{Net investment amount} &= \text{investment amount} - \text{sales charge} \\ &= \text{RM10,000} - \text{RM49.75} \\ &= \text{RM9,950.25} \\ \\ \text{Units credited to you} &= \text{net investment amount} / \text{NAV per Unit} \\ &= \text{RM9,950.25} / \text{RM1.000} \\ &= 9,950.25 \text{ Units}\end{aligned}$$

***You are advised not to make payment in cash when purchasing Units of the Fund via any individual agent.***

### Redemption Price of Units

The redemption price of a Unit is the NAV per Unit at the next valuation point after the redemption request is received by the Manager (forward pricing).

*Example:*

If you wish to redeem 10,000.00 Units in Class A before 4.00 p.m. on any Business Day, and if no redemption charge is imposed, the total amount to be paid to you will be as follows:

NAV per Unit of Class A at the end of the Business Day = RM1.0000

Redemption charge payable by you = 0% x [10,000.00 Units x RM1.0000] = RM0.00

The total amount to be paid to you will be:  
= the number of Units to be redeemed multiplied with the NAV per Unit less redemption charge  
= [10,000.00 Units x RM1.0000] – RM0.00  
= **RM10,000.00**

Therefore, you will receive **RM10,000.00** as redemption proceeds.

## **Incorrect valuation and pricing**

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

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

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

The Manager reserves the right to revise the above limit from time to time, subject to any regulatory or governing body's requirements.

## **6.3 DEALING INFORMATION**

### **Eligibility**

Only Sophisticated Investors are eligible to invest in the Fund. You may refer to the definition of "Sophisticated Investors" in Chapter 2.

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

### **Transaction Details**

**Please note that the transaction procedures such as subscription, redemption, switching and transfer of Units via the Manager's distribution channels may differ from that described in this Information Memorandum, and you are advised to check with the relevant authorised distributor for details on their procedures.**

| <b>Classes</b>                | <b>Class A</b>   | <b>Class B</b> |
|-------------------------------|--|----------------|
| Minimum Initial Investment    | RM10,000   | RM200,000      |
| Minimum Additional Investment | RM5,000  | RM20,000       |
| Minimum Units for Redemption  | 5,000 Units  |                |
| Minimum Investment Balance    | RM10,000   | RM200,000      |
|                               | If the balance of your investment in the Class is less than the minimum investment balance, you will be required to make an additional investment in order to meet the required minimum investment balance. Otherwise, the Manager may repurchase all your Units remaining in the Class and pay the proceeds to you.<br><br>If you are a Unit Holder of Class A and you meet the required minimum investment balance of Class B, the Manager may switch all your Units to Class B. If you are a Unit Holder of Class B and you no longer meet the required minimum investment balance of |                |

|  |   |
|--|---|
|  | Class B, the Manager may switch all your Units to Class A. The Manager will notify you in writing prior to such switch. |
|--|---|

*Note: The Manager may, at its sole discretion, reduce the aforesaid minimum amount and/or number of Units, including for transactions made via digital channels, subject to the terms and conditions disclosed in the respective channels.*

### **Subscription of Units**

You may subscribe for Units of the Fund by submitting an application form or an electronic application form to the Manager on any Business Day.

Any completed application for subscription together with the relevant supporting document and cleared funds received by the Manager on or before 4.00 p.m. on a Business Day will be processed on that Business Day and Units will be created based on the NAV per Unit calculated at the end of the same Business Day. Any completed application for subscription received after 4.00 p.m. will be treated as having been received by the Manager on the following Business Day.

A confirmation statement detailing your investment amount and the number of Units allocated to you will be sent to you within five (5) Business Days from the date of issuance of such Units.

The Manager reserves the right to reject any application for subscription without providing any reason. The Manager may also reject any application for subscription that is not complete and/or not accompanied by the required documents and those application for subscriptions will only be processed upon the documentation being satisfactorily completed.

### **Redemption of Units**

You may redeem Units of the Fund by submitting to a completed redemption form to the Manager on any Business Day.

Any completed redemption form received by the Manager on or before 4.00 p.m. on a Business Day will be processed on the same Business Day and Units will be repurchased based on the NAV per Unit calculated at the end of the same Business Day. Any completed redemption form received after 4.00 p.m. will be treated as having been received by the Manager on the following Business Day.

Redemption requests are deemed received by the Manager only if the redemption forms and any other documents as may be required by the Manager are duly and accurately completed. Once the redemption requests are duly received and accepted by the Manager, such redemption requests are irrevocable unless otherwise allowed by the Manager.

You will be paid the redemption proceeds within five (5) Business Days of receipt of the completed redemption form by the Manager. However, in the event the total redemption received by the Manager on a single Business Day exceeds 10% of the NAV of the Fund, the redemption proceeds will be paid to you not exceeding ten (10) Business Days of receipt of the completed redemption form by the Manager. The aforesaid circumstances will not give rise to suspension of the Fund unless it falls within the circumstances set out in section "Suspension of Dealing in Units" below.

The Manager reserves the right to repurchase all of your Units in the following circumstances:

- if such repurchase is necessary to ensure that the Manager is in compliance with the relevant laws or any internal policies of the Manager; the Manager will notify you in writing prior to such repurchase.
- if the balance of your investment in the Class is less than the stipulated minimum investment balance set out in the "Transaction Details" under Section 6.3, you will be required to make an additional investment to meet the required minimum investment balance of the Class. Otherwise, the Manager may repurchase all your Units remaining in the Class and pay the proceeds to you.

## **Switching of Units**

### Switching between funds managed by the Manager

You are allowed to switch between the Fund and any of the funds managed by the Manager subject to the terms and conditions applicable to the respective funds. You must maintain the minimum investment balance of the Class after your switching application and meet the minimum initial investment or the minimum additional investment of the fund that you intend to switch into, depending on whether you have had any prior investment in that fund.

### Switching between Classes of the Fund

When switching out from a Class in the Fund, you must maintain the minimum investment balance of the Class after your switching application and meet the minimum initial investment or the minimum additional investment of the other Class in the Fund that you intend to switch into, depending on whether you have had any prior investment in the other Class in the Fund.

Notwithstanding the above, if you are a Unit Holder of Class A and you meet the required minimum investment balance of Class B, the Manager may switch all your Units to Class B; if you are a Unit Holder of Class B and you no longer meet the required minimum investment balance of Class B, the Manager may switch all your Units to Class A. The Manager will notify you in writing prior to such switch.

The Manager must receive your completed application for switching out from the Fund or Class on or before 4.00 p.m. on a Business Day. Any application received after 4.00 p.m. will be treated as having been received by the Manager on the following Business Day.

You should be aware that the pricing day of the respective funds that you intend to switch from and switch into will be subject to the pricing condition of the respective funds.

The Manager reserves the right to reject any switching application that are deemed to be contrary to the best interest of the Fund or Class and/or existing Unit Holders.

*Switching from an Islamic fund to a conventional fund is discouraged, especially for Muslim Unit Holders.*

## **Transfer of Units**

The Manager has the absolute discretion, to allow or refuse a transfer of Units to another investor.

## **Suspension of Dealing in Units**

The Manager may, in consultation with the Trustee and having considered the interests of the Unit Holders, suspend the dealing in Units due to exceptional circumstances, where there is good and sufficient reason to do so (e.g. where the market value or fair value of a material portion of the Fund's assets cannot be determined).

Where such suspension is triggered, the Manager will inform all Unit Holders in a timely and appropriate manner of its decision to suspend the dealing in Units. Any redemption request received by the Manager during the suspension period will only be accepted and processed on the next Business Day after the cessation of suspension of the Fund. In such cases, Unit Holders will receive their redemption proceeds within five (5) Business Days of the cessation of suspension of the Fund. Unit Holders will be compelled to remain invested in the Fund for a longer period of time than the stipulated redemption timeline. Hence, their investments will continue to be subjected to the risk factors inherent to the Fund.

## **Cooling-off Right**

You will not have any cooling-off rights.



#### 6.4 MODE OF DISTRIBUTION

All income distribution to a Unit Holder will be reinvested in the form of additional Units based on the NAV per Unit at the end of the Business Day of the income distribution date at no cost, unless the Unit Holder elects the mode of distribution in the account opening form or provide any written instruction to the Manager for the income distribution to be paid out.

Where the Unit Holder elects for the income distribution to be paid out, such income distribution will be paid via e-payment ONLY (i.e. the income distribution will be credited to a Malaysian domiciled bank account via telegraphic or online transfer). Any fees or charges imposed by the financial institutions will be borne by the Unit Holder.

The Manager reserves the right to reinvest income distribution without providing any reason if the instruction in the account opening form or the written instruction is incomplete. **In the absence of a registered bank account, the income distribution (if any) will be reinvested.**

Distribution payment which is less than or equal to the amount of RM10 or such other amount as may be determined by the Manager, such distribution will be automatically reinvested into additional Units in the Fund at the NAV per Unit at the end of the Business Day of the income distribution date at no cost.

#### 6.5 UNCLAIMED MONEYS POLICY

Any unclaimed moneys will be filed with and paid to the Registrar of Unclaimed Moneys after the lapse of one (1) year from the date of payment in accordance with the requirements of the Unclaimed Moneys Act 1965. Unit Holders will have to liaise directly with the Registrar of Unclaimed Moneys to claim their moneys.

#### 6.6 KEEPING TRACK OF YOUR INVESTMENT

You will receive (i) the annual report within two (2) months from the Fund's financial year end, and (ii) the quarterly report within two (2) months from the end of the period covered. Both the Fund's reports will disclose the performance and investment updates of the Fund.

You can review and track the performance of your Units by checking the Unit prices published every Business Day on the Manager's website, [www.cgsi.com.my/en/wealth](http://www.cgsi.com.my/en/wealth). The NAV per Unit for a particular Business Day will be published on the next Business Day. However, if the Fund has investments outside Malaysia, the NAV per Unit may be published two (2) Business Days from the particular Business Day.

You can always contact the Manager's client services personnel to assist in the following:

- enquire on the latest Unit price and account balance;
- request to change personal details, for example address or telephone no;
- request for confirmation statements on purchase and other transactions related to your Unit holdings, monthly statements and copy of annual and/or quarterly reports; and
- other queries regarding the Fund's performance.

The Manager's client services personnel may be contacted at 03-2635 8686 from 8.45 a.m. to 5.45 p.m. from Monday to Friday. Alternatively, you may e-mail your enquiries to [customerservice.my@cgsi.com](mailto:customerservice.my@cgsi.com).

**THE FUND'S ANNUAL AND QUARTERLY REPORTS ARE AVAILABLE UPON REQUEST.**

## **6.7 POLICY ON ANTI-MONEY LAUNDERING, ANTI-TERRORISM FINANCING AND PROCEEDS OF UNLAWFUL ACTIVITIES ACT 2001**

The Manager has an anti-money laundering and anti-terrorism financing policy in place where Unit Holder's due diligence will be performed by the Manager and its authorised distributors on all Unit Holders without exception. Application for Units must be accompanied by proper identification documents for the Manager's verification. All Unit Holders will be checked against various reliable sources on money laundering, terrorism financing and proceeds of unlawful activities information. Enhanced due diligence process will be conducted on high risk Unit Holders which would require the Manager's senior management's review and approval, where applicable. Suspicious transactions, if any, will be reported to the Manager's internal money laundering prevention officer for further review and onward reporting to the Financial Intelligence and Enforcement Department of BNM and the SC.

In compliance with the applicable anti-money laundering, anti-terrorism financing and proceeds of unlawful activities laws and the guidelines, the Manager, together with its authorised distributors reserve the right to request all relevant information pertaining to the Unit Holders' information as may, in the Manager's opinion or its authorised distributors' opinion, be necessary to verify the identity of the Unit Holders.

## 7. PARTIES RELATED TO THE FUND

### 7.1 THE MANAGER

#### Background

CGS International Wealth Management Malaysia Sdn Bhd (formerly known as CGS-CIMB Wealth Management Sdn. Bhd.) (“**CGS MYWM**”) is a wholly-owned subsidiary of CGS International Securities Malaysia Sdn. Bhd. (formerly known as CGS-CIMB International Securities Malaysia Sdn. Bhd.) (“**CGS MY**”) located in Kuala Lumpur. With CGS MY unique history, brand and shareholders’ strength, it has an extensive business network within the financial industry. Drawing on CGS MY’s wide range of products and services, global and local expertise, CGS MYWM is able to provide comprehensive financial services such as wealth and asset management and international cross-border investments.

In April 2023, CGS MYWM was granted by the SC the Capital Markets Services Licence for the regulated activities of fund management and investment advice under the CMSA.

#### Duties and Responsibilities of the Manager

The Manager is responsible for the sales and management of the Fund. It also has a duty to ensure that the general administration of the Fund is done in accordance with the provisions of this Information Memorandum and the Manager’s internal policies. In fulfilling its responsibility, the Manager undertakes, among others, the following functions:

- Maintaining proper records for the Fund and the register of Unit Holders;
- Calculating the amount of income for cash distributions/unit splits to Unit Holders;
- Providing sales, marketing and customer service support to Unit Holders; and
- Ensuring compliance with internal procedures and all relevant laws.

#### Designated Fund Manager for the Fund

Mass Zalaila Masod is the designated fund manager responsible for the fund management function of the Fund. Mass Zalaila is the Head of Fixed Income, CGS International Wealth Management Malaysia Sdn. Bhd (formerly known as CGS-CIMB Wealth Management Sdn. Bhd.). She has more than 15 years of working experience in financial industry including 12 years in asset management.

Mass Zalaila graduated from Dublin Business School, Ireland with a Bachelor in Accounting and Finance (Hons). She obtained and holds the Capital Markets Services Representative’s License for fund management since 2015.

### 7.2 THE TRUSTEE

#### SCBMB Trustee Berhad

SCBMB Trustee Berhad (“STB”), a company incorporated in Malaysia under the Companies Act 1965 (*now known as Companies Act 2016*) on 13 June 2012 and registered as a trust company under the Trust Companies Act 1949. Its business address is at Level 25, Equatorial Plaza, Jalan Sultan Ismail, 50250 Kuala Lumpur.

STB’s trustee services are supported by Standard Chartered Bank Malaysia Berhad (“SCBMB”), a subsidiary of Standard Chartered PLC, financially and for other various functions including but not limited to compliance, legal, operational risks and internal audit.

#### Experience in Trustee Business

STB has been registered and approved by the SC on 18 February 2013 to act as trustee for unit trust schemes approved or authorized under the CMSA. STB has suitably qualified and experienced staff in the administration of unit trust funds who have sound knowledge of all relevant laws.

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

The Trustee's main functions are to act as trustee and custodian of the assets of the Fund and to safeguard the interest of Unit Holders of the Fund. In performing these functions, the Trustee has to exercise due diligence and vigilance and is required to act in accordance with the provisions of the Deed, the laws and all relevant guidelines.

The Trustee also assume an oversight function on the management company by ensuring that the management company performs its duties and obligations in accordance with the provisions of the Deed, the laws and all relevant guidelines.

## **Trustee's Responsibility Statement**

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 all relevant guidelines.

## **Trustee's Obligation**

The Trustee's obligation in respect of monies paid by an investor for the application of Units arises when the monies are received in the relevant account of the Trustee for the Fund and the Trustee's obligation is discharged once it has paid the redemption amount to the Manager.

## **Trustee's Disclosure of Material Litigation and Arbitration**

As at 31 March 2024, 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 and/or financial position of the Trustee or any of its delegates.

## **Trustee's Delegate**

The Trustee has appointed SCBMB as custodian of the quoted and unquoted assets of the Fund. The custodian provides custody services to domestic, foreign, retail and institutional investors. The assets are registered in the name of the Trustee to the order of the Fund and held through the custodian's wholly owned subsidiary and nominee company Cartaban Nominees (Tempatan) Sdn Bhd.

SCBMB was incorporated on 29 February 1984 in Malaysia under the Companies Act 1965 (*now known as Companies Act 2016*) as a public limited company and is a subsidiary of Standard Chartered PLC (the holding company of a global banking group). SCBMB was granted a license on 1 July 1994 under the Banking and Financial Institutions Act, 1989 (*now known as the Financial Services Act 2013*). SCBMB has been providing custody services for more than twenty (20) years and has been providing sub-custody services to local investors in Malaysia since 1995.

The roles and duties of SCBMB as the Trustee's delegate inter alia are as follows:

- to act as custodian for the local and selected cross-border investment of the Fund and to hold in safekeeping the assets of the Fund;
- to provide corporate action information or entitlements arising from the underlying assets and to provide regular reporting on the activities of the invested portfolios;
- to maintain proper records on the assets held to reflect the ownership of the assets belong to the respective client; and
- to collect and receive for the account of the clients all payments and distribution in respect of the assets held.

The custodian acts only in accordance with instructions from the Trustee.

### 7.3 THE SHARIAH ADVISER

The Manager has appointed Prof. Dr Aznan Hasan to advise on all Shariah matters and to ensure the Fund is in full compliance with the relevant laws and the Shariah requirements.

#### **Prof. Dr. Aznan Hasan**

Dr Aznan Hasan is a Professor in Shariah and Islamic Finance at Institute of Islamic Banking and Finance (II<sup>IBF</sup>), IIUM. He was the Founding President, Association of Shariah Advisors in Islamic Finance (ASAS). He is the Chairman of the SAC of the SC and Deputy Chairman, Shariah Advisory Committee, Employee Provident Fund (EPF). He is also a member, Shariah Council, AAOIFI (Bahrain), Higher Shariah Authority, Central Bank of UAE (UAE), International Islamic Financial Market (IIFM-Bahrain) and International Islamic Liquidity Market (IILM-Malaysia). He also serves as a member of Board of Directors, Maybank Islamic Berhad. Before that, he served as Independent Non-Executive Director, Hong Leong MISG Takaful Berhad (2016-2019). He was a member, Shariah Advisory Council of Bank Negara Malaysia for two terms (2006-2008, 2010-2013). Prior to joining SAC of BNM, he was the Chairman, Shariah Advisory Board, ACR Retakaful MEA, Bahrain and SEA, Malaysia, where he was instrumental in the setting up of ACR Retakaful model from a Shariah point of view. Currently, he is the Chairman, Shariah Committee, Maybank Islamic Berhad, Bank Pembangunan Malaysia Berhad, He also serves as the Chairman, Shariah Advisory Board, FNB Bank (South Africa) and ABSA Islamic Bank (South Africa), a member, Shariah Committee, Etiqa General Takaful and Etiqa Family Takaful, HSBC Amanah (Dubai), Standard Chartered (Global-DIFC-Dubai), Yasaar Limited (London), Khalij Islamic (UK) Limited (London), Bank Nizwa (Oman) and Amanah Raya Asset Management, as well as other financial institutions and corporate bodies located locally and internationally. He also serves as Shariah consultant to Maybank Investment Bank. He is a registered Shariah Advisor for the Islamic Unit Trust Schemes and Islamic securities (Sukuk), SC. He is also a member, Shariah Supervisory Board, Waqaf Foundation of Malaysia, a corporate entity formed by the Government to oversee the application of Waqaf in Malaysia and a member, Shariah Committee for Pusat Zakat Selangor.

Dr Aznan Hasan has conducted and published more than 50 research and presented more than 100 presentations.

Dr Aznan Hasan received his first Degree in Shariah from University of al-Azhar (1994). He then successfully completed his Masters in Shariah from Cairo University with distinction (mumtaz) (1998) and his thesis was recommended for publication. He then obtained his Ph.D in Islamic Studies from University of Wales, Lampeter, United Kingdom (2003).

## **8. SALIENT TERMS OF THE DEED**

### **8.1 RIGHTS AND LIABILITIES OF UNIT HOLDERS**

#### **Rights of Unit Holders**

As a Unit Holder, and subject to the provisions of the Deed, you have the right:

- to receive distribution of income, if any;
- to participate in any increase in the value of the Units;
- to call for Unit Holders' meetings and to vote for the removal of the Trustee or the Manager through a Special Resolution;
- to receive annual and quarterly reports of the Fund; and
- to enjoy such other rights and privileges as are provided for in the Deed.

However, you would not have the right to require the transfer to you any of the Fund's assets. Neither would you have the right to interfere with or question the exercise by the Trustee (or the Manager on the Trustee's behalf) of the rights of the Trustee as the registered owner of the Fund's assets.

#### **Liabilities of Unit Holders**

As a Unit Holder, and subject to the provisions of the Deed, your liabilities would be limited to the following:

- you will not be liable for any amount in excess of the purchase price paid for the Units as determined in accordance with the Deed at the time the Units were purchased and any charges payable in relation thereto.
- you will 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 Fund's assets.

### **8.2 TERMINATION OF THE FUND AND A CLASS**

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

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

- a Special Resolution is passed at a Unit Holders' meeting to terminate or wind up the Fund; or
- such other events and situations as provided in the Deed.

Notwithstanding the above, the Manager may, in its sole discretion and without having to obtain the prior approval of the Unit Holders, terminate the trust hereby created and wind up the Fund if the termination of the Fund is in the best interest of the Unit Holders or the Manager deems it to be uneconomical for the Manager to continue managing the Fund.

#### **Termination of a Class**

A Class may be terminated if a Special Resolution is passed at a meeting of Unit Holders of that Class to terminate the Class provided always that such termination does not prejudice the interests of any other Class.

Notwithstanding the above, the Manager may, in its sole discretion and without having to obtain the prior approval of the Unit Holders, terminate a particular Class if the termination of the Class is in the best interests of the Unit Holders of the Class or the Manager deems it to be uneconomical for the Manager to continue managing the Class.

### **8.3 MEETING OF UNIT HOLDERS**

A Unit Holders' meeting may be called by the Manager, Trustee and/or Unit Holders. Any such meeting must be convened in accordance with the Deed.

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

- requiring the retirement or removal of the Manager;
- requiring the retirement or removal of the Trustee;
- considering the most recent financial statements of the Fund;
- giving to the Trustee such directions as the meeting thinks proper; or
- 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), whichever is the lesser number, of all the Unit Holders of the Fund or the Unit Holders of a particular Class, as the case may be. For the avoidance of doubt, save for a meeting summoned for the purposes of requiring the retirement or removal of the Manager or the Trustee, the Unit Holders of a particular Class may direct the Manager to summon a meeting only in respect of matters relating to that Class.

Every question arising at any Unit Holder's meeting shall be decided in the first instance by a show of hands unless a poll be demanded or, if it be a question which under the Deed requires a Special Resolution, a poll shall be taken. On a voting by show of hands every Unit Holder who is present or by proxy shall have one (1) vote notwithstanding that a Unit Holder may hold Units in different Classes in the Fund.

The quorum required for a meeting of the Unit Holders of the Fund or a Class, as the case may be, shall be five (5) Unit Holders, whether present in person or by proxy; however, if the Fund or a Class, as the case may be, has five (5) or less Unit Holders, the quorum required for a meeting of the Unit Holders of the Fund or a Class, as the case may be, shall be two (2) Unit Holders, whether present in person or by proxy. If the meeting has been convened for the purpose of voting on a Special Resolution, the Unit Holders present in person or by proxy must hold in aggregate at least twenty-five per centum (25%) of the Units in circulation of the Fund or a particular Class, as the case may be, at the time of the meeting. If the Fund or a Class, as the case may be, has only one (1) remaining Unit Holder, such Unit Holder, whether present in person or by proxy, shall constitute the quorum required for the meeting of the Unit Holders of the Fund or a Class, as the case may be.

## 9. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST

### 9.1 THE MANAGER

Save as disclosed below, there are no existing or proposed related party transactions involving the Fund, the Manager, the Trustee and/or persons connected to them as at 31 March 2024:

| Name of Party | Name of Related Party and Nature of Relationship      | Existing/Potential Related Party Transaction   |
|---------------|---|--|
| The Manager   | CGS MY.<br><br>The Manager is wholly-owned by CGS MY. | The Manager has delegated its back office functions (i.e. operations, finance, compliance, legal, risk management, client services, human resources, marketing, information technology and administration, amongst others) to CGS MY.<br><br>The Manager may use the services offered by CGS MY (e.g., brokerage services, etc) and the Fund may invest in products offered by CGS MY and any of its affiliates (e.g., structured products). |
|               | SCBMB   | The Manager has delegated its back office function (i.e., fund accounting and fund valuation) to SCBMB.<br><br>The Manager may use the services offered by SCBMB (e.g., sukuk brokerage services, etc) and the Fund may invest in products offered by SCBMB and any of its group companies.  |

It is the Manager's policy that all transactions with related parties are entered into in the normal course of business and terms and conditions that are not materially different from that obtainable in transactions with non-related parties and dealings with the related parties are transacted at arm's length basis.

The Manager has in place policies and procedures to prevent and manage any conflict of interest situations that may arise. However, no assurance is given that the application of the policies and procedures will necessarily prevent or mitigate conflicts of interests. In addition, there are adequate segregation of duties to ensure proper checks and balances are in place in the areas of fund management, sales administration and marketing.

Subject to any legal requirement, the Manager, any related party, or any officers or directors of any of them, may invest in the Fund. The directors of the Manager will receive no payments from the Fund other than distributions that they may receive as a result of investment in the Fund. No fees other than the fees set out in this Information Memorandum have been paid to any promoter of the Fund or the Manager for any purpose. The Manager also has internal policies which regulates its employees' securities dealings.

### 9.2 THE TRUSTEE

The Trustee may have related party transactions involving or in connection with the Fund in the following events:

- where the Fund invests in the products offered by SCBMB and any of its group companies (e.g. money market placement, etc.);



- where the Manager appoints SCBMB to perform its back-office functions (e.g. fund accounting and valuation);
- where the Manager utilized the services offered by Standard Chartered Bank Malaysia Berhad (e.g., sukuk brokerage services, etc.); and
- where the Trustee has delegated its custodian functions for the Fund to Standard Chartered Bank Malaysia Berhad.

The Trustee has in place policies and procedures to prevent and manage any conflict of interest situations that may arise. While the Trustee has internal policies intended to prevent or manage conflicts of interests, no assurance is given that their application will necessarily prevent or mitigate conflicts of interests. The Trustee's commitment to act in the best interests of the Unit Holders does not preclude the possibility of related party transactions or conflicts.

**CGS International Wealth Management Malaysia Sdn. Bhd.  
(formerly known as CGS-CIMB Wealth Management Sdn. Bhd.)**

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