

# Manulife Dragon Growth Fund

## Information Memorandum

### **Manager**

Manulife Investment Management (M) Berhad  
(formerly known as Manulife Asset Management Services Berhad)  
200801033087 (834424-U)

### **Trustee**

HSBC (Malaysia) Trustee Berhad 193701000084 (1281-T)

This Information Memorandum for Manulife Dragon Growth Fund is dated 11 February 2020.

This Information Memorandum replaces the Information Memorandum dated 3 November 2016 and the Supplemental Information Memorandum dated 1 October 2018.

Manulife Dragon Growth Fund was constituted on 5 October 2016.

### **IMPORTANT NOTES:**

**MANULIFE DRAGON GROWTH FUND ("THE FUND") IS A WHOLESALE FUND. THE ISSUE, OFFER OR INVITATION TO SUBSCRIBE OR PURCHASE UNITS OF THE FUND IS EXCLUSIVELY FOR SOPHISTICATED INVESTORS ONLY.**

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





# RESPONSIBILITY STATEMENTS AND STATEMENTS OF DISCLAIMER

## RESPONSIBILITY STATEMENTS

This Information Memorandum has been reviewed and approved by the directors of Manulife Investment Management (M) Berhad (*formerly known as Manulife Asset Management Services Berhad*) and they collectively and individually accept full responsibility for the accuracy of all 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

A copy of this Information Memorandum has been lodged with the Securities Commission Malaysia. The Securities Commission Malaysia will not be liable for any non-disclosure on the part of Manulife Investment Management (M) Berhad (*formerly known as Manulife Asset Management Services Berhad*), the management company responsible for the Fund, and takes no responsibility for the contents in 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 its contents.

## ADDITIONAL STATEMENTS

Sophisticated 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.

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## DEFINITION

<b>2010 Law</b>	means the Luxembourg law of 17 December 2010 relating to undertakings for collective investment, or any legislative replacements or amendments thereof.
<b>the Act or CMSA</b>	means the Capital Markets and Services Act 2007 as may be amended from time to time.
<b>Articles or Articles of Incorporation</b>	means the Restated Articles of Incorporation of MGF dated 16 December 2014 as may be amended from time to time.
<b>Base Currency</b>	means the base currency of the Fund, i.e. USD.
<b>Business Day</b>	means a day on which Bursa Malaysia is open for business. <i>Note: For each Class, the Manager may declare certain Business Days to be non-Business Days if it is a non-Dealing Day of the Target Fund and/or non-business day of USD currency and/or respective currency of the Class.</i>
<b>CIS</b>	means collective investment scheme.
<b>Class(es)</b>	Class(es) that are offered for subscription by the Fund are as follows: <ul style="list-style-type: none"> <li>• RM Hedged-Class</li> <li>• USD Class</li> </ul> The Fund is allowed to establish new Class(es) from time to time.
<b>Community law</b>	means a body of treaties and legislation, such as regulations and directives, which have direct effect or indirect effect on the laws of European Union member states.
<b>Dealing Day</b>	means any day on which Target Fund's Share class is available for investment application.
<b>Deed</b>	means the deed dated 5 October 2016 and subsequent supplemental deeds (if any) entered into between the Manager and the Trustee in relation to the Fund.
<b>FDIs</b>	means financial derivative instruments.
<b>FIMM</b>	means the Federation of Investment Managers Malaysia.
<b>financial institution</b>	if the institution is in Malaysia: <ol style="list-style-type: none"> <li>licensed bank as defined in the Financial Services Act 2013;</li> <li>licensed investment bank as defined in the Financial Services Act 2013;</li> <li>Islamic bank as defined in the Islamic Financial Services Act 2013; or</li> <li>Development financial institution regulated under the Development Financial Institutions Act 2002.</li> </ol> If the institution is outside Malaysia, any institution that is licensed/registered/ approved/authorised to provide financial services by the relevant banking regulator.
<b>Fund</b>	means Manulife Dragon Growth Fund.
<b>Guidelines</b>	means the Guidelines on Unlisted Capital Market Products Under The Lodge And Launch Framework issued by the Securities Commission Malaysia as may be amended from time to time.
<b>Information Memorandum</b>	means the Fund's Information Memorandum dated 11 February 2020.
<b>Investment Manager of the Target Fund</b>	refers to Manulife Investment Management (Hong Kong) Limited (formerly known as Manulife Asset Management (Hong Kong) Limited).
<b>IUTAs</b>	means Institutional Unit Trust Advisers.

<b>licensed bank</b>	has the same meaning as given under the Financial Services Act 2013.
<b>licensed investment bank</b>	has the same meaning as given under the Financial Services Act 2013.
<b>Management Company of the Target Fund</b>	refers to Carne Global Fund Managers (Luxembourg) S.A.
<b>Manager</b>	refers to Manulife Investment Management (M) Berhad <i>(formerly known as Manulife Asset Management Services Berhad)</i> .
<b>medium- to long-term</b>	means a period of 3- 5 years.
<b>MGF</b>	means Manulife Global Fund, which is the umbrella fund of the Target Fund.
<b>NAV</b>	means the net asset value of the Fund which 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. For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund should be inclusive of the annual management fee and the annual trustee fee for the relevant day; where the Fund has more than one class of Units, there shall be a NAV of the Fund attributable to each class of Units.
<b>NAV per Unit</b>	means the NAV of the Fund divided by the total number of Units in circulation at the valuation point; where the Fund has more than one class of Units, there shall be a NAV per Unit for each class of Units; the NAV per Unit of a class of Units at a particular valuation point shall be the NAV of the Fund attributable to that class of Units divided by the number of Units in circulation for that class of Units at the same valuation point.
<b>OTC</b>	means over-the-counter.
<b>PRC</b>	means People's Republic of China.
<b>RMB</b>	means the lawful currency of PRC.
<b>RM</b>	means the Ringgit Malaysia, the lawful currency of Malaysia.
<b>RM Hedged-Class</b>	refers to a Class of Units of the Fund which is denominated in RM and aims to reduce the effect of exchange rate fluctuations between RM and the Fund's base currency which is USD.
<b>SC</b>	means the Securities Commission Malaysia established under the Securities Commission Act 1993.
<b>SEHK</b>	means Stock Exchange of Hong Kong Limited and its successors in title.
<b>Share(s)</b>	means fully paid shares of no par value comprised within the separate MGF's sub-funds (including the Target Fund) representing the capital of MGF.
<b>Share Class AA</b>	means one of the share classes offered by the Target Fund. It is also the share class that the Fund seeks to invest into, which is denominated in USD.
<b>ShenZhen – Hong Kong Stock Connect</b>	means a programme jointly implemented by the China Securities Regulatory Commission and the Securities and Futures Commission of Hong Kong to permit foreign investors to invest in the SZSE via the SEHK and to allow Chinese investors to invest in the SEHK via the SZSE.

**Sophisticated Investor(s)**

refers to:

- an individual whose total net personal assets, or total net joint assets with his or her spouse, exceed RM 3 million or its equivalent in foreign currencies, excluding the value of the individual's primary residence;
- an individual who has a gross annual income exceeding RM 300,000 or its equivalent in foreign currencies per annum in the preceding 12 months;
- an individual who, jointly with his or her spouse, has a gross annual income exceeding RM 400,000 or its equivalent in foreign currencies in the preceding 12 months;
- a corporation with total net assets exceeding RM 10 million or its equivalent in foreign currencies based on the last audited accounts;
- a partnership with total net assets exceeding RM 10 million or its equivalent in foreign currencies;
- a unit trust scheme or prescribed investment scheme or private retirement scheme as defined under the CMSA;
- a closed-end fund approved by the SC;
- a company that is registered as a trust company under the Trust Companies Act 1949 which has assets under management exceeding RM 10 million or its equivalent in foreign currencies;
- a corporation that is a public company under the Companies Act 2016 which is approved by the Securities Commission to be a trustee under the Act and has assets under management exceeding RM 10 million or its equivalent in foreign currencies;
- a statutory body established by an Act of Parliament or an enactment of any State;
- a pension fund approved by the Director General of Inland Revenue under section 150 of the Income Tax Act 1967 [Act 53];
- Central bank of Malaysia;
- a holder of a Capital Markets Services License;
- an executive director or a chief executive officer of a holder of a Capital Markets Services License;
- a licensed bank as defined in the Financial Services Act 2013;
- a licensed Islamic bank as defined in the Islamic Financial Services Act 2013;
- a licensed insurer as defined in the Financial Services Act 2013;
- a licensed takaful operator as defined in the Islamic Financial Services Act 2013;
- a bank licensee or insurance licensee as defined under the Labuan Financial Services and Securities Act 2010;
- an Islamic bank licensee or takaful licensee as defined



	<p>under the Labuan Islamic Financial Services and Securities Act 2010; and</p> <ul style="list-style-type: none"> <li>such other investor(s) as may be permitted by the SC from time to time and/or under the relevant guidelines.</li> </ul>
<b>Special Resolution</b>	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 in person or by proxy” means three-fourths of the votes cast by the Unit Holders present and voting; for the purposes of winding-up the Fund or a class of Units, “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.
<b>SSE</b>	means Shanghai Stock Exchange and its successors in title.
<b>Stock Connect</b>	means the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect.
<b>SZSE</b>	means Shenzhen Stock Exchange and its successors in title.
<b>Target Fund</b>	means Manulife Global Fund – Dragon Growth Fund.
<b>Trustee</b>	means HSBC (Malaysia) Trustee Berhad.
<b>UCITS</b>	means an undertaking for collective investment in transferable securities within the meaning of EC European Parliament and Council Directive 2009/65 of 13 July 2009 as may be amended from time to time.
<b>Unit(s)</b>	means an undivided share in the beneficial interest and/or right in the Fund and a measurement of the right or interest of a Unit Holder in the Fund and means a Unit of the Fund; if the Fund has more than one class of Units, it means a Unit issued for each class of Units.
<b>Unit Holder(s) or you</b>	refers to a Sophisticated Investor registered pursuant to the Deed as the holder of Units including persons jointly registered.
<b>USD</b>	means the US Dollar, the lawful currency of the United States of America.
<b>USD Class</b>	refers to a class of Units of the Fund which is denominated in USD.
<b>UTCs</b>	means Unit Trust Consultants.
<b>Wholesale Fund</b>	means unit trust scheme, the units of which are issued, offered for subscription or purchase, or for which invitations to subscribe for or purchase the units have been made exclusively to Sophisticated Investors.

# CORPORATE DIRECTORY

## The Manager

**Manulife Investment Management (M) Berhad** (formerly known as Manulife Asset Management Services Berhad) 200801033087 (834424-U)

***Registered Office***

16th Floor, Menara Manulife  
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50490 Kuala Lumpur.

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## The Trustee

**HSBC (Malaysia) Trustee Berhad** (193701000084 (1281-T))

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# 1. THE FUND

## 1.1. FUND INFORMATION

<b>Name of the Fund</b>	Manulife Dragon Growth Fund		
<b>Fund Category</b>	Wholesale Fund (Feeder Fund)		
<b>Base Currency</b>	USD		
<b>Investment Objective</b>	<p>The Fund seeks to achieve capital appreciation over medium- to long-term period.</p> <p><i>Note: Any material change to the Fund's investment objective would require Unit Holder's approval.</i></p>		
<b>Investment Policy and Strategy</b>	<p>The Fund will invest at least 95% of the Fund's NAV in Share Class AA of the Target Fund, while the remaining NAV of the Fund will be in cash, money market instruments (including fixed income securities which have remaining maturity period of less than 365 days) and/or placement of deposits with financial institutions for liquidity purposes.</p> <p>The Fund's portfolio will be closely monitored and rebalanced from time to time to ensure that the Fund's asset is allocated in accordance with its asset allocation.</p>		
<b>Asset Allocation</b>	<ul style="list-style-type: none"> <li>• At least 95% of the Fund's NAV invested in the Target Fund; and</li> <li>• The remaining NAV of the Fund will be in cash, money market instruments and/or placement of deposits with financial institutions for liquidity purposes.</li> </ul>		
<b>Performance Benchmark</b>	<p>MSCI Zhong Hua Index</p> <p>Note: The risk profile of the Fund is not the same as the risk profile of this performance benchmark. The performance benchmark chosen for the Fund is the same with the Target Fund whereby it reflects the universe of the investment strategy and the representative asset class exposures within the Target Fund. The performance benchmark information is available in <a href="http://www.manulifeinvestment.com.my">www.manulifeinvestment.com.my</a>.</p>		
<b>Distribution Policy</b>	<p>Distribution of income, if any, is incidental.</p> <p>Note: Please refer to section 4.4 for more information relating to the distribution payment.</p>		
<b>Investors' Profile</b>	<p>This Fund is suitable for Sophisticated Investors who:</p> <ul style="list-style-type: none"> <li>• seek capital appreciation;</li> <li>• are willing to accept higher level of risk; and</li> <li>• have a medium to long-term investment horizon.</li> </ul>		
<b>Currency Class</b>	<p>RM Hedged-Class and USD Class</p> <p>Note: The Fund is established as a multi-class fund. Hence, the Manager may offer additional Class(es) from time to time at its absolute discretion by way of a supplemental or replacement Information Memorandum without prior consent from Unit Holders.</p>		
<b>Launch Date</b>	<b>RM Hedged-Class</b>	<b>USD Class</b>	
	3 November 2016	3 November 2016	

<b>Initial Offer Price</b>	<b>RM Hedged-Class</b>	<b>USD Class</b>	
	RM1.0000	USD1.0000	

## 1.2. RISK FACTORS

### 1.2.1 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.

#### **Manager 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.

#### **Loan financing Risk**

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

Please note that loan financing is discouraged.

### 1.2.2 Specific Risks of the Fund

#### **Target Fund Manager Risk**

The Target Fund (which the Fund invests in) is managed by Manulife Investment Management (Hong Kong) Limited. It is important to note that the Manager has no control over investment management techniques and operational controls of the Target Fund. Thus, mismanagement of the Target Fund (i.e. breach of its prescribed investment restriction due to human error) may potentially expose the Fund (as an investor of the Target Fund) to additional risk. Should such a situation arise, the Manager may propose to invest in other alternative collective investment scheme that is consistent with the objective of the Fund provided always that the approval of the Unit Holders has been obtained.

#### **Currency Risk**

Although USD Class has identical currency denomination as the Share Class AA of the Target Fund, it is still subject to currency risk as the Target Fund's investment portfolio consists of securities denominated in the non-USD currencies, which may fall in value against USD resulting the fall of returns of the USD Class.

As for a hedged Class, the Class itself provides mitigation to the currency risk arising from the difference between the currency denomination of the Class and

the Base Currency. While we aim to fully hedge the currency risk for a hedged Class, you should note that it may not entirely eliminate currency risk.

In addition, you should note that as a result of hedging, a hedged Class will not be able to enjoy the full benefits of the currency movement in the event a favourable movement of the currency denomination of the hedged Class against the Base Currency. You should also note that hedging incurs costs, in which will impact the NAV of a hedged Class.

### **Country Risk**

Investments of the Fund in any country 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 NAV of the Fund or prices of units to fall.

### **Liquidity Risk**

Liquidity risk refers to a security which could not be transacted in a timely manner. In the context of the Fund (which invests in the Target Fund), liquidity risk is associated with the Target Fund's ability to meet the Fund's redemption request in a timely manner. If the Target Fund fails to meet the Fund's redemption request, it may jeopardize the Fund's ability to meet its own Unit Holders' redemption request.

## **1.2.3 Specific Risks of the Target Fund**

### **Emerging Markets Risks**

Investors should note that portfolio of the Target Fund may be invested in what are commonly referred to as emerging economies or markets, where special risks (including higher stock price volatility, lower liquidity of stocks, political and social uncertainties and currency risks) may be substantially higher than the risks normally associated with the world's mature economies or major stock markets. Further, certain emerging economies are exposed to the risks of high inflation and interest rates, large amount of external debt; and such factors may affect the overall economy stability.

In respect of certain emerging economies or markets in which the Target Fund may invest, the Target Fund may be exposed to higher risks than in developed economies or markets, in particular for the acts or omissions of its service providers, agents, counterparties or delegates as a result of the protection against liquidation, bankruptcy or insolvency of such persons. Information collected and received from such service providers, agents, counterparties or delegates may be less reliable than similar information on agents, counterparties or delegates in more developed economies or markets where reporting standards and requirements may be more stringent.

Investors should note that accounting, auditing and financial reporting standards, practices and disclosure requirements applicable to some companies in the emerging economies or markets in which the Target Fund may invest may differ from countries with more developed financial markets and less information may be available to investors, which may also be out of date.

The value of the Target Fund's assets may be affected by uncertainties such as changes in government policies, taxation legislation, currency repatriation restrictions and other developments in politics, law or regulations of the emerging economies or markets in which the Target Fund may invest and, in particular, by changes in legislation relating to the level of foreign ownership in

the companies in these economies or markets, possible nationalisation of their industries, expropriation of assets and confiscatory taxation.

### **Political and Regulatory Risks**

Changes to government policies or legislation in the markets in which the Target Fund may invest may adversely affect the political or economic stability of such markets. Basic commercial laws are in place, however, legislation in emerging markets are often unclear or contradictory and subject to varying interpretation and may at any time be amended, modified, repealed or replaced in a manner adverse to the interests of the Target Fund.

Investments in certain markets may also require the procurement of a substantial number of licences, regulatory consents, certificates and approvals, including licences for MGF, registration of relevant securities trading code(s) for the Target Fund to conduct securities transactions at the relevant securities trading centre(s) or markets and clearance certificates from tax authorities. The inability to obtain a particular licence, regulatory consent, certificate or approval could adversely affect the MGF's or the Target Fund's operations.

### **Natural Resources Sector Risk**

The securities of companies in the natural resources sector may experience more price volatility than securities of companies in other industries. Some of the commodities used as raw materials or produced by these companies are subject to broad price fluctuations as a result of industry wide supply and demand factors. As a result, companies in the natural resources sector often have limited pricing power over supplies or for the products that they sell which can affect their profitability. Concentration in the securities of companies with substantial natural resources assets will expose the Target Fund to price movements of natural resources to a greater extent than a more broadly diversified mutual fund. There is a risk that the Target Fund will perform poorly during and economic downturn or a slump in demand for natural resources.

### **Currency Risks**

The Target Fund's assets may be invested primarily in securities denominated in currencies other than its relevant currency (i.e. USD denominated) of Share Class AA and any income or realisation proceeds received by the Target Fund from these investments will be received in those currencies, some of which may fall in value against the currency of Share Class AA. The Target Fund will compute the net asset value and make any distributions in the currency of Share Class AA and there is, therefore, a currency exchange risk, which may affect the value of the Shares to the extent that the Target Fund make such investments, as a result of fluctuations in exchange rates between the currency of Share Class AA of the Target Fund and any other currency. In addition, foreign exchange control in any country may cause difficulties in the repatriation of funds from such countries.

### **Liquidity and Volatility Risks**

The trading volume on some of the markets through which the Target Fund may invest may be substantially less than that in the world's leading stock markets. Accordingly, the accumulation and disposal of holdings in some investments may be time-consuming and may need to be conducted at unfavourable prices. Liquidity may also be less and volatility of prices greater than in the leading markets as a result of a high degree of concentration of market capitalisation and trading volume in a small number of companies.

The Target Fund may invest in companies which are less well established in their early stages of development. These companies may often experience significant price volatility and potential lack of liquidity due to the low trading volume of their securities. The absence of adequate liquidity may also arise when a particular security is difficult to sell at the desired moment during particular periods or in particular market conditions. In a down market, higher-risk

securities could become harder to value or sell at a fair price. Liquidity risk tends to compound other risks. For example, if the Target Fund has a position in an illiquid asset, its limited ability to liquidate that position at short notice will compound its market risk.

Where the Target Fund overweighs on a specific geographic region or industry sector, it may be subject to greater concentration risks.

As such, investors should note that investments in the Target Fund are not bank deposits and are not insured or guaranteed by any deposit insurance or government agency. Prices may fall in value as rapidly as they may rise and it may not always be possible to dispose of such securities during such falls.

### **Taxation Risk**

The Target Fund may invest in securities that produce income that is subject to withholding and/or income tax. Such tax may have an adverse effect on the Target Fund. Potential investors are advised to consult their professional advisers concerning possible taxation or other consequences of subscribing, holding, selling, switching or otherwise disposing of Shares in the Target Fund. A summary of some of the tax consequences potentially applicable to the Target Fund is set out in the MGF's prospectus<sup>[1]</sup>. However, potential investors should note that the information does not purport to deal with all of the tax consequences applicable to the Target Fund or all categories of investors, some of whom may be subject to special rules.<sup>[1]</sup> *Investors can obtain a copy of the Target Fund's prospectus at [www.manulifeglobalfund.com](http://www.manulifeglobalfund.com)*

### **FDIs Other Than for Investment Purpose**

The use of FDIs will generally not form part of the investment strategy of the Target Fund, and the Target Fund does not use FDIs extensively to achieve its investment objective or for investment purposes, but may from time to time, under normal circumstances, use FDIs for efficient portfolio management and hedging purposes. The major FDIs which may be used by the Target Fund for such purposes include, but not limited to, warrants, options, futures, swaps and forwards. Although the use of FDIs in general may be beneficial or advantageous, such use of FDIs exposes the Target Fund to additional risks, including but not limited to the risks outlined in FDIs risks above, namely, management risk, market risk, credit risk, liquidity risk and leverage risk.

The eventuation of any of the above risks could have an adverse effect on the net asset value of the Target Fund. In adverse situations, the Target Fund's use of FDIs may become ineffective in efficient portfolio management or hedging and the Target Fund may suffer significant losses.

### **Mainland China Investment Risks**

Investing in the securities markets in Mainland China is subject to the risks of investing in emerging markets generally as well as to specific risks relating to the Mainland China market.

Investors should note that the legal system and regulatory framework of Mainland China are still developing, making it more difficult to obtain and/or enforce judgments and such could limit the legal protection available to investors. Military conflicts, either internal or with other countries, are also a risk. In addition, currency fluctuations, currency convertibility and fluctuations in inflation and interest rates have had, and may continue to have, negative effects on the economy and securities markets of Mainland China. Mainland China's economic growth has historically been driven in a large degree by exports to the United States of America and other major export markets. Therefore, a slowdown in the global economy may have a negative impact on the continued growth of the Chinese economy.

Many of the recent economic reforms in Mainland China are unprecedented and may be subject to adjustment and modification, which may not always have a positive effect on foreign investment in joint stock limited companies in Mainland China or in A-Shares, B-Shares and H-Shares. Governmental interventions in the financial markets in Mainland China have increased in recent years, which may lead to severe price volatility for financial instruments.

In view of the relatively smaller number of A-Share, B-Share and H-Share issues currently available in Mainland China, the choice of investments available to the Target Fund is limited when compared with the choices available in other more developed markets and the national regulatory and legal framework for capital markets and joint stock companies in Mainland China are not as well developed. There may be a low level of liquidity of A-Share and B-Share markets in Mainland China, which are relatively small in terms of both combined total market value and the number of A-Shares and B-Shares which are available for investment. This may lead to severe price volatility under certain circumstances.

Chinese companies are required to follow Mainland China accounting standards and practice which, to a certain extent, follow international accounting standards. However, there may be significant differences between financial statements prepared by accountants following Mainland China accounting standards and practice and those prepared in accordance with international accounting standards.

Both the Shanghai and Shenzhen securities markets are in the process of development and change. This may lead to trading volatility, difficulty in the settlement and recording of transactions and in interpreting and applying the relevant regulations.

Investments in Mainland China are likely to be sensitive to any significant change in the political, social and economic landscapes in Mainland China. Mainland China's economy has been in a state of transition over the past 40 years from a planned economy to a more market-oriented economy, which differs from the economies of developed countries in many ways, such as in the level of government involvement, control of foreign exchange and allocation of resources. The Chinese government plays a major role in the economic reforms and will continue to exercise significant control over Mainland China's economy, including potentially by the adoption of corrective measures to control the growth of economy, which may have an adverse impact on the securities markets of Mainland China and thus the performance of the Target Fund.

The Chinese government strictly regulates the payment of foreign currency denominated obligations and sets monetary policy. Through its policies, the government may provide preferential treatment to particular industries or companies. The policies set by the government may have a substantial effect on the Chinese economy and the investments of the Target Fund.

Political changes, social instability and adverse diplomatic developments in Mainland China could result in the imposition of additional government restrictions including the expropriation of assets, confiscatory taxes or nationalisation of some or all of the property held by the underlying issuers of the shares. In light of the above mentioned factors, the price of shares of Chinese companies may fall significantly in certain circumstances.

### **Mainland China Tax**

Under current regulations in the PRC, foreign investors may invest in A-Shares listed on the SSE and SZSE and certain other investment products (including bonds) in the PRC, in general, through the following channels:

- (a) Institutions that have obtained either Qualified Foreign Institutional Investor ("QFII") or RMB Qualified Foreign Institutional Investor ("RQFII")



status, or by investing in participatory notes and other access products issued by institutions with QFII or RQFII status. Since only the QFII or RQFII's interests in A-Shares and certain other investment products are recognized under the PRC laws, any tax liability would, if it arises, be payable by the QFII or RQFII;

- (b) Shanghai-HK Stock Connect;
- (c) Shenzhen-HK Stock Connect; and/or
- (d) Bond Connect.

#### *Enterprise Income Tax ("EIT")*

Under current PRC Enterprise Income Tax Law ("PRC EIT Law") and regulations, any sub-fund considered to be a tax resident of the PRC would be subject to PRC enterprise income tax ("EIT") at the rate of 25% on its worldwide taxable income. If any sub-fund were considered to be a non-resident enterprise with a "permanent establishment" ("PE") in the PRC, it would be subject to PRC EIT at the rate of 25% on the profits attributable to the PE. The Investment Managers of the Target Fund, intend to operate the Target Fund in a manner that will prevent them from being treated as tax residents of the PRC and from having a PE in the PRC, though this cannot be guaranteed. It is possible, however, that the PRC could disagree with such an assessment or that changes in PRC tax law could affect the PRC EIT status of the Target Fund.

If the Target Fund is non-PRC tax resident enterprises without PE in the PRC, the PRC-sourced income (including cash dividends, distributions, interest and capital gains) derived by them from any investment in PRC securities would be subject to PRC withholding income tax ("WHT") at the rate of 10%, unless exempt or reduced under the PRC EIT Law or a relevant tax treaty.

With effect on and from November 17, 2014, pursuant to Caishui [2014] No. 79 ("Notice 79"), PRC-sourced gains on disposal of shares and other equity investments (including A-Shares) derived by QFIIs or RQFIIs (without an establishment or place of business in the PRC or having an establishment or place of business in the PRC but the income so derived in the PRC is not effectively connected with such establishment or place) would be temporarily exempt from PRC EIT. For the avoidance of doubt, gains derived by QFIIs or RQFIIs prior to November 17, 2014 shall be subject to PRC EIT in accordance with current tax laws and regulations.

Pursuant to Caishui [2018] No. 108 ("Notice 108"), foreign institutional investors are exempt from EIT on bond interest income derived from November 7, 2018 to November 6, 2021. Such EIT exemption would not be applicable if the bond interest derived is connected with the foreign institutional investors' establishment or place in the PRC.

#### *Value-added Tax ("VAT") and Surtaxes*

The Target Fund may also potentially be subject to PRC VAT at the rate of 6% on capital gains derived from trading of A-Shares. However, Caishui [2016] No. 36 ("Notice 36") and Caishui [2016] No. 70 ("Notice 70") provide a VAT exemption for QFIIs as well as RQFIIs in respect of their gains derived from the trading of PRC securities.

In addition, urban maintenance and construction tax (currently at rates ranging from 1% to 7%), educational surcharge (currently at the rate of 3%) and local educational surcharge (currently at the rate of 2%) (collectively, the "Surtaxes") are imposed based on value-added tax liabilities. Since QFIIs and RQFIIs are exempt from value-added tax, they are also exempt from the applicable Surtaxes.

In respect of bond interest income derived by foreign institutional investors, VAT is exempted from November 7, 2018 to November 6, 2021 pursuant to Notice 108.

### *Stamp Duty*

Stamp duty under the PRC laws ("Stamp Duty") generally applies to the execution and receipt of taxable documents, which include contracts for the sale of China A-and China B-Shares traded on PRC stock exchanges. In the case of such contracts, PRC Stamp Duty is currently imposed on the seller but not on the purchaser, at the rate of 0.1%. The sale or other transfer by the Target Fund of A-Shares or B-Shares will accordingly be subject to PRC Stamp Duty, but the Target Fund will not be subject to PRC Stamp Duty when it acquires A-Shares and B-Shares.

### *Stock Connect Tax Consideration*

Pursuant to Caishui [2014] No. 81 ("Notice 81"), Notice 36 and Caishui [2016] No. 127 ("Notice 127"), foreign investors investing in China A-Shares listed on the SSE through the Shanghai-Hong Kong Stock Connect and those listed on the SZSE through the Shenzhen-Hong Kong Stock Connect would be temporarily exempt from PRC EIT and VAT on the gains on disposal of such A-Shares. Dividends would be subject to PRC EIT on a withholding basis at 10%, unless reduced under a double tax treaty with China upon application to and obtaining approval from the competent tax authority.

### *Bond Connect Tax Consideration*

With the introduction of the Bond Connect program, eligible foreign investors can trade in bonds available on the China Interbank Bond Market.

Aside from the above-mentioned general rules and Notice 108, the PRC tax authorities have not clarified whether income tax and other tax categories are payable on gains arising from the trading in securities that do not constitute shares or other equity investments, such as bonds and other fixed income securities, of QFIIs, RQFIIs and other investors through Bond Connect. It is therefore possible that the relevant tax authorities may, in the future, clarify the tax position and impose an income tax or WHT on realized gains derived from dealing in PRC fixed income securities.

### *Tax Provision – Gains on Disposal of Bonds and Fixed Income Securities*

Based on professional and independent tax advice received, the Investment Manager of the Target Fund does not currently make any tax provision in respect of any potential PRC WHT, EIT, VAT and Surtaxes on gains derived from disposal of equity and bonds and other fixed income securities. However, in light of the above-mentioned uncertainty and in order to meet any potential tax liability for gains on disposal of bonds and other fixed income securities, the Investment Manager of the Target Fund reserves the right to provide for the WHT on such gains or income, and withhold WHT of 10% for the account of Target Fund in respect of any potential tax on the gross realized and unrealized capital gains. Upon any future resolution of the above-mentioned uncertainty or further changes to the tax law or policies, the Investment Manager of the Target Fund will, as soon as practicable, make relevant adjustments to the amount of tax provision (if any) as they consider necessary. The amount of any such tax provision will be disclosed in the accounts of the Target Fund.

Any such WHT on gains on disposal of fixed income securities may reduce the income from, and/or adversely affect the performance of the Target Fund. In light of the uncertainties of the tax position, QFIIs and RQFIIs are likely to withhold certain amounts in anticipation of PRC WHT on the gains on disposal of the Target Fund's investments in China fixed income securities. The amount

withheld will be retained by the relevant QFII and/or RQFII until the position with regard to PRC taxation of QFIIs and/or RQFIIs and the Target Fund in respect of their gains and profits has been clarified. In the event that such position is clarified to the advantage of the QFII, RQFII and/or the Target Fund, the QFII or RQFII may rebate all or part of the withheld amount. The withheld amount so rebated shall be retained by the Target Fund and reflected in the net asset value. Notwithstanding the foregoing, no investor who redeemed his/her units before the rebate of any withheld amounts shall be entitled to claim any part of such rebate.

It should also be noted that the actual applicable tax imposed by the PRC tax authorities may be different and may change from time to time. There is a possibility of the rules being changed and taxes being applied retrospectively. As such, any provision for taxation made by the Investment Manager of the Target Fund may be excessive or inadequate to meet final PRC tax liabilities. Consequently, investor of the Target Fund may be advantaged or disadvantaged depending upon the final tax liabilities, the level of provision and when they subscribed and/or redeemed their shares in/from the Target Fund.

If the actual applicable tax levied by the PRC tax authorities is higher than that provided for by the Investment Manager of the Target Fund so that there is a shortfall in the tax provision amount, investors should note that the net asset value of the Target Fund may suffer more than the tax provision amount as the Target Fund will ultimately have to bear the additional tax liabilities. In this case, the then existing and new shareholders of the Target Fund will be disadvantaged. On the other hand, if the actual applicable tax rate levied by the PRC tax authorities is lower than that provided for by the Investment Manager of the Target Fund so that there is an excess in the tax provision amount, shareholders who have redeemed units in the Target Fund before the PRC tax authorities' ruling, decision or guidance in this respect will be disadvantaged as they would have borne the loss from the Investment Manager of the Target Fund's over-provision. In this case, the then existing and new shareholders may benefit if the difference between the tax provision and the actual taxation liability under that lower tax amount can be returned to the account of the Target Fund as assets thereof.

The above disclosure has been prepared based on an understanding of the laws, regulations and practice in the PRC in-force as of the date of this Information Memorandum.

It is possible that the current tax laws, regulations and practice in the PRC will change, including the possibility of taxes being applied retrospectively, and that such changes may result in higher taxation on PRC investments than is currently contemplated.

The Investment Manager of the Target Fund does not currently make any tax provision in respect of any potential PRC WHT, EIT, VAT and Surtaxes; however, the Investment Manager of the Target Fund reserves the right to do so when it thinks appropriate. The amount of any such tax provision will be disclosed in the accounts of the Target Fund.

The tax laws, regulations and practice in Mainland China are constantly changing, and they may be changed with retrospective effect. In this connection, the Target Fund may be subject to additional taxation that is not anticipated as at the date hereof or when the relevant investments are made, valued or disposed of. The income from and/or the value of the relevant investments in the Target Fund may be reduced by any of those changes.

### **Risks associated with Investments via Stock Connect**

The Target Fund may also seek to implement its investment programme through investing in the SSE or the SZSE via the Hong Kong Exchanges and Clearing Limited (“HKEx”). Under the “northbound trading link” of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect respectively, Hong Kong and international investors (including the Target Fund) are able to trade certain eligible SSE-listed stocks (the “SSE Securities”) or SZSE-listed stocks (the “SZSE Securities”) (the list of eligible securities being subject to review from time to time) through Hong Kong brokers, who route the transactions through the HKEx to the SSE or the SZSE, as the case may be. For each of Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, investors are able to trade China A-Shares subject to a daily maximum of RMB13 billion.

Investment in Stock Connect securities is subject to various risks associated with the legal and technical framework of Stock Connect.

Investors should note that Stock Connect is a pilot programme and the two-way stock trading link between the SEHK and the SSE or the SZSE is relatively new. The application and interpretation of the relevant regulations are therefore relatively untested and there is no certainty as to how they will be applied. The current Stock Connect regulations are subject to change, which may take retrospective effect. In addition, there can be no assurance that the Stock Connect regulations will not be abolished. Accordingly, there can be no assurance that the Target Fund will be able to obtain investment opportunities through the two-way stock trading link.

A stock may be recalled from the scope of SSE Securities or SZSE Securities, as the case may be, for trading via Stock Connect for various reasons, and in such event the stock can only be sold and is restricted from being bought. The Investment Manager of the Target Fund’s ability to implement the Target Fund’s investment strategies may be adversely affected as a result.

SSE Securities and SZSE Securities are settled by Hong Kong Securities Clearing Company (“HKSCC”) with China Securities Depository and Clearing Corporation Limited (“ChinaClear”), the PRC’s central clearing house, on behalf of Hong Kong investors. During the settlement process, HKSCC acts as nominee on behalf of Hong Kong executing brokers; as a result, SSE Securities and SZSE Securities will not be in the name of the Target Fund, its depositary, or any of its brokers during this time period. The Target Fund may be exposed to counterparty risk with respect to ChinaClear. In the event of the insolvency of ChinaClear, the Target Fund’s ability to take action directly to recover the Target Fund property would be limited. The HKSCC, as nominee holder, would have the exclusive right, but not the obligation, to take any legal action or court proceeding to enforce any rights of investors. Recovery of the Target Fund’s property may be subject to delays and expenses, which may be material.

While the Target Fund’s ownership of SSE Securities and SZSE Securities is reflected on the books of the depositary’s records, the Target Fund has only a beneficial interest in such securities. Stock Connect regulations provide that investors, such as the Target Fund, enjoy the rights and benefits of SSE Securities and SZSE Securities purchased through Stock Connect. However, Stock Connect is a new programme, and the status of the Target Fund’s beneficial interest in the SSE Securities and the SZSE Securities acquired through Stock Connect is untested. To the extent that HKSCC is deemed to be performing safekeeping functions with respect to assets held through it, it should be noted that the depositary and the Target Fund will have no legal relationship with HKSCC and no direct legal recourse against HKSCC in the event that the Target Fund suffers losses resulting from the performance or insolvency of HKSCC.

Similarly, HKSCC is responsible for the exercise of shareholder rights with respect to corporate actions (including all dividends, rights issues, merger

proposals or other shareholder votes). While HKSCC endeavors to keep beneficial owners such as the Target Fund, through their brokers, informed of corporate actions in relation to SSE Securities and SZSE Securities acquired through Stock Connect and provide them with the opportunity to provide voting instructions, such beneficial owners will need to comply with the relevant arrangements and deadlines specified and therefore may not have sufficient time to consider proposals or provide instructions. Carrying out corporate actions in respect to SSE Securities and SZSE Securities is subject to local regulations, rules and practice. Under the current market practice in Mainland China, multiple proxies are not available. This may limit the Target Fund's ability to appoint proxies to attend or participate in shareholders' meetings in respect of SSE Securities and SZSE Securities.

Under Stock Connect, trading in SSE Securities and SZSE Securities is subject to market rules and disclosure requirements in the PRC stock market. Any changes in laws, regulations and policies of the A-Shares market or rules in relation to Stock Connect may affect share prices. The Investment Manager of the Target Fund should also take note of the foreign shareholding restrictions and disclosure obligations applicable to A-Shares. The Target Fund is subject to restrictions on trading (including restriction on retention of proceeds) in A-Shares as a result of its interest in the A-Shares. The Investment Manager of the Target Fund is solely responsible for compliance with all notifications, reports and relevant requirements in connection with its interests in A-Shares. Under current Mainland China rules, once an investor holds more than 5% of the shares of a company listed on the SSE or the SZSE, the investor is required to disclose its interest within three working days and during which it cannot trade the shares of that company. The investor is also required to disclose any change in its shareholding and comply with related trading restrictions in accordance with Mainland China rules.

Although certain aspects of the Stock Connect trading process are subject to Hong Kong law, PRC rules applicable to share ownership will apply. In addition, transactions using Stock Connect are neither subject to the Hong Kong Investor Compensation Fund nor the China Securities Investor Protection Fund.

Investment via Stock Connect is premised on the functioning of the operational systems of the relevant market participants. In turn, the ability of such market participants to participate in the Stock Connect is subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house. Further, Stock Connect program requires routing of orders across the border. Although the SEHK and market participants endeavour to develop new information technology systems to facilitate routing of orders across the border, there is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both the PRC and Hong Kong markets and therefore trading via the Stock Connect could be disrupted. This may, in turn, affect the Target Fund's ability to access the A-Share market (and hence to pursue their investment strategy).

Stock Connect is generally available only on business days when both the PRC and Hong Kong stock markets are open for trading and banking services are available in both markets on the corresponding settlement days. When either or both the SEHK and SSE or SZSE is/are closed, investors will not be able to trade Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect securities at times that may otherwise be beneficial to such trades. Because the programme is a new one, the technical framework for Stock Connect has only been tested using simulated market conditions. In the event of high trade volume or unexpected market conditions, Stock Connect may be available only on a limited basis, if at all. Both the PRC and Hong Kong regulators are permitted to

(independently of each other) suspend Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect in response to certain market conditions. In addition, each of Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect is subject to a daily quota measuring total purchases and sales of securities via the relevant Stock Connect. Buy orders and sell orders offset each other for purposes of the quota. If the daily quota is exceeded, further buy orders will be rejected until the next trading day. These quotas are not particular to either the Target Fund or the Investment Manager of the Target Fund; instead, they apply to all market participants generally. Thus, the Investment Manager of the Target Fund will not be able to control the use or availability of the quota. If the Investment Manager of the Target Fund is unable to purchase additional Stock Connect securities, it may affect the Investment Manager of the Target Fund's ability to implement the Target Fund's investment strategy.

The Target Fund, whose base currency is not RMB, may also be exposed to currency risk due to the need for the conversion into RMB for investments in SSE Securities and SZSE Securities via Stock Connect. During any such conversion, the Target Fund may also incur currency conversion costs. The currency exchange rate may be subject to fluctuation and where RMB has depreciated, the Target Fund may incur a loss when it converts the sale proceeds of SSE Securities and SZSE Securities into its base currency.

**IT IS IMPORTANT TO NOTE THAT THE ABOVE LIST OF RISK MAY NOT BE EXHAUSTIVE. THE FUND/ TARGET FUND MAY BE EXPOSED TO OTHER RISKS OF AN EXCEPTIONAL NATURE FROM TIME TO TIME.**

#### **1.2.4 Risk Management Strategy**

As the Fund is a feeder fund, which invests at least 95% of its NAV in the Target Fund, Sophisticated Investors are advised to refer to section 2.4 of this Information Memorandum for a better understanding on the risk management employed by the Investment Manager of the Target Fund at the Target Fund level.

The Manager has in place clearly defined policies and procedures and a system for the ongoing monitoring and management of liquidity risk. The Manager invests according to the investment limits and restrictions of the Fund to ensure the percentage of liquid assets is adhered to at all times. The Manager may take reasonable steps to understand the investor base (which includes those of IUTAs which adopt the nominee system of ownership) and analyse the historical redemption patterns of different types of investors for liquidity management. The Manager may also engage with key investors and enforces redemption arrangement for investors above the threshold i.e. advance redemption notice so that the Manager is aware if investors intend to make any large redemption.

The Manager reserves the right to perform suspension of redemptions under exceptional circumstances and defer the processing of redemption requests on a pro-rata basis, to the next Business Day when the Fund receives redemption requests exceed 10% of the Fund's NAV. Furthermore, the Fund may borrow cash or obtain financing for the purpose of meeting redemption requests for Units and for short-term bridging requirements. This will incur financial cost to the Fund.

### 1.3. OTHER INFORMATION

<b>Permitted Investments</b>	<p>The Fund may invest in the following as long as it is consistent with the Fund's investment objective and are not prohibited by the relevant authorities or any relevant laws:</p> <ul style="list-style-type: none"><li>• One collective investment scheme having a similar objective;</li><li>• Deposits and money market instruments;</li><li>• Financial derivative instruments, including but not limited to options, futures contracts, forward contracts and swaps, for hedging purposes; and</li><li>• Any other form of investments as may be agreed between the Manager and the Trustee from time to time.</li></ul>
<b>Investment Limits and Restrictions</b>	<ul style="list-style-type: none"><li>• The Fund will not hold more than 5% of its NAV in liquid assets such as placement of deposits and money market instruments; and</li><li>• The Fund will not invest in a fund-of-funds, feeder fund and any sub-fund of an umbrella scheme which is a fund-of-funds or a feeder fund.</li></ul>
<b>Borrowing and Securities Lending</b>	<p>Unless otherwise allowed by the SC or by any relevant law, and subject to such terms and conditions as the SC or any relevant law may prescribe, the Fund is not permitted to borrow to finance its activities or to grant or guarantee any loans or enter into a contract to purchase investments when it does not have the necessary funds to pay for the purchase.</p>
<b>Financial Year End</b>	<p>31 December</p>
<b>List of Deeds</b>	<p>Deed dated 5 October 2016.</p>



## 2. THE TARGET FUND

The Target Fund was established on 20 December 1996. It is one of the sub-funds of the MGF domiciled in Luxembourg. The regulatory authority of the Target Fund is Luxembourg – Commission de Surveillance du Secteur Financier.

MGF was incorporated with limited liability on 7 July 1987, as a société d'investissement à capital variable ("SICAV") under the law of 10 August 1915, as amended, of the Grand Duchy of Luxembourg. It now has an unlimited life and qualifies as a collective investment undertaking under Part 1 of the Luxembourg Law of 17 December 2010 ("2010 Law").

The Target Fund is authorised by the Securities and Futures Commission in Hong Kong (the "SFC") for offering to the public in Hong Kong pursuant to Section 104 of the Securities and Futures Ordinance (as may be amended, supplemented or replaced from time to time).

### **Management Company of the Target Fund**

MGF has designated Carne Global Fund Managers (Luxembourg) S.A. to act as its management company. Carne Global Fund Managers (Luxembourg) S.A. was incorporated in Luxembourg on 17 September 2009 for an indefinite period and is subject to the provisions of Chapter 15 of the 2010 Law.

The Management Company of the Target Fund is entrusted with the day-to-day management of the MGF, with the responsibility to perform directly or by way of delegation all operational functions relating to the investment management and the administration of the MGF and the marketing and distribution of the MGF.

### **The Investment Manager of the Target Fund**

The Investment Manager of the Target Fund is Manulife Investment Management (Hong Kong) Limited, which is regulated by the SFC of Hong Kong.

Manulife Investment Management (Hong Kong) Limited was incorporated in Hong Kong in 1994. Manulife Investment Management (Hong Kong) Limited is licensed to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 9 (asset management) regulated activities in Hong Kong.

An investment management agreement has been entered into by the MGF, the Management Company and the Investment Manager of the Target Fund on 12 April 2019 (as may be amended from time to time), under which Investment Manager of the Target Fund has agreed to provide investment management services in respect of the Target Fund.

## 2.1. INVESTMENT OBJECTIVE OF THE TARGET FUND

The Target Fund aims to achieve capital growth by investing at least 70% of its net assets in a diversified portfolio of equity and equity related securities of public companies which are listed in Hong Kong and/or, although not listed in Hong Kong, are listed on a stock exchange in any other jurisdiction and have substantial business interests in Hong Kong and/or China. Such equity and equity related securities include common stocks, preferred stocks and depositary receipts.

## 2.2. PERFORMANCE BENCHMARK OF THE TARGET FUND

MSCI Zhong Hua Index

## 2.3. INVESTMENT POLICY AND STRATEGY OF THE TARGET FUND

While the Target Fund will invest in accordance with its investment objective and strategy, subject to applicable laws and regulations, the Target Fund is not otherwise subject to any limitation on the portion of its net assets that may be invested in any one country or sector and in issuers of any market capitalisation.



Hence, the Target Fund may invest more than 30% of its net assets in issuers located in any of the People's Republic of China and Hong Kong. The Target Fund's investments may be denominated in any currency.

The Target Fund may invest directly in certain China A-Shares listed on the SSE or the SZSE via Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect respectively (collectively, "Stock Connect"). In any event where the Target Fund invests in China A-Shares, it is expected that the Target Fund will not hold more than 30% of its total net assets value in China A-Shares.

It is not the intention of the Target Fund to invest more than 10% of its net assets in securities issued, or guaranteed, by any single sovereign (including the relevant government, public or local authority) which has a credit rating that is below investment grade (i.e. below Baa3 by Moody's or BBB- by Standard & Poor's or Fitch).

The Share Class AA of the Target Fund will distribute income annually (if any).

## **2.4. RISK MANAGEMENT OF THE TARGET FUND**

The Management Company of the Target Fund will implement a risk-management process which enables it to monitor and measure at any time, the risk of the Target Fund's investment position and its contribution to the overall risk profile. It shall cover the global exposure of the Target Fund on general and specific market risks, the counterparty risk, as well as the concentration risk associated with all positions and include, if applicable, a process for accurate and independent assessment of the value of any OTC Derivatives.

A risk management process is in place in respect of the Target Fund, which enables it to monitor and manage the global exposure from financial derivative instruments ("global exposure") which Target Fund gains as a result of its strategy. The Target Fund adopts commitment approach for its global exposure calculation, and does not expect to leverage.

Commitment approach is a methodology that aggregates the underlying market or notional values of FDIs to determine the degree of global exposure of the Target Fund to FDIs. The global exposure for the Target Fund must not exceed 100% of the Target Fund's net asset value.

In addition, the Target Fund may borrow up to 10% of its net assets, as long as these are temporary borrowings and that such borrowings may not be used for investment purposes.

## **2.5. PERMITTED INVESTMENTS AND RESTRICTIONS OF THE TARGET FUND**

- A1 MGF will only invest in:
  - A1.1 Transferable securities and money market instruments admitted to official listings on stock exchanges in the member states of the European Union ("EU");
  - A1.2 Transferable securities and money market instruments dealt in on other regulated markets in the member states of the EU, that are operating regularly, are recognised and are open to the public;
  - A1.3 Transferable securities and money market instruments admitted to official listings on stock exchanges in any member country of the Organisation for Economic Cooperation and Development (the "OECD") and any other country in Europe, Asia, Oceania, the American continents and Africa;
  - A1.4 Transferable securities and money market instruments dealt in on other regulated markets that are operating regularly, are recognised and open

to the public of any member country of the OECD and any other country in Europe, Asia, Oceania, the American continents and Africa;

- A1.5 Recently issued transferable securities and money market instruments provided that the terms of the issue include an undertaking that application will be made for admission to the official listing on one of the stock exchanges as specified in paragraphs A1.1 and A1.3 or regulated markets that are operating regularly, are recognised and open to the public as specified in paragraphs A1.2 and A1.4 and that such admission is secured within a year of issue;
- A1.6 Units of UCITS and/or other undertakings for collective investment (“UCIs”) within the meaning of Article 1, 2, (a) and (b) of Directive 2009/65/EC, as amended, whether they are situated in a member state of the EU or not, provided that:
- such other UCIs are authorised under laws which provide that they are subject to supervision considered by the Commission de Surveillance du Secteur Financier (“CSSF”) to be equivalent to that laid down in Community law, and that cooperation between authorities is sufficiently ensured;
  - the level of protection for unit holders in the other UCIs is equivalent to that provided for unit holders in a UCITS, and in particular that the rules on asset segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of Directive 2009/65/EC, as amended;
  - the business of the other UCIs is reported in half-yearly and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period; and
  - no more than 10% of the UCITS’ or the other UCIs’ assets (or of the assets of any Target Fund thereof, provided that the principle of segregation of liabilities of the different compartments is ensured in relation to third parties), whose acquisition is contemplated, can, according to their constitutional documents, be invested in aggregate in units of other UCITS or other UCIs;
- A1.7 Deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a member state of EU or, if the registered office of the credit institution is situated in a non-member state of EU, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in Community law;
- A1.8 FDIs, including equivalent cash-settled instruments, dealt in on a regulated market referred to in paragraphs A1.1 to A1.4 and/or FDIs including currency options dealt in over-the-counter (“OTC Derivatives”), provided that:
- the underlying consists of instruments described in paragraphs A1.1 to A1.9, financial indices, interest rates, foreign exchange rates or currencies, in which MGF may invest according to its investment objectives;
  - the counterparties to OTC Derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the CSSF; and

- the OTC Derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at MGF's initiative;
- A1.9 Money market instruments other than those dealt in on a regulated market, which fall under Article 1 of the 2010 Law, if the issue or issuer of such instruments is itself regulated for the purpose of protecting investors and savings, and provided that they are:
- issued or guaranteed by a central, regional or local authority or central bank of an member state of EU, the European Central Bank, the EU or the European Investment Bank, a non-member state of EU or, in the case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more member states of EU belong;
  - issued by an undertaking any securities of which are dealt in on regulated markets referred to in paragraphs A1.1 to A1.4;
  - issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by Community law, or by an establishment which is subject to and complies with prudential rules considered by the CSSF to be at least as stringent as those laid down by Community law; or
  - issued by other bodies belonging to the categories approved by the CSSF provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least 10 million Euros and which presents and publishes its annual accounts in accordance with the fourth Directive 78/660/EEC (1), is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.
- B1 Furthermore, the Target Fund may invest no more than 10% of its net assets in transferable securities and money market instruments other than those referred to in paragraph A1.1 to A1.9.
- C1 Further,
- C1.1 The Target Fund may acquire the units of other sub-funds of MGF, UCITS and/or other UCIs referred to in paragraph A1.6, provided that, in aggregate, investments into such sub-funds, UCITS and/or other UCIs do not exceed 10% of the net assets of the Target Fund, unless otherwise provided for in the Target Fund's investment policy. If otherwise provided for in the Target Fund's investment policy, investments made in units of other sub-funds of MGF, UCITS and/or other UCIs referred to in Paragraph A1.6 may be made for up to 20% of the net assets of the Target Fund into one single sub-fund, UCITS and/or other UCI, provided that investments made in units of UCIs other than UCITS may not exceed, in aggregate, 30% of the net assets of the Target Fund.

For the purpose of the application of this investment limit, each compartment of a UCI with multiple compartments within the meaning of Article 181 of the 2010 Law is to be considered as a separate issuer

provided that the principle of segregation of the obligations of the various compartments vis-à-vis third parties is ensured.

- C1.2 When the Target Fund has acquired shares of UCITS and/or other UCIs, the assets of the respective UCITS or other UCIs do not have to be combined for the purposes of the limits laid down in paragraph E1.
- C1.3 When the Target Fund invests in the units of other UCITS and/or other UCIs that are managed, directly or by delegation, by the same investment manager or by any other company with which the investment manager is linked by common management or control, or by a substantial direct or indirect holding, that no subscription, redemption or management fees may be charged to MGF on its investment in the units of such other UCITS and/or UCIs.
- C1.4 When the Target Fund invests in shares of another sub-fund of MGF (the “sub-fund”):
- the sub-fund may not itself invest in the Target Fund;
  - the sub-fund may not invest more than 10% of its net assets in another sub-fund of MGF;
  - any voting rights which may be attached to the shares of the sub-fund will be suspended for the Target Fund for the duration of the investment; and
  - the net asset value of the shares of the sub-fund may not be considered for the purpose of the requirement that the capital of MGF should be above the legal minimum as specified in the 2010 Law, currently 1,250,000 Euros.
- D1 The Target Fund may hold ancillary liquid assets.
- E1 The Target Fund may not invest in any one issuer in excess of the limits set out below:
- E1.1 Not more than 10% of a Target Fund’s net assets may be invested in transferable securities or money market instruments issued by the same entity;
- E1.2 Not more than 20% of the Target Fund’s net assets may be invested in deposits made with the same entity;
- E1.3 By way of exception, the 10% limit stated in paragraph E1.1 may be increased to:
- a maximum of 35% if the transferable securities or money market instruments are issued or guaranteed by a member state of the EU, by its local authorities, by a non-member state of EU or by public international bodies to which one or more member states of EU belong; and
  - a maximum of 25% in the case of certain bonds when these are issued by a credit institution which has its registered office in a member state of EU and is subject by law to special public supervision designed to protect bond holders. In particular, sums deriving from the issue of these bonds must be invested in conformity with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in the event of failure of the issuer, would be used on a priority basis for the reimbursement of the principal and payment of the accrued interest. When the Target Fund invests more than 5% of its

net assets in the bonds referred to in this paragraph and issued by one issuer, the total value of these investments may not exceed 80% of the value of the net assets of the Target Fund.

E1.4 The total value of the transferable securities or money market instruments held by the Target Fund in the issuing bodies in each of which it invests more than 5% of its net assets must not then exceed 40% of the value of its net assets. This limitation does not apply to deposits and OTC Derivative transactions made with financial institutions subject to prudential supervision. The transferable securities and money market instruments referred to in the two indents under paragraph E1.3 above shall not be taken into account for the purpose of applying the limit of 40% referred to in this paragraph.

F1 Notwithstanding the individual limits laid down in paragraphs E1.1 and E1.2 above, the Target Fund may not combine:

- investments in transferable securities or money market instruments issued by a single entity, and/or
- deposits made with a single entity, and/or
- exposures arising from OTC Derivative transactions undertaken with a single entity,

in excess of 20% of its net assets.

The limits provided for in paragraphs E1.1 to E1.4 above may not be combined, and thus investments in transferable securities or money market instruments issued by the same entity or in deposits or FDIs made with this entity carried out in accordance with paragraphs E1.1 to E1.4 shall under no circumstances exceed in total 35% of the net assets of the Target Fund.

Companies which are included in the same group for the purposes of consolidated accounts, as defined in accordance with Directive 83/349/EEC or in accordance with recognised international accounting rules, are regarded as a single entity for the purpose of calculating the investment limits mentioned in paragraphs E1.1 to E1.4 above.

The Target Fund may not invest cumulatively more than 20% of its net assets in transferable securities or money market instruments of the same group.

Without prejudice to the limits laid down in paragraphs G1 and H1 below, the limit of 10% laid down in paragraph E1.1 above is raised to a maximum of 20% for investment in equity and/or debt securities issued by the same body when the aim of the investment policy of the Target Fund is to replicate the composition of a certain equity or debt securities index which is recognised by the CSSF, on the following basis:

- the composition of the index is sufficiently diversified,
- the index represents an adequate benchmark for the market to which it refers,
- it is published in an appropriate manner.

This limit is 35% where that proves to be justified by exceptional market conditions, in particular in regulated markets where certain transferable securities or money market instruments are highly dominant. The investment up to this limit is only permitted for a single issuer.

***By way of derogation, the Target Fund is authorised to invest up to 100% of its net assets in different transferable securities and money market instruments issued or guaranteed by a member state of the EU, its local authorities, by a member state of the OECD or public international bodies of which one or more member states of the EU are members, provided that (i) such securities are part of at least six different issues and (ii) securities from any one issue do not account for more than 30% of the net assets of the Target Fund.***

G1 MGF may not invest in shares with voting rights enabling it to exercise significant influence over the management of the issuing body.

H1 MGF may not:

H1.1 Acquire more than 10% of the shares with non-voting rights of one and the same issuer.

H1.2 Acquire more than 10% of the debt securities of one and the same issuer.

H1.3 Acquire more than 25% of the units of one and the same undertaking for collective investment.

H1.4 Acquire more than 10% of the money market instruments of any single issuer.

The limits stipulated in paragraphs H1.2, H1.3 and H1.4 above may be disregarded at the time of acquisition if, at that time, the gross amount of debt securities or of the money market instruments, or the net amount of securities in issue cannot be calculated.

I1 The limits stipulated in paragraphs G1 and H1 above do not apply to:

I1.1 Transferable securities and money market instruments issued or guaranteed by a member state of EU or its local authorities;

I1.2 Transferable securities and money market instruments issued or guaranteed by a non-member state of EU;

I1.3 Transferable securities and money market instruments issued by public international institutions to which one or more member states of EU are members;

I1.4 Transferable securities held by the Target Fund in the capital of a company incorporated in a non-member state of EU investing its assets mainly in the securities of issuing bodies having their registered offices in that state, where under the legislation of that state such a holding represents the only way in which such Target Fund can invest in the securities of issuing bodies of that state. This derogation, however, shall apply only if in its investment policy the company from the non-member state of EU complies with the limits laid down in Articles 43, 46 and 48 (1) and (2) of the 2010 Law. Where the limits set in Articles 43 and 46 of the 2010 Law are exceeded, Article 49 of the 2010 Law shall apply mutatis mutandis; and

I1.5 Shares held by MGF in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of units at unit holders' request exclusively on its or their behalf.

J1 MGF may always, in the interest of the shareholders, exercise the subscription rights attached to transferable securities or money market instruments, which forms part of its assets.

- K1 When the maximum percentages stated in paragraphs B1 through H1 above are exceeded for reasons beyond the control of MGF, or as a result of the exercise of subscription rights, MGF must adopt, as a priority objective, sales transactions to remedy the situation, taking due account of the interests of its shareholders.
- L1 The Target Fund may borrow an amount of up to 10% of its total net assets (valued at market value) provided these borrowings are made on a temporary basis. However, MGF may acquire for the account of the Target Fund foreign currency by way of back-to-back loans.
- M1 MGF may not grant credit facilities nor act as guarantor on behalf of third parties, provided that for the purpose of this restriction (i) the acquisition of transferable securities, money market instruments or other financial investments referred to in paragraphs A1.6, A1.8 and A1.9 above, in which are not fully paid and (ii) the permitted lending of portfolio securities shall be deemed not to constitute the making of a loan.
- N1 MGF undertakes not to carry out uncovered sales transactions of transferable securities, money market instruments or other financial instruments referred to in paragraphs A1.6, A1.8 and A1.9 above; provided that this restriction shall not prevent MGF from making deposits or carrying out accounts in connection with FDIs, permitted within the limits referred to above.
- O1 MGF's assets may not include precious metals or certificates representing them. MGF may purchase and sell securities of companies which invest or deal in commodities, including precious metals, and may enter into derivatives instruments transactions on commodity indices provided that such financial indices comply with the criteria laid down in Article 9 of Directive 2007/16/EC.
- P1 MGF may not purchase or sell real estate or any option, right or interest therein, provided that MGF may invest in securities secured by real estate or interests therein or issued by companies which invest in real estate or interests therein.
- Q1 MGF shall not make any investment which involves the assumption of unlimited liability.
- R1 MGF will in addition comply with such further restrictions as may be required by the regulatory authorities in any country in which the Shares are marketed.

MGF shall take the risks that it deems reasonable to reach the assigned objective set for the Target Fund; however, it cannot guarantee that it shall reach its goals given stock exchange fluctuations and other risks inherent in investments in transferable securities.

## 2.6. FEES, CHARGES AND EXPENSES OF THE TARGET FUND

	Charges	Remark
Initial charge	Up to 5% of subscription amount	Not applicable to the Fund's investment in the Target Fund
Management fee	Up to 1.75% p.a. of the net asset value of Share Class AA  <b>Please note that the management fee charged by the Target Fund will be paid</b>	Borne by the Manager

	<b>Charges</b>	<b>Remark</b>
	<b>out of the annual management fee at the Fund level. There is no double charging of management fee.</b>	
Management company fee	Maximum of 0.015% p.a. of the net asset value of the Target Fund	Net asset value per Share of Share Class AA of the Target Fund is net of management company fee
Depository fee	0.003% - 0.40% p.a. of the value of the assets of the Target Fund depending on the country where the assets are kept	Net asset value per Share of Share Class AA of the Target Fund is net of depository fee
Fund administration fee	Up to 0.50% p.a. of the net asset value of the Target Fund	Net asset value per Share of Share Class AA of the Target Fund is net of fund administration fee
Other expenses	The Target Fund will pay all other expenses incurred in its operations including the fees of its auditors, legal advisers and consultants, the costs of printing and distributing prospectuses and annual reports. It will also meet all brokerage, taxes and governmental duties and charges, director's fees and their reasonable out-of-pocket expenses and other incidental operating expenses.	Net asset value per Share of Share Class AA is net of other expenses

**AS THE FUND WILL BE INVESTING IN THE TARGET FUND, THE FUND WILL INCUR CERTAIN INDIRECT FEES CHARGED BY THE TARGET FUND, FOR EXAMPLE CUSTODIAN FEE AND FUND ADMINISTRATION FEE. ACCORDINGLY, UNIT HOLDERS SHOULD BE AWARE THAT THEY WILL BE SUBJECT TO HIGHER FEES ARISING FROM THE LAYERED INVESTMENT STRUCTURE.**

## **2.7. REDEMPTION LIMIT**

MGF is not bound to redeem on any Dealing Day more than 10% of the number of Shares then in issue of the Target Fund. If MGF receives requests on any Dealing Day for the redemption of more than 10% of the total number of Shares then in issue of the Target Fund, it may defer such redemptions for a period from then until a Dealing Day falling not more than seven Dealing Days thereafter, when such redemptions will be effected in priority to later requests which have been received.

Further, payment of redemption proceeds to a single shareholder in excess of USD500,000 may be deferred for up to seven Dealing Days after the relevant settlement day.

## **2.8. SUSPENSION OF DEALING**

In relation to the Target Fund, valuations (and consequently issues, redemptions and switches) may be suspended in certain circumstances including:

- a) the closure of, or suspension of, or restriction of trading on any stock exchange or other market on which a substantial proportion of the relevant investments are quoted;



- b) an emergency which in the opinion of the directors of MGF makes it impracticable to dispose of investments held in the Target Fund without seriously harming MGF or any class of its shareholders;
- c) if the means of communication normally used for the purpose of determining the price or value of investments held by the Target Fund cannot be used, or for some other reason the price or value of such investments cannot be determined normally, quickly and correctly;
- d) if any transfer of funds necessary for dealings in the relevant investments cannot be made normally at normal exchange rates;
- e) if notice is given of a meeting at which a resolution is to be proposed to wind up the MGF; and
- f) following a decision to merge the Target Fund or MGF, if justified with a view to protecting the interest of Shareholders.

## 3. FEES, CHARGES AND EXPENSES

### 3.1. CHARGES DIRECTLY INCURRED

#### 3.1.1 Sales Charge

The sales charge levied on the purchase of Units of the Fund from each distribution channel is as follows:

Distribution Channels <sup>[1]</sup>	Sales Charge (applicable to all Classes of Units)
IUTA UTC Manager	Up to 5.50% of the NAV per Unit

<sup>[1]</sup> *Sophisticated Investors may subscribe for Units via one or more of the distribution channels.*

The charges are negotiable. The Manager may at its discretion charge a lower sales charge, subject to qualifying criteria. All charges will be rounded up to two (2) decimal places and will be retained by the Manager.

Note: Sophisticated Investors should note that sales charge levied may vary when you purchase Units from different distributors or the Manager, subject to the maximum sales charge disclosed herein. The difference in sales charge imposed is based on the different levels of services provided.

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

#### **Commissions Payable**

The sales and other commissions payable to the licensed sales representatives and/or unit trust advisers of the Manager are not paid from the Fund but from the sales charge and/or management fee retained by the Manager.

#### 3.1.2 Redemption Charge

There is no redemption charge levied on the redemption of Units. Therefore, the redemption price per Unit of the Class is equivalent to its NAV per Unit.

#### 3.1.3 Transfer Fee

The transfer fee is applicable to all Classes of Units. Unit Holders are allowed to transfer Units of the Class to another Sophisticated Investor subject to a transfer fee of RM3.00 for each request to transfer.

#### 3.1.4 Switching Fee

Switching is applicable to all funds managed by the Manager unless stated otherwise. However, please note that switching:

- is not allowed between funds/ classes of different currencies;
- from a retail unit trust fund into a wholesale unit trust fund is not allowed for retail investors; and
- from an Islamic fund to a conventional fund is discouraged especially for Muslim Unit Holders.

The switching fee is the differential in sales charge for any switch into a fund with higher sales charge.

Illustration: Assuming you wish to switch into a fund with a higher sales charge.

Switch from	Switch to	Applicable switching fee
<b>Fund A</b> Sales charge: 3.00% of NAV per Unit of the Fund/Class	<b>Fund B</b> Sales charge: 5.50% of NAV per Unit of the Fund/Class	Differential in sales charge: 5.50% – 3.00% = <u>2.50%</u>

Other than that, the first 6 switches\* made by a Unit Holder (per account) within a calendar year, into a fund with equal or lower sales charge, is free. Subsequent switches into a fund with equal or lower sales charge, will be charged the following switching fee:

Denomination of the Fund/ Class	Online Switching	Offline Switching
RM (includes RM Hedged-Class)	RM15.00 per switch	RM25.00 per switch
Other currency	Not available	25.00 in the denomination of the respective Fund/ Class

\*Including switching between classes of the same fund.

Please note switching into the Class of the Fund is only applicable for Sophisticated Investors. The Manager has the discretion to waive the switching fee.

### 3.1.5 Policy on Rounding Adjustment

In calculating a Unit Holder's investments, the NAV per Unit of the Class which is also the selling and buying price per Unit of the Class will be rounded to 4 decimal places. Units allocated to a Unit Holder will be rounded to 2 decimal places.

## 3.2. FEES INDIRECTLY INCURRED

### 3.2.1 Annual Management Fee

Up to 1.80% of the NAV of the Fund per annum calculated and accrued on a daily basis.

### 3.2.2 Annual Trustee Fee

0.04% per annum of the NAV of the Fund (excluding foreign custodian fees and charges). This fee is calculated and accrued daily and payable monthly by the Fund to the Trustee.

Note: The annual management fee and annual trustee fee is applicable to all Classes of Units.

Please refer to section 4.2, Computation of NAV and NAV per Unit on how the annual management fee and annual trustee fee is calculated.

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

### 3.3. EXPENSES

Only the expenses which are directly related and necessary to the business of the Fund may be charged to the Fund. These would include (but are not limited to) the following:

- (a) commissions or fees paid to brokers or dealers in effecting dealings in the investments of the Fund, shown on the contract notes or confirmation notes or difference accounts;
- (b) tax and other duties charged on the Fund by the government and other authorities (if any) and bank fees;
- (c) the fees and other expenses properly incurred by the auditor and tax agent;
- (d) fees for valuation of any investment of the Fund by independent valuers for the benefit of the Fund;
- (e) costs incurred for any modification of the Deed other than for the benefit of the Manager or the Trustee;
- (f) costs incurred for any meeting of the Unit Holders other than those convened for the benefit of the Manager or the Trustee;
- (g) the sale, purchase, insurance, custody and any other dealings of investments including commissions/fees paid to brokers;
- (h) costs involved with external specialists approved by the Trustee in investigating or evaluating any proposed investment;
- (i) costs incurred in engaging any valuer, adviser or contractor for all kinds;
- (j) costs incurred in the preparation and audit of the taxation returns and accounts of the Fund;
- (k) costs incurred in the termination of the Fund or Class(es) and the retirement or removal of the Trustee or the Manager and the appointment of a new trustee or manager;
- (l) costs, fees and expenses incurred in relation to any proceedings, arbitration or other dispute concerning the Fund, Class(es) or any asset of the Fund, including proceedings against the Trustee or the Manager by the other for the benefit of the Fund or Class(es) (except to the extent that legal costs incurred for the defence of either of them are not ordered by the court to be reimbursed out of the Fund);
- (m) costs, fees and expenses deemed by the Manager to have been incurred in connection with any change or the need to comply with any change or introduction of any law, regulation or requirement (whether or not having the force of law) of any governmental or regulatory authority;
- (n) (where the custodial function is delegated by the Trustee to a foreign sub-custodian), charges and fees paid to the foreign sub-custodian;
- (o) costs and fees incurred on financing of borrowing and/or securities lending carried out by the Fund;
- (p) costs and fees for the printing and posting of the quarterly reports and annual report for the Fund;
- (q) costs and/or expenses associated with the distributions declared pursuant to the Deed and the payment of such distribution including without limitation fees, costs and/or expenses for the revalidation or reissuance of any distribution cheque or warrant or telegraphic transfer;
- (r) remuneration and out-of-pocket expenses of independent members in the investment committee, unless the Manager decides to bear the same; and
- (s) costs of obtaining expert opinion by the Trustee and the Manager for the benefit of the Fund or its Class(es).

### **3.4. OTHERS**

#### **Policy on Rebates and Soft Commissions**

It is the policy of the Manager to credit any rebates (if any) into the account of the Fund. The Manager may retain soft commissions received from brokers for goods and services which are of demonstrable benefit to the Fund and advisory services that assist in the decision-making process relating to the investment of the Fund such as research materials, data and quotation services, computer software, investment advisory services and investment related publications which are incidental to the investment management activities of the Fund. Dealings with the brokers/dealers are executed on terms which are the best available to the Fund.

#### **Applicable tax**

All fees and charges (e.g. sales charge, switching fee, transfer fee, management fee, trustee fee and any other relevant fee(s) and/or charge(s)), where applicable, may be subject to tax that may be introduced by the Government of Malaysia from time to time. The Manager, the Trustee and/or other service providers reserve the right to collect from you and/or the Fund an amount equivalent to the prevailing rate of tax payable for all charges and fees, where applicable. Fees and charges disclosed are exclusive of any taxes.

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

## 4. TRANSACTION INFORMATION

### 4.1. DETERMINATION OF PRICES

#### 4.1.1 Valuation Basis

The Manager will ensure that all the Fund's assets are valued at fair value and be in compliance with all relevant laws at all times. The valuation bases for the Fund's investments are as follows:

Investment Instruments	Valuation Basis
Unlisted CIS (i.e. the Target Fund)	Unlisted CIS are valued based on the last published redemption price per unit. If the last published redemption price is unavailable, the price will be determined by the Manager, verified by the auditor and approved by the Trustee.
Placement deposits	Deposits placed financial institutions are valued each day by reference to the value of such investments and the interest accrued thereon for the relevant period.
Money market instruments	Money market instruments such as banker acceptance and negotiable certificate of deposits are valued daily by reference to the value of such investments and interest accrued thereon for the relevant period.
Financial derivatives instruments	Derivatives are marked-to-market on a daily basis, where possible. Otherwise, the valuation will be based on fair value as determined in good faith by the Manager using methods and bases that have been verified by the Fund's auditor and approved by the Trustee.

Where the value of the Fund's assets are denominated in currency other than Base Currency, the assets are translated on a daily basis to USD based on the bid foreign exchange rate quoted by Bloomberg or Reuters at U.K. time 4.00 p.m. the same day in accordance with FIMM's Investment Management Standard, or such other time as may be prescribed from time to time by the relevant laws.

#### 4.1.2 Valuation Point

Valuation Point refers to a time(s) on a Business Day which the Manager decides to conduct a valuation on the NAV of the Fund. The valuation of the Fund is carried out daily at the end of the Business Day. However, as the Fund has exposures to investments (i.e. the Target Fund) outside of Malaysia, the Fund shall be valued at or before 5.00 p.m. on the next Business Day (or "T + 1") because of timing difference between Malaysia and Luxembourg (where the Target Fund is domiciled). For example, to determine the NAV of the Fund for Monday, the Fund shall be valued only on the next Business Day (e.g. Tuesday). However, the prices used for valuation will be the value of the assets of the Fund on Monday.

#### 4.1.3 Pricing Policy

The Manager adopts the single pricing policy which is in line with the SC's requirement for the Malaysian unit trust industry. Under this regime, both the selling and buying price of Units of the Class will be quoted based on a single price i.e. the NAV per unit of the Class. The daily NAV per Unit is valued at the next valuation point on forward price basis ("Forward Pricing").

The selling and repurchase transactions are traded at forward prices. Units would be created/ redeemed based on the NAV per unit as at the end of the Business Day on which the requests for purchase or redemption are received or deemed to have been

received by the Manager at or before the cut-off time. Any application received after the cut-off time will be considered as being transacted on the next Business Day.

Sales charge and redemption charge (if any) that are to be levied on the purchase and sale of Units by Unit Holders will not be incorporated in the quoted prices of the Fund/Class. These charges will be computed and charged separately.

The NAV per Unit of the Fund/Class is computed by dividing the NAV of the Fund/Class with the total number of Units in circulation, at the valuation point.

If there are no units left in the Fund/ Class (e.g. due to full redemption by investors), the last transacted NAV per Unit of the Fund/ Class will be used for the next subscription into the Fund/ Class.

### **Incorrect Pricing**

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

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

Unless the Trustee directs otherwise, the Manager retains the discretion whether or not to reimburse if the error is below 0.5% of the NAV per Unit of the Fund/Class or where the total impact on an individual account is less than 10.00 in absolute amount of the Fund/Class's respective denomination. This is because the reprocessing costs may be greater than the amount of the adjustment.

## **4.2. COMPUTATION OF NAV AND NAV PER UNIT**

The valuation of the Fund will be in the Fund's base currency i.e. USD. As such, the assets and cash denominated in any other currencies will be converted into USD for valuation purposes.

The NAV of the Fund 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. For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund is inclusive of the management fee and the trustee fee for the relevant day. As the Fund has more than one Class of Units, there shall be a NAV of the Fund attributable to each Class of Units.

The NAV per Unit of a Class of Units (i.e. RM Hedged-Class and USD Class) is the NAV of the Fund attributable to a particular Class of Units divided by the number of Units in circulation for that particular Class of Units, at the same valuation point.

*An illustration of computation of NAV and the NAV per Unit of the Fund:*

	Fund	USD Class	RM Hedged-Class
Ratio between NAV of the Classes	100%	40%	60%
Investments	USD 120,000,000	USD 48,000,000	USD 72,000,000
Hedging profit/(loss)	USD 20,000	USD -	USD 20,000
Other assets (including cash)	USD 1,000,000	USD 400,000	USD 600,000
Total assets	USD 121,020,000	USD 48,400,000	USD 72,620,000
Liabilities	USD (500,000)	USD (200,000)	USD (300,000)
<b>NAV (before deducting management fee and trustee fee)</b>	<b>USD 120,520,000</b>	<b>USD 48,200,000</b>	<b>USD 72,320,000</b>
<b>Expenses</b>			
<b>Management fee</b>	<b>1.80%</b>		
Management fee for the day	USD 5,943.45	USD 2,376.99	USD 3,566.47
<i>(1.80% ÷ 365 days)</i>			
<b>Trustee fee</b>	<b>0.04%</b>		
Trustee fee for the day	USD 132.08	USD 52.82	USD 79.25
<i>(0.04% ÷ 365 days)</i>			
Total Expenses	USD 6,075.53	USD 2,429.81	USD 3,645.72
<b>NAV</b>	<b>USD 120,513,924.47</b>	<b>USD 48,197,570.19</b>	<b>USD 72,316,354.28</b>
Units in circulation		40,000,000	220,000,000
NAV per Unit in Base Currency		USD 1.2049	USD 0.3287
Exchange rate at USD1=RM4.00			
<b>NAV per Unit of each Class (after deducting management fee and trustee fee)</b>		<b>USD 1.2049</b>	<b>RM 1.3148</b>

Please note that the calculation set out above is for illustration purposes only, and exclusive of tax.

### 4.3. INFORMATION ON PURCHASING AND REDEEMING UNITS

Units can be purchased and redeemed by completing the 'Account Opening Form' or 'Redemption Form' which can be obtained from:

- the Manager's office/branch offices between 8.45 a.m. to 5.30 p.m. on a Business Day;
- the Manager's website at [www.manulifeinvestment.com.my](http://www.manulifeinvestment.com.my) (Not applicable to purchase of Units for the first time);
- direct mail/fax to you by contacting the Manager's Customer Service Hotline; or
- any of the Manager's authorized distributors.

Application and redemption of Units can be made on any Business Day subject to the cut-off time below:



**Cut-off time for:**

• walk-in	3.00 p.m. or any other time that may be determined by the Manager.
• online transactions*	4.00 p.m.

\*Online transactions include purchase of Units and switching between funds/class denominated in RM currency only. Online transactions are not applicable to purchase of Units or switching into the Fund for the first time.

You should note that different distributors may have different cut-off times and procedures in respect of receiving application request. Please contact the relevant distributors for more information.

**4.3.1 Opening an Account and Making an Investment**

You may invest in the Fund by completing the relevant application forms. You should read and understand the contents of the Information Memorandum before completing the form.

<b>Classes</b>	<b>RM Hedged-Class</b>	<b>USD Class</b>
<b>Minimum Initial Investment</b>	RM10,000.00	USD5,000.00
	or such other lower amount as the Manager may from time to time decide.	
<b>Minimum Additional Investment</b>	RM1,000.00	USD1,000.00
	or such other lower amount as the Manager may from time to time decide.	

Payment can be made by depositing payments into our account using either cheque, bank draft or telegraphic transfer payable to:  
“MANULIFE INVESTMENT MANAGEMENT (M) BERHAD - CLIENT TRUST ACCOUNT”

You may make regular investments via the autodebit/ standing instruction facilities available at selected banks and handling charges will be borne by you. Please contact the Manager’s Customer Service Hotline for more details.

Sophisticated Investors intending to invest in a Class denominated in non-RM currency are required to have a foreign currency account with any financial institutions as all transactions relating to the particular foreign currency will only be made via telegraphic transfers.

**4.3.2 Processing of Application**

A valid application or additional investment received before the cut-off time on any Business Day will be processed upon clearance of payment using Forward Pricing. If the said application is received after the cut-off time or on a non-Business Day, the application will be processed on the next Business Day.

*Note: The Manager reserves the right to accept or reject any application in whole or part thereof without assigning any reason.*

**4.3.3 Cooling Off**

The cooling-off period is only applicable to any person investing for the first time in any unit trust funds managed by the Manager and excludes corporations/institutions, staff of the Manager and persons registered to deal in unit trusts. You have the right, within six (6) Business Days from the day of the receipt by the Manager of your application

form, to call for a withdrawal of your investment. A full refund of the money initially invested (including the sales charge, if any) will be refunded to you within 10 calendar days from the receipt of the application for cooling-off by the Manager.

Withdrawal proceeds will only be paid to you once the Manager has received the cleared payments for the original investment.

#### **4.3.4 Redeeming an Investment**

You may redeem part of or all your investment on any Business Day by completing a 'Redemption Form'. There is no restriction on the frequency of redemption. Units will be redeemed at the Class' NAV per Unit as at the next valuation point (i.e. Forward Pricing).

##### **For all Classes of Units:**

Minimum redemption amount	1,000 Units or such other lower amount as the Manager may from time to time decide.
Minimum holding/balance	1,000 Units or such other lower amount as the Manager may from time to time decide.

If the redemption request leaves a Unit Holder with less than 1,000 Units (minimum holding/balance) in his account, the Manager will request the Unit Holder to redeem the remaining Units in the Unit Holder's account.

The redemption proceeds will be paid within ten (10) Business Days (for RM Hedged-Class and USD Class) from the date on which the request to redeem is received by the Manager. The payment periods may be extended due to redemption limit, suspension of dealing and delay in settlement of transaction by the Target Fund.

Payment cannot be made to bank accounts in the name of third parties. For joint account, the bank account provided could either be in the name of the principal account holder or in the names of both account holders.

Payment can only be made in the same currency as per the class of Fund which you have invested in. Eg. If you invest in USD class, we can only make payment in USD into your designated foreign currency account.

#### **4.3.5 Switching**

Switching is a facility which enables you to convert units of a particular fund/class of the fund to the units of other fund/class of the fund managed by the Manager. You may switch part of or all of your investment at any time by completing a 'Switching Form'.

It is provided that the fund/class of the fund is denominated in the same currency as the class that you intend to switch out/into, and subject to the switching fee applicable to the respective funds.

The minimum switch quantity is 1,000 Units and is subject to the minimum holding/balance and minimum initial or additional investment amount of the respective funds.

Please note switching into the Fund is only applicable for Sophisticated Investors.

Note: The switching facility is constrained by the number of funds distributed by a given distribution channel – e.g. if an IUTA only distributes 3 funds managed by the Manager, the switching facility will only limited to the 3 funds.

#### **4.3.6 Transfer**

You may transfer part of or all your Units in the Class to another Sophisticated Investor by completing a 'Transfer Form'.

The minimum transfer quantity is 1,000 Units and is subject to the minimum holding/balance and minimum initial or additional investment amount of the respective funds.

Please refer to page 49 for a list of distribution channels and branches.

#### **4.4. DISTRIBUTION PAYMENT**

Income distribution (if any) will automatically be reinvested as additional Units in the Fund at no sales charge, based on the NAV per Unit (of the respective classes of Units) on the Business Day following the income distribution declaration date unless written instruction to the contrary is furnished to the Manager. The reinvestment of such additional Units will only be done within 14 days of the income distribution declaration date. If the Sophisticated Investor wishes for income distribution to be paid out, a written instruction to the Manager to credit directly into the Unit Holder's bank account shall be furnished to the Manager. Payment cannot be made to bank accounts in the name of third parties. For joint account, the bank account provided could either be in the name of the principal account holder or in the names of both account holders.

**UNIT PRICES AND DISTRIBUTIONS PAYABLE, IF ANY, MAY GO DOWN AS WELL AS UP.**

#### **4.5. SUSPENSION OF DEALING IN UNITS**

The Trustee may suspend dealing in Units of the Fund:–

- (a) where requests are made by the Manager to cancel Units to satisfy a redemption request and the Trustee considers that it is not in the best interest of Unit Holders to permit the Fund's assets to be sold or that the Fund's assets cannot be liquidated at an appropriate price or on adequate terms; or
- (b) due to exceptional circumstances, where there is good and sufficient reason to do so, considering the interests of Unit Holders.

#### **4.6. POLICY AND PROCEDURES ON UNCLAIMED MONIES**

Any monies payable to Unit Holders which remain unclaimed after one year from the date of payment will be handled by the Manager in accordance with the requirements of the Unclaimed Monies Act, 1965.

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

## **5. THE MANAGEMENT COMPANY**

### **5.1. CORPORATE INFORMATION**

The Manager, Manulife Investment Management (M) Berhad (*formerly known as Manulife Asset Management Services Berhad*), was incorporated in Malaysia on 30 September 2008 under the Companies Act, 1965. The Manager commenced operations as a unit trust management company in late 2009.

In 2012, pursuant to the rationalization and re-organization of the asset and unit trust management businesses of the Manulife group of companies where the business and assets of Manulife Asset Management (Malaysia) Sdn Bhd were transferred to the Manager, the Manager varied its Capital Markets and Services Licence for the regulated activity of “dealing in securities restricted to unit trust” to allow them to also conduct the regulated activity of “fund management” under the Act. With effect from 1 September 2014, the Manager is the holder of a Capital Markets Services Licence for the regulated activities of fund management, dealing in securities restricted to unit trusts, dealing in private retirement scheme and financial planning.

On 13 November 2013, Manulife Holdings Berhad entered into an agreement to fully acquire MAAKL Mutual Bhd. Following the completion of the acquisition by Manulife Holdings Berhad of the entire share capital of MAAKL Mutual Bhd on 31 December 2013, MAAKL Mutual Bhd became a wholly owned subsidiary of Manulife Holdings Berhad. Pursuant to a vesting order granted by the High Court of Malaya, the business and assets of MAAKL Mutual Bhd has been merged with Manulife Asset Management Services Berhad. The merged entity has more than 15 years of experience in the unit trust industry.

The investment professionals of the Manager form part of the Manulife group of companies' asset management global network of investment professionals with more than 300 fund managers, analysts and traders who together provide comprehensive asset management solutions.

### **5.2. DUTIES AND RESPONSIBILITIES OF THE MANAGER**

The Manager is responsible for the operation and administration of the Fund; investment management of the Fund in accordance with among others, the provisions of the Deed and the Manager's internal policies and for the implementation of the investment strategy; marketing of the Fund; servicing Unit Holders' needs; keeping proper administrative records of Unit Holders and accounting records of the Fund; ensuring that the Fund/Units are correctly priced; ensuring compliance with stringent internal procedures and guidelines of relevant authorities and relevant laws.

### **5.3. OTHER INFORMATION**

Further information on the Manager, board of directors, investment committee and investment team is provided in our website at [www.manulifeinvestment.com.my](http://www.manulifeinvestment.com.my).

## 6. The Trustee

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

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

### 6.1. 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 interests of Unit Holders of the Fund. In performing these functions, the Trustee has to exercise all due care, diligence and vigilance and is required to act in accordance with the provisions of the Deed, CMSA and the Guidelines. Apart from being the legal owner of the Fund’s assets, the Trustee is also responsible for ensuring that the Manager performs its duties and obligations in accordance with the provisions of the Deed, CMSA and the Guidelines. In respect of monies paid by an investor for the application of units, the Trustee’s responsibility arises when the monies are received in the relevant account of the Trustee for the Fund and in respect of redemption, the Trustee’s responsibility is discharged once it has paid the redemption amount to the Manager.

### 6.2. TRUSTEE’S DELEGATE

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

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

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

#### **Particulars of the Trustee’s Delegate**

For foreign asset:

The Hongkong And Shanghai Banking Corporation Limited  
6/F, Tower 1,  
HSBC Centre,  
1 Sham Mong Road, Hong Kong.  
Telephone No: (852)2288 6111

For local asset:

The Hongkong And Shanghai Banking Corporation Limited (As Custodian) and assets held through HSBC Nominees (Tempatan) Sdn Bhd (Co. No. 258854-D)

No 2 Leboh Ampang

50100 Kuala Lumpur

Telephone No: (603)2075 3000 Fax No: (603)2179 6488

The Hongkong And Shanghai Banking Corporation Limited (As Custodian) and assets held through HSBC Bank Malaysia Berhad (Co. No. 127776-V)

No 2 Leboh Ampang

50100 Kuala Lumpur

Telephone No: (603)2075 3000 Fax No: (603)2179 6488

### **6.3. ANTI-MONEY LAUNDERING AND ANTI-TERRORISM FINANCING PROVISIONS**

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

### **6.4. RELATED PARTY TRANSACTIONS/ CONFLICT OF INTEREST**

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

- 1) Where the Fund invests in instruments offered by the related party of the Trustee (e.g. placement of monies, structured products, etc.);
- 2) Where the Fund is being distributed by the related party of the Trustee as IUTA;
- 3) Where the assets of the Fund are being custodised by the related party of the Trustee both as sub-custodian and/or global custodian of the Fund (Trustee's delegate); and
- 4) Where the Fund obtains financing as permitted under the Guidelines, from the related party of the Trustee.

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

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

### **6.5. STATEMENT OF RESPONSIBILITY**

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

## **6.6. STATEMENT OF DISCLAIMER**

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

## **6.7. CONSENT TO DISCLOSURE**

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

Further information on the Trustee is provided in our website at [www.manulifeinvestment.com.my](http://www.manulifeinvestment.com.my).

## 7. Related-party Transactions and Conflict of Interest

Save for the transactions as disclosed below, the Manager is not aware of any existing or potential related-party-transactions involving the Fund, the Manager, promoters, vendors and/or persons connected to them:

Nature of Transaction with the Manager	Name of Related Party	Relationship
Providing internal audit, corporate secretarial and human resources services to the Manager.	Manulife Holdings Berhad (MHB)	The Manager is a wholly owned subsidiary of MHB.
Providing investment back-office services to the Manager.	Manulife Data Services Inc. (MDSI)	Both the Manager and MDSI are within the same group of companies.
Investment Manager of the Target Fund	Manulife Investment Management (Hong Kong) Limited	Manulife Financial Corporation is the ultimate parent company of MDSI, Investment Manager of the Target Fund and MHB, the holding company of the Manager.

It is the Manager's policy that all transactions with any related parties are entered into in the normal course of business and have been established on terms and conditions that are at arm's length basis.

The Manager has in place policies and procedures to prevent and to deal with any conflict of interest situations that may arise such as the regular disclosure of securities dealing by all employees, directors and members of the investment committee to the compliance unit for verification. In addition, there is adequate segregation of duties to ensure proper checks and balances are in place in the areas of fund management, sales administration and marketing. Policies and procedures are also in place to deal with any potential conflict of interest where members of the investment committee are also directors of other asset management companies. Where conflicts of interest arise, members of the investment committee will abstain from making a decision. As at 31 December 2019, each member of the Fund's investment committee do not hold any position as: (i) a director of another management company outside the Manulife group of companies and/or (ii) an investment committee member of a fund managed by another management company outside the Manulife group of companies.

Subject to any legal requirement, the Manager, or any related corporation of the Manager, 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 ones set out in this Information Memorandum have been paid to any promoter of the Fund or the Manager for any purpose.

The Manager has also internal policies which regulates its employees' securities dealings.

None of the directors or the sole shareholder of the Manager have any direct or indirect interest in other corporations carrying on a similar business as the Manager in Malaysia.



## **7.1. ADVISERS**

The solicitor has confirmed that they have no existing/potential interest or conflict of interest or potential conflict of interest with the Manager or the Fund.

## **7.2. CROSS TRADE**

Cross trade is defined as a buy and sell transaction of the same security between two or more funds'/ clients' accounts managed by the Manager.

The Manager may conduct cross trades provided the following conditions imposed by the regulators are met:-

- the cross trade is in the best interests of both portfolios;
- the cross trade is executed on an arm's length and fair value basis;
- the reason for such trades are documented and approval of the Chief Executive Officer is obtained prior to execution; and
- the cross trade transaction is disclosed to clients of both funds.

The cross trade will be executed in accordance to the Manager's policy which is in line with the regulatory requirements, monitored by the compliance officer and reported to the investment committee.

Cross trades between the personal account of an employee of the Manager and the Fund's account or between the Manager's proprietary accounts and clients' accounts are strictly prohibited.

## 8. Additional Information

Unit Holders will/can receive regular updates on the Fund and on their investment through:

### **Keep abreast of fund developments**

Unit Holders can keep abreast of developments in the Fund and monitor the NAV per Unit of their investments by referring to the Manager's website at [www.manulifeinvestment.com.my](http://www.manulifeinvestment.com.my).

### **Avenue for advice**

Unit Holders may seek clarification on their investments from the Manager's Customer Service personnel at (03) 2719 9271 or Facsimile No. (03) 2094 7654 from 8.45 a.m. to 5.30 p.m. Inquiries can also be made through our e-mail at [MY\\_CustomerService@manulife.com](mailto:MY_CustomerService@manulife.com). Alternatively, Unit Holders may visit the Manager's office at 13th Floor, Menara Manulife, 6, Jalan Gelenggang, 50490 Kuala Lumpur.

### **Statements and annual/ interim reports**

Confirmation of investment statements detailing Unit Holders' investment, which will be sent within 10 Business Days from the date monies are received by the Manager for investment in the Fund. This confirmation will include details of the Units purchased and the purchase price.

The Fund's annual and interim reports will be made available in the Manager's website at [www.manulifeinvestment.com.my](http://www.manulifeinvestment.com.my). The annual report will be available within two (2) months of the Fund's financial year end and the quarterly report within two (2) months from the end of the period covered. i.e. for a financial year/ period ending 31 December, the annual/interim report will be available by end of February.

## **8.1. ANTI-MONEY LAUNDERING POLICIES AND PROCEDURES**

In order to comply with the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (AMLATF) and the relevant policies, procedures, guidelines and/or regulations aimed at the prevention of money laundering, the Manager will be required to obtain satisfactory evidence of customer's identity and have effective procedures for verifying the information of customers. The Manager conducts ongoing due diligence and scrutinizes its customers' identity and their investment objective which may be undertaken throughout the course of the business relationship to ensure that the transactions being conducted are consistent with the Manager's knowledge of its customers, their business and their risk profile.

The Manager also reserves the right to request such information as is necessary to verify the source of the payment. The Manager may refuse to accept the application and the subscription monies if an applicant delays in producing or fails to produce any information required for the purposes of verification of identity or source of funds.

A transaction or a series of transactions shall be considered as 'suspicious' if the transaction in question is inconsistent with the customer's known transaction profile or does not make economic sense. Suspicious transactions shall be submitted directly to the Financial Intelligent and Enforcement Department of Bank Negara Malaysia.

# DISTRIBUTION CHANNEL AND OFFICES

## HEAD OFFICE

13th Floor, Menara Manulife  
No. 6, Jalan Gelenggang  
Damansara Heights  
50490 Kuala Lumpur  
Tel : 03-2719 9228  
Fax : 03-2094 7654  
Email :  
MY\_CustomerService@manulife.com  
Website : [www.manulifeinvestment.com.my](http://www.manulifeinvestment.com.my)

## BRANCH OFFICES – West Malaysia

### Kuala Lumpur

2nd Floor, Menara  
Manulife  
No. 6, Jalan Gelenggang  
Damansara Heights  
50490 Kuala Lumpur  
Tel : 03-2719 9204

### Shah Alam

30-1, Block 5  
Jalan Setia Prima (S)  
U13/S  
Setia Alam, Seksyen U13  
40170 Shah Alam  
Selangor Darul Ehsan.  
Tel : 03-3362 6668  
Fax : 03-3362 6662

### Ipoh

No. 1, 1A & 1B  
Pusat Perdagangan  
Canning 2  
Pusat Perdagangan  
Canning  
31400 Ipoh, Perak.  
Tel : 05-541 6839  
Fax : 05-541 6627

### Johor Bahru

No. 1-01  
Jalan Setia Tropika 1/15  
Taman Setia Tropika  
81200 Johor Bahru,  
Johor.  
Tel : 07-234 5871  
Fax : 07-234 4620

### Dataran Sunway

26-2 & 28-2, Jalan PJU 5/8  
Dataran Sunway  
Kota Damansara  
47810 Petaling Jaya  
Selangor.  
Tel : 03-6140 8101 / 8102  
Fax : 03-6140 8103

### Sungai Petani

Lot 88, No. 17, 2nd Floor  
Jalan Perdana Heights 2/2  
Perdana Heights  
08000 Sg Petani, Kedah.  
Tel : 04-423 3233  
Fax : 04-423 3233

### Seremban

160-2, Taipan Senawang  
Jalan Taman Komersil  
Senawang 1  
Taman Komersil Senawang  
70450 Seremban  
Negeri Sembilan.  
Tel : 06-671 5019  
Fax : 06-678 0016

### Kota Bharu

1st Floor, Lot 10900  
Wisma Seri Setia  
Jalan Dusun Muda, Sek 26  
15200 Kota Bharu, Kelantan.  
Tel : 09-747 2388  
Fax : 09-747 2588

### Klang

No. 3-1 & 3-2  
Jalan Mahogani 5/KS7  
Bandar Botanic  
41200 Klang  
Selangor Darul Ehsan.  
Tel : 03-3318 6088  
Fax : 03-3318 4011

### Penang

1-2-18, Elit Avenue  
Jalan Mayang Pasir 3  
11950 Bayan Baru, Penang.  
Tel : 04-611 9944  
: 04-618 0044  
Fax : 04-618 0505

### Melaka

No. 87-1 & 87-2  
Jalan Melaka Raya 25  
Taman Melaka Raya 1  
75000 Melaka.  
Tel : 06-281 3866  
Fax : 06-282 0587

## BRANCH OFFICES – East Malaysia

### **Kota Kinabalu**

Lot J-55-2, Block J, 2nd Floor  
Signature Office, KK Times Square  
Off Jalan Coastal Highway  
88100 Kota Kinabalu, Sabah.  
Tel : 088-486 671 / 672  
Fax : 088-486 670

### **Miri**

Lot 3554, 1st & 2nd Floor  
Block 5 MCLD, Jalan Miri Pujut  
101 Commercial Centre  
98000 Miri, Sarawak.  
Tel : 085-325 770  
Fax : 085-326 262

### **Sandakan**

Taman Nasalim Shoplot  
Lot 33, 1st Floor, Phase 7A  
Jalan Lintas Utara  
90000 Sandakan, Sabah.  
Tel : 089-220 220 /  
: 089-229 045  
Fax : 089-226 868

### **Sibu**

No. 1 & 3, 1st Floor  
Lorong 1, Jalan Tun Abang Haji Openg  
96000 Sibu, Sarawak.  
Tel : 084-320 469  
Fax : 084-320 476

### **Kuching**

No. 63 & 65, 2nd Floor  
Jalan Tun Jugah  
93350 Kuching, Sarawak.  
Tel : 082-593 380  
Fax : 082-593 382

### **Bintulu**

No. 2, Lot 3288, 1st & 2nd Floor  
Parkcity Commerce Square  
Jalan Tun Ahmad Zaidi  
97000 Bintulu, Sarawak.  
Tel : 086-343 288  
Fax : 086-343 289

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