

# **INFORMATION MEMORANDUM**

## **For**

# **OPUS CASH EXTRA FUND (Opus CEF)**

Dated 1 June 2009

### **Managed by**

**OPUS ASSET MANAGEMENT SDN BHD** (414625-T)

A company incorporated in Malaysia under the Companies Act 1965

### **Trustee**

**DEUTSCHE TRUSTEES MALAYSIA BERHAD** (763590-H)

A company incorporated in Malaysia and registered as a trust company under the Trust Companies Act 1949

**Investors are advised to read and understand the contents of the information memorandum before subscribing to the investment scheme. If in doubt, please consult a professional adviser.**

## **Responsibility Statement**

This information memorandum has been seen and approved by the directors of the Manager and they collectively and individually accept full responsibility for the accuracy of all information contained herein and confirm, having made all enquiries which are reasonable in the circumstances, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

## **Statements of Disclaimer**

The Securities Commission has approved the issue, offer or invitation in respect of the investment scheme, the subject of this information memorandum, and that the approval shall not be taken to indicate that the Securities Commission recommends the investment.

The Securities Commission shall not be liable for any non-disclosure on the part of the Manager and takes no responsibility for the contents of the information memorandum, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from, or in reliance upon the whole or any part of the content of this information memorandum.

INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, INVESTORS WHO ARE IN DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT THEIR PROFESSIONAL ADVISERS IMMEDIATELY.

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

Unit prices and distributions payable, if any, may go down as well as up.

## TABLE OF CONTENTS

<b>1</b>	<b>DEFINITIONS</b>	<b>1</b>
<b>2</b>	<b>CORPORATE DIRECTORY</b>	<b>4</b>
	2.1 MANAGER	4
	2.2 BOARD OF DIRECTORS	4
	2.3 TRUSTEE	4
	2.4 AUDITORS	4
	2.5 COMPANY SECRETARY	4
<b>3</b>	<b>KEY DATA ON THE FUND</b>	<b>5</b>
	3.1 ABOUT THE FUND	5
	3.2 FEES AND CHARGES	6
	3.3 TRANSACTION DETAILS	7
	3.4 DISTRIBUTION POLICY	8
<b>4</b>	<b>THE FUND</b>	<b>8</b>
	4.1 INVESTMENT OBJECTIVE	8
	4.2 INVESTMENT PROCESS AND STRATEGY OF THE FUND	8
	4.3 FUND CATEGORY, TYPE AND PERFORMANCE INDICATOR/BENCHMARK	9
	4.4 PERMITTED INVESTMENTS	9
	4.5 INVESTMENT RESTRICTION AND LIMITS	10
	4.6 VALUATION OF THE FUND	10
	4.7 POLICY ON GEARING	11
	4.8 DURATION AND TERMINATION OF THE FUND	11
<b>5</b>	<b>RISKS</b>	<b>12</b>
	5.1 GENERAL RISKS	12
	5.2 SPECIFIC RISKS OF THE FUND	12
	5.3 RISK MANAGEMENT	13
<b>6</b>	<b>FEES, CHARGES AND PRICES</b>	<b>14</b>
	6.1 CHARGES DIRECTLY INCURRED	14
	6.2 FEES AND EXPENSES INDIRECTLY INCURRED	14
	6.3 OTHER FEES AND CHARGES	15
	6.4 REBATES AND SOFT COMMISSIONS	15
<b>7</b>	<b>TRANSACTION INFORMATION</b>	<b>15</b>
	7.1 CALCULATION OF UNIT PRICES	15
	7.2 TRANSACTION DETAILS	17
	7.3 OTHER INFORMATION	19
<b>8</b>	<b>RIGHTS AND LIABILITIES OF UNITHOLDERS</b>	<b>21</b>
	8.1 RIGHTS OF UNITHOLDERS	21
	8.2 LIABILITIES OF UNITHOLDERS	21

<b>9</b>	<b>MEETINGS OF UNITHOLDERS</b>	<b>22</b>
9.1	NOTICE OF MEETINGS	22
9.2	DUTY TO CALL MEETING OF UNITHOLDERS	22
9.3	TIME AND PLACE OF MEETING	22
9.4	QUORUM	22
9.5	PROXY	23
9.6	VOTING	23
9.7	RESOLUTIONS	23
<b>10</b>	<b>THE MANAGER</b>	<b>23</b>
10.1	CORPORATE INFORMATION OF THE MANAGER	23
10.2	ROLES & FUNCTIONS OF THE MANAGER	23
10.3	PROFILE OF BOARD OF DIRECTORS & KEY MANAGEMENT STAFF	24
10.4	EXTERNAL FUND ACCOUNTING MANAGER	26
10.5	POWERS OF THE MANAGER TO REMOVE / REPLACE TRUSTEES	26
10.6	EXEMPTIONS FROM LIABILITY	26
10.7	INDEMNIFICATION	27
<b>11</b>	<b>THE TRUSTEE</b>	<b>27</b>
<b>12</b>	<b>OTHER INFORMATION</b>	<b>29</b>
12.1	DISTRIBUTORS' FEE	29
12.2	MODIFICATION OF DEED	29
12.3	MODIFICATION OF INFORMATION MEMORANDUM	29

# 1 DEFINITIONS

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

<b>"Act"</b>	Capital Markets and Services Act 2007 as may be amended from time to time.
<b>"Application Form"</b>	The application form for the purchase of Units which will be provided by the Manager from time to time.
<b>"Auditor"</b>	Horwath
<b>"BNM"</b>	Bank Negara Malaysia
<b>"Bursa Malaysia"</b>	means the stock exchange managed and operated by Bursa Malaysia Securities Berhad
<b>"Business Day"</b>	means a day on which either Bursa Malaysia is open for trading or a day on which the banks in Kuala Lumpur are open for business and/or such other day or days as the Manager may from time to time determine.
<b>"Cash Produce"</b>	means all cash receivable by the Trustee in the form of dividends, bonuses and interest, commissions, brokerage, fees and other like charges, the proceeds of sale of rights and other cash received pursuant to Clause 9.1.6 and paragraph (b) of Clause 9.1.3 of the Deed, any profit from the sale of the assets of the Fund and any other sum having the nature of income which the Manager and Trustee, having consulted the Auditor, deem to be Cash Produce.
<b>"Commencement Date"</b>	means the date of this Information Memorandum
<b>"Deed"</b>	means the deed dated 26 May 2009 in respect of the Opus Cash Extra Fund entered into between the Manager and the Trustee.
<b>"The Fund" or "Opus CEF"</b>	Opus Cash Extra Fund
<b>"Guidelines"</b>	Guidelines on Wholesale Funds issued by the Securities Commission as may be amended from time to time.
<b>"Investors"</b>	means a Qualified Investor who is:- (a) an individual whose total net personal assets exceed RM3 million or its equivalent in foreign currencies; (b) a corporation with total net assets exceeding RM10 million or its equivalent in foreign currencies based on the last audited accounts; (c) a unit trust scheme or prescribed investment scheme; or (d) a company registered as a trust company under the Trust Companies Act 1949 which has discretion in the investment of trust assets of a

- trust with total net assets exceeding RM10 million or its equivalent in foreign currencies;
- (e) a corporation that is a public company under the Companies Act 1965 or under the laws of any other country, which has been allowed by the SC to be the trustee for the purposes of CMSA and has discretion in the investment of trust assets of a trust with total net assets exceeding RM10 million or its equivalent in foreign currencies;
  - (f) a pension fund approved by the Director General of Inland Revenue under section 150 of the Income Tax Act 1965;
  - (g) a holder of a Capital Markets Services Licence carrying on the business of dealing in securities;
  - (h) any other fund manager;
  - (i) a person who acquires securities pursuant to an offer, as principal, if the aggregate consideration for the acquisition is not less than RM250,000 or its equivalent in foreign currencies;
  - (j) a licensed institution;
  - (k) an Islamic bank;
  - (l) an insurance company licensed under the Insurance Act 1996; or
  - (m) any other person or entity allowed by the relevant authority to invest in a Wholesale Fund.

<b>"the Manager"</b>	means Opus Asset Management Sdn Bhd (Company No. 414625-T)
<b>"MARC"</b>	Malaysian Rating Corporation Berhad
<b>"Net Asset Value of the Fund" or "NAV"</b>	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, except that, for the purpose of computing the annual management fee, annual fund accounting fee and annual trustee fees, the Net Asset Value of the Fund should be inclusive (that is, before any deduction) of the management fee, fund accounting fee and trustee fee for the relevant Business Day
<b>"Net Asset Value Per Unit" or "NAV per Unit"</b>	The Net Asset Value of the Fund at a particular valuation point divided by the number of Units of the Fund in circulation at the same valuation point.
<b>"Information Memorandum"</b>	This information memorandum in respect of the Fund which has been deposited with the SC
<b>"RAM"</b>	Rating Agency of Malaysia Berhad
<b>"Relevant Laws"</b>	Laws, rules, regulations, guidelines and directives passed or issued by any relevant authority relating to or connected with the fund management industry in Malaysia
<b>"Relevant authorities"</b>	means any governmental or statutory authority with the power to regulate the securities industry in Malaysia and/or having jurisdiction over the Manager and/or the Trustee and includes, without limitation, the SC

<b>"Redemption Form"</b>	The form for the request for redemption of Units which will be provided by the Manager from time to time.
<b>"Redemption Price"</b>	means the NAV per Unit at which the Units will be redeemed.
<b>"SC"</b>	The Securities Commission established under the Securities Commission Act, 1993
<b>"Special Resolution"</b>	means a resolution passed at a meeting of Unit Holders duly convened in accordance with this Deed and required by this Deed to be carried by 75% of the Unit Holders present and voting at the meeting in person or by proxy.
<b>"Trustee"</b>	Deutsche Trustees Malaysia Berhad (763590-H )
<b>"Unit"</b>	is a measurement of the right or interest of a Unit Holder in the Fund and means a Unit of the Fund.
<b>"Unitholder"</b>	The person for the time being who is registered pursuant to the Deed and the Information Memorandum as a holder of Units of the Fund.
<b>"Valuation Point"</b>	means the end of every Business Day or such other time as the Manager may from time to time determine.
<b>"WF" or "Investment Scheme"</b>	this Wholesale Funds

## 2 CORPORATE DIRECTORY

### 2.1 Manager

Opus Asset Management Sdn Bhd (Company No: 414625-T)  
Business Address:-  
B-19-2, Northpoint Offices, Mid Valley City,  
No.1, Medan Syed Putra Utara,  
59200 Kuala Lumpur  
Telephone: + 60 3 2288 8882 Facsimile: + 60 3 2288 8889  
Registered Address:-  
2<sup>nd</sup> Floor, No. 2- 4 Jalan Manau, 50460 Kuala Lumpur  
Telephone: + 60 3 2273 1221 Facsimile: + 60 3 2273 1220

### Manager's Delegate – (Fund Accounting Agent)

Deutsche Bank (Malaysia) Berhad (312552-W)  
Level 18-20 Menara IMC  
8 Jalan Sultan Ismail  
50250 Kuala Lumpur  
Telephone: + 60 3 2053 6788 Facsimilie: + 60 3 2031 8710

### 2.2 Board of Directors

<b><u>Name</u></b>	<b><u>Designation</u></b>
Siaw Wei Tang	Managing Director
Shaun Chan Choong Kong	Director
Azam bin Azman	Director

### 2.3 Trustee

Deutsche Trustees Malaysia Berhad (763590-H)  
Level 20, Menara IMC  
8 Jalan Sultan Ismail  
50250 Kuala Lumpur  
Telephone: + 60 3 2053 7522 Facsimile: + 60 3 2053 7526

### Trustee's Delegate (local custodian)

Deutsche Bank (Malaysia) Berhad (312552-W)  
Level 18-20 Menara IMC  
8 Jalan Sultan Ismail  
50250 Kuala Lumpur  
Telephone: + 60 3 2053 6788 Facsimile: + 60 3 2031 8710

### 2.4 Auditors

Horwath  
Level 16 Tower C, Megan Avenue II,  
No. 12 Jalan Yap Kwan Seng, 50450 Kuala Lumpur  
Telephone: + 60 3 2166 0000 Facsimile: + 60 3 2166 1000

### 2.5 Company Secretary

Soong Yoke Yin (MAICSA 7020986) & Chang Yoke Yin (MAICSA 7003097)  
Ikhtisas Associates Sdn Bhd (Company No: 544684-U)  
2<sup>nd</sup> Floor, No. 2- 4 Jalan Manau, 50460 Kuala Lumpur  
Telephone: + 60 3 2273 1221 Facsimile: + 60 3 2273 1220



## 3 KEY DATA ON THE FUND

### 3.1 About the Fund

<b>Name of Fund</b>	Opus Cash Extra Fund (Opus CEF)
<b>Fund Type / Category</b>	Income / Short Term Fixed Income Securities
<b>Investment Objective</b>	<p>To achieve higher returns than 1-Month Fixed Deposit Rate over the short to medium term and to provide liquidity while preserving capital.</p> <p>Note: The Manager regards 1-3 years as short term.</p>
<b>Investment Strategy</b>	<p>The Fund may invest primarily in high quality fixed income securities including government securities, commercial papers, corporate bonds and money market instruments. The Fund will be actively managed to provide liquidity to meet the short to medium term cash flow requirement. The Manager may allocate up to 100% of the fund in fixed income securities or up to 100% of the Fund in cash, liquid assets or other permitted investments. The average duration of the portfolio shall not be more than two (2) years.</p>
<b>Asset Allocation</b>	<p>0% to 100% in money market instruments and fixed income securities; and 0% to 100% in cash, liquid assets or other permitted investments.</p>
<b>Permitted Investments</b>	Fixed Income Instruments, money market instruments and other permitted investments as detailed in Section 4.4
<b>Principal Risks in Investing in the Fund</b> [for full details on the principal risks, kindly refer to Chapter 5]	<ul style="list-style-type: none"><li>• Market Risk</li><li>• Interest Rate Risk</li><li>• Credit/Default Risk</li><li>• Liquidity Risk</li><li>• Inflation/Purchasing Power Risk</li><li>• Futures Contracts and Derivative Risk</li><li>• Counterparty Risk</li><li>• Fund Management Risk</li></ul>
<b>Benchmark</b>	Maybank, 1-Month Fixed Deposit Rate per annum.
<b>Pricing basis</b>	<p>The Manager is adopting the single pricing method in calculating a Unitholder's investment for and redemption of Units. The selling price per unit and the redemption price per unit is the NAV per Unit of the Fund. The selling price per unit and the redemption price per unit are based on forward pricing which means that they are calculated as at the next valuation point.</p>
<b>Approved fund size</b>	500 million Units

<b>Financial Year</b>	The period of twelve (12) months ending on 31 December of every calendar year. The first financial year of the Fund shall commence on the Commencement Date and end on 31 December 2009
<b>Duration</b>	The duration of the Fund is indefinite and may be terminated by the Manager at any time in accordance with the Deed

### 3.2 Fees and Charges

This table describes the charges that the investor may incur when he/she buys or sells Units:-

Sales Charge	Nil
Redemption Charge	Nil
Switching Fee	Nil
Transfer Fee	Nil
Other charges	Charges, including bank charges, telegraphic charges and courier charges, incurred in order to execute a transaction on behalf of the investor, shall be borne by the Fund. Bank charges for subscription or redemption incurred by the Unitholders shall be borne by the Unitholders.  The Manager reserves to right to impose charges at its absolute discretion, with the consent of the Trustee

**This table describes the fees that the investor may indirectly incur when he/she invests in the Fund:-**

<b>Annual Management Fee</b>	0.50% per annum of the NAV of the Fund calculated and accrued daily before the deduction of the management fee, fund accounting fee and trustee fee for the relevant day and payable to the Manager on a monthly basis.
<b>Annual Trustee Fee (including local custodian fees,)</b> [for full details, please refer to Section 6.2]	0.05% per annum of the NAV of the Fund before the deduction of the management fee, fund accounting fee and trustee fee for the relevant day subject to a minimum of RM7,500 per annum, excluding foreign custodian fees and charges.
<b>Annual Fund Accounting Fee</b>	0.03% per annum of the NAV of the Fund calculated and accrued daily before the deduction of the management fee, fund accounting fee and trustee fee for the relevant day subject to a minimum of RM4,500 per annum.
<b>List of Expenses directly related to the Fund</b> [for full details, please refer to Section 6.2]	<ul style="list-style-type: none"> <li>• Auditors' fee</li> <li>• Tax Adviser's fee</li> <li>• Trustee fees (including local custodian)</li> <li>• Taxes</li> <li>• Foreign Custodial charges</li> <li>• Printing and delivery of tax vouchers</li> <li>• Printing and delivery charges of monthly statement, quarterly reports and annual reports, and any other reports to be issued by the Manager in relation to the Fund.</li> </ul>

- Any other charges permitted by the Deed  
The above charges are accrued daily.

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

### 3.3 Transaction Details

<b>Minimum Initial Investment</b>	RM100,000 or such other amount as may be determined by the Manager from time to time.
<b>Minimum Additional Investment</b>	A minimum of RM50,000 and multiples of RM10,000 or such other amount as may be determined by the Manager from time to time.
<b>Offer Price</b>	RM1.00
<b>Initial Offer Period</b>	The period of 30 days from the date of this Information Memorandum
<b>Conditions for Redemption</b>	Application for redemption can be made on any Business Day by sending the prescribed Redemption Form to the Manager. Units will be redeemed at the NAV per unit of the Fund calculated at the end of the next Business Day in which the Manager receives the Redemption Form. Redemption proceeds will be paid within 5 (five) Business days of the Redemption is effected.
<b>Minimum Redemption</b>	A minimum of RM10,000 and multiples of RM1,000 or such other amount as may be determined by the Manager from time to time.
<b>Frequency of Redemption</b>	The Manager does not intend to provide any restrictions as to the frequency of redemption requests.
<b>Minimum Holding</b>	100,000 units or such other amount as may be determined by the Manager from time to time.
<b>Manager's Rights</b>	<p>The Manager, for any reason at any time, may reduce or waive the amount of any fees (except for the trustee fees and fund accounting fees) or other charges payable by the Unitholder in respect of the Fund, either generally (for all Unitholders) or specifically (for any particular Unitholder) and for any period of periods of time at its absolute discretion.</p> <p>The Manager reserves the right to accept or reject any application in whole or part thereof without assigning any reason.</p>

### 3.4 Distribution Policy

#### **Distribution Policy**

The Fund intends to distribute income, if any, at least once a year on best effort basis. However, the Manager reserves the right not to distribute income, at its absolute discretion.

#### **Re-investment Policy**

All reinvestments will be made at the NAV per Unit at such date and within such time as may be determined by the Manager at its absolute discretion. There is no sales charge imposed for such re-investment of Units.

Past earnings of a Fund's distribution records are not a guarantee or a reflection of the fund's future earnings/distribution.

**Unit prices and distributions payable, if any, may go down as well as up.**

**Unitholders are advised that in the event some of the underlying investments of the Fund are not actively traded, they may face difficulties in redeeming their investments.**

**Prospective Unitholders should read and understand the contents of this Information Memorandum and if necessary, consult their advisor(s).**

## 4 THE FUND

This part of the Information Memorandum sets out details of the Manager's investment policies and the Fund's investment objective, strategy, permitted investments and investment restrictions.

### 4.1 Investment Objective

The Fund aim to achieve higher returns than 1-Month Fixed Deposit Rate over the short to medium term and to provide liquidity while preserving capital. Note: The Manager regards 1-3 years as short term.

Any material changes to the Fund's investment objective must be notified to all Unitholders and deposit the same to the SC as soon as practicable.

### 4.2 Investment Process and Strategy of the Fund

**The Fund may invest primarily in high quality fixed income securities including government securities, commercial papers, corporate bonds and money market instruments. The Fund will be actively managed to provide liquidity to meet the short to medium term cash flow requirement. The Manager shall allocate up to 100% of the Fund in fixed income securities or up to 100% of the Fund in cash, liquid assets or other permitted investments. The average duration of the portfolio shall not more than two (2) years.**

The investment process is based on the investment philosophy that asset prices in different economies as well as between asset classes are correlated. Any changes in the Fund's investment strategy would be based on long term view or secular trends, rather than short-term factors.

Superior investment returns are obtained by early identification of undiscounted changes in companies or in the environment in which they operate at both macro and micro levels. Asset classes are not viewed in isolation; instead a 'top-down' macro view of different asset classes and an understanding of their inter-relationships is sought before devising an appropriate investment strategy. Investments in fixed income instruments are, therefore, undertaken after an assessment of global and domestic economic trends, and their impact on the fixed income asset class. This

sets the framework for the asset allocation decision and the determination of maturity structure for the Fund.

The Fund will focus on consistent, above-average returns from fundamental research rather than from frequent trading. Emphasis is placed on credit-worthiness and investment-grade issuers of debt. A disciplined application of the 'top-down' investment process is, therefore, applied with due consideration given to the credit standing of individual issuers.

#### **4.3 Fund Category, Type and Performance Indicator/Benchmark**

Fund Type / Category	Income / Short Term Fixed Income Securities
Performance Indicator/Benchmark	Maybank, 1-Month Fixed Deposit Rate per annum.

#### **4.4 Permitted Investments**

The investments of the Fund would include, but are not limited to, the following:

- Cash or cash equivalents;
- Money placements or deposits placed with financial institutions or authorized dealers including commercial banks and placements of money at call with investment banks
- Domestic debt securities issued or guaranteed by the Malaysian Government, Bank Negara Malaysia, any other government related or quasi-government related bodies.
- Domestic debt securities issued by investment banks or financial institutions such as Banker's Acceptances, Negotiable Certificates of Deposits, sub-debts, etc;
- Listed or unlisted and rated or unrated securities including those convertible into equity. These include commercial papers, medium-term notes, promissory notes, corporate bonds, loan stocks, subordinated debts, irredeemable convertible loan stocks or redeemable convertible loan stocks, innovative tier one capital etc;
- Repurchase agreements of any fixed income securities mentioned above;
- Tradable money-market instruments in the money market;
- Swaps and structure products including structured deposits, interest rate swaps, etc.;
- Futures contracts and forwards contracts;
- Units or shares in other collective investment schemes including unit trust schemes, wholesale funds / restrictive investment schemes, etc;
- Any kind of investments as permitted by the relevant authorities; and
- Any other form of investments as may be agreed upon by the Manager and the Trustee from time to time and permitted by the relevant authorities, if necessary.

Risks associated with these securities and investments are as elaborated in Chapter 5.

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

The Fund will be managed in accordance with the following investment restrictions and limits:

- (i) At any one time, the Fund may hold from zero per centum (0%) to one hundred per centum (100%) of its assets in liquid assets (including cash) as part of its investment and risk management strategy.
- (ii) The average duration of the portfolio shall not be more than two (2) years.
- (iii) There are no limits for repo placements or deposits with any single financial institution including banks, investment banks, or other financial institutions, including Islamic financial institutions, licensed by the relevant authorities including Bank Negara Malaysia or the Ministry of Finance of Malaysia.
- (iv) For rated securities, the minimum debt rating by local rating agencies for long term fixed income securities and short term fixed income securities shall be at least BBB3 or P3, or their equivalent ratings, respectively.
- (v) If the NAV is below RM30 million, there is no single or group issuer limits. However, if the NAV is above RM30 million, the following limits will be employed:
  - (a) investment in any fixed income securities issued by any single issuer shall not exceed 30% of Net Asset Value of the Fund, at the time of purchase, except for (b) and (c) below;
  - (b) investment in any private debt securities issued by licensed financial institutions, Telekom Malaysia Berhad, Tenaga Nasional Bhd, Petronas Berhad and Khazanah Nasional Berhad or their related companies which are rated at least AA3 or P1 shall not exceed 50% of Net Asset Value of the Fund, at the time of purchase.
  - (c) there are no maximum limits for single issuer for domestic securities issued or guaranteed by the Malaysian Government, Bank Negara Malaysia, any other government related or quasi-government related bodies. Such instruments include Malaysian Government Securities, Treasury Bills, Bank Negara Bills, etc.
- (vi) Investment portfolio shall not be leveraged, i.e. no borrowing is allowed.

The limits and restrictions mentioned herein are determined at the point of purchase.

#### **4.6 Valuation of the Fund**

The Net Asset Value and the Net Asset Value per Unit will be determined as at the Valuation Point on every Business Day.

The bases of valuation of the investments of the Fund are generally valued in accordance with their respective asset class.

In respect of investments of the Fund in listed securities which are quoted on a stock exchange, the valuation will be based on the last transacted market price of the securities, namely the price at the end of a particular Business Day. For suspended counters, it is at the Manager's sole discretion to value the securities at a price which it believes to be fair and to be agreed by the Auditor of the Fund and approved by the Trustee.

Investments in unquoted securities (other than bonds and fixed income securities) will be valued based on methods deemed to be fair and reasonable that are acceptable to the Manager, verified by the Auditor and approved by the Trustee.

Investments in fixed income securities which are not listed on any recognised stock exchange, will be valued as follows, listed in the order of priority:-

- (i) at least weekly by reference to the average indicative yield quoted by at least three (3) independent financial institutions selected by the Fund Manager; or
- (ii) the fair value as determined in good faith by the Fund Manager, on methods or bases to be decided by Fund Manager at its sole discretion (subject to approval by Auditor of the Fund and the Trustee).

Investments in fixed income securities with less than 1 year to maturity are valued based on accretion method using yield or discount rate at cost.

Investment in futures contracts traded on Bursa Malaysia will be valued based on "mark-to-market".

#### **4.7 Policy on Gearing**

The Fund may not borrow cash or other assets in connection with its activities.

#### **4.8 Duration and Termination of the Fund**

Subject to the provisions of the Deed, this Fund has no fixed duration and can be terminated either by the Manager or the Trustee.

##### **4.8.1 Termination by the Manager**

The Manager may in its absolute discretion determine or wind up the Fund at any time, in accordance to provisions of the Deed.

##### **4.8.2 Termination by the Trustee**

The Trustee may terminate the Fund should the following events occur:

- (a) if the Manager has gone into liquidation, except for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee and the relevant authorities;
- (b) if, in the opinion of the Trustee, the Manager has ceased to carry on business; or
- (c) if, in the opinion of the Trustee, the Manager has to the prejudice of Unit Holders failed to comply with the provisions of this Deed or contravened any of the provisions of any relevant law;

the Trustee shall summon a meeting of Unit Holders for the purpose of seeking directions from the Unit Holders.

If at any such meeting a Special Resolution to terminate the trust in respect of the Fund and to wind-up the Fund is passed by the Unit Holders of the Fund, the Trustee shall apply to the Court for an order confirming such Special Resolution.

##### **4.8.3 The Procedures taken should the Fund be Terminated**

Upon the termination of the Fund, the Trustee shall:

- (a) sell all the assets of the Fund then remaining in its hands and pay out of the Fund any liabilities of the Fund; such sale and payment shall be carried out and completed in such manner and within such period as the Trustee considers to be in the best interests of the Unit Holders; and

- (b) from time to time distribute to the Unit Holders, in proportion to the number of Units held by them respectively:
- (1) the net cash proceeds available for the purpose of such distribution and derived from the sale of the investments and assets of the Fund less any payments for liabilities of the Fund; and
  - (2) any available Cash Produce;

provided always that the Trustee shall not be bound, except in the case of final distribution, to distribute any of the moneys for the time being in his hands the amount of which is insufficient for payment to the Unit Holders of Fifty (50) sen in respect of each Unit and provided also that the Trustee shall be entitled to retain out of any such moneys in his hands full provision for all costs, charges, taxes, expenses, claims and demands incurred, made or anticipated by the Trustee in connection with or arising out of the winding-up of the Fund and, out of the moneys so retained, to be indemnified against any such costs, charges, taxes, expenses, claims and demands; each such distribution shall be made only against the production of such evidence as the Trustee may require of the title of the Unit Holder relating to the Units in respect of which the distribution is made.

## 5 RISKS

### 5.1 General Risks

Investors should consider and understand the risks of investing in the Fund before applying for Units. Generally, some of the risk factors that should be considered by the investors of the Fund are market, liquidity, inflation and interest rates risks and the risk of default by the corporation issuing the instrument.

An investment in the Fund is meant to produce returns over the medium to long term. Investors should not expect to obtain short-term gains from such investment.

Investors should note that the value of Units, and the income accruing to the Units, may fall or rise and that investors may not get back their original investment.

### 5.2 Specific Risks of the Fund

The Fund is susceptible to the following risks:

**(a) Market Risk**

The usual risks of investing and participating in listed and unlisted securities apply to an investment in the Units of the Fund. Prices of securities may go up or down in response to changes in economic conditions, interest rates, and the market's perception of securities. These may cause the price of Units to go up or down as the price of Units is based on the current market value of the investments of the Fund.

**(b) Interest Rate Risk**

Investments in debt securities are subject to the risk of interest-rate fluctuations. Prices of debt securities move in the opposite direction of interest rates. A rise/fall in interest rates will cause a fall /rise in prices of debt securities and investors may experience a capital loss/gain should the debt securities be sold before maturity.



**(c) Credit/ Default Risk**

This refers to the creditworthiness of the bond issuer and its expected ability to repay debt. Default happens when the issuer is not able to make timely payments of interest on the coupon payment date or principal repayment on the maturity date.

Investments in debt securities are subject to adverse changes in the financial condition of the issuer, or in general economic conditions, or both, or any unanticipated rise in interest rates, which may impair the ability of the issuer to make payments of interest and principal, especially if the issuer is highly leveraged. Such issuer's ability to meet its debt obligations may also be adversely affected by specific corporate developments, or the issuer's inability to meet specific projected business forecasts, or the unavailability of additional financing. Also, an economic downturn or an increase in interest rates may increase the potential for default by the issuers of these securities.

**(d) Liquidity Risk**

Liquidity risk is defined as the ease with which a security can be sold at or near its fair value depending on the volume traded on the market. This is a risk more pertinent to a bond fund as bonds are generally not as easily liquidated in comparison to equities. In the event some of the underlying investments of the Fund are not actively traded, there is a risk the Manager may not be able to easily liquidate such investments and as a result, investors may face difficulties in redeeming their Units.

**(e) Inflation / Purchasing Power Risk**

Inflation can be described as increases of price level of goods and services and is commonly represented using the Consumer Price Index. High inflation reduces the purchasing power of a fixed sum of money. In an inflationary environment, fixed rate securities are exposed to higher inflation risk than inflation-linked securities.

**(f) Futures Contracts and Derivative Risk**

The most prominent risk would be the effects of gearing. As trading is conducted on an initial margin basis, a relatively small price movement in a futures contract may result in an immediate and substantial loss or gain for the fund.

**(g) Counterparty Risk**

The risk that an issuer of security, or a bank or financial institution that is a party to the contract, may default of its payment.

**(h) Fund Management Risk**

Good fund management is an art, not an exact science. Thus, one fund manager's portfolio will invariably be different to another's. Therefore, a fund that underperforms its peers in one year could outperform in another.

**5.3 Risk Management**

The Manager will adopt the following risk management techniques to the identified risks:

**(a) Market Risk**

The Manager mitigates this risk through diversification to reduce volatility of the market, which may be caused by changes to and/or developments in the regulations, politics and the economy of the country.

**(b) Interest Rate Risk**

The Manager adopts a 'top-down' investment approach to ensure a thorough evaluation of macro-economic factors is undertaken in order to form an interest rate view. The Manager will develop the portfolio maturity structure based on their interest rate view to capitalise on expected movements in interest rates. In addition, it is also intended to have maturity diversification to ensure limited impact on the portfolio value in case of adverse changes in interest rate direction.

**(c) Credit / Default Risk**

The Manager minimises this risk by adopting the following measures:-

- Conducting thorough credit analysis before any investment;
- Diversifying the portfolio by investing in different issuers, if possible.

**(d) Liquidity Risk**

The Manager shall endeavour to minimise inherent liquidity risk.

**(e) Inflation / Purchasing Power Risk**

This risk is minimised by active management of the portfolio maturity structure in anticipation of any movements in inflation. The Fund will mainly invest in either short-term and medium term or high quality liquid issues which enable the portfolio to adjust quickly to any changes in the rates of interest and inflation.

**(f) Futures Contracts and Derivatives Risk**

Futures Contracts and Derivatives will only be employed for hedging purposes.

**(g) Counterparty Risk**

This risk is minimised by dealing mainly with reputable financial institution with good ratings.

**(h) Operation / Compliance Risk**

This involves the risk of fraudulent acts, or the risk that rules set out in the governing deed or law that govern the WF are not being complied with, which may result in loss to the Fund. The risk is reduced through the establishment of appropriate compliance guidelines and internal control policies.

## **6 FEES, CHARGES AND PRICES**

### **6.1 Charges Directly Incurred**

#### **Sales Charge**

The Manager does not intend to impose any sales charge.

#### **Redemption Charge**

There is no redemption charge imposed on a Unitholder when a Unitholder makes a redemption request.

#### **Other Fees and Charges**

Charges, including bank charges, telegraphic charges and courier charges, incurred in order to execute a transaction on behalf of the investor, shall be borne by the Fund. Bank charges for subscription or redemption incurred by the Unitholders shall be borne by the Unitholders.

The Manager reserves to right to impose charges at its absolute discretion, with the consent of the Trustee.

### **6.2 Fees and Expenses Indirectly Incurred**

Below are the fees and expenses indirectly incurred by investors when investing in the Fund:

#### **Annual Management Fee**

0.50% per annum of the NAV of the Fund calculated and accrued daily before the deduction of the management fee, fund accounting fee and trustee fee for the relevant day and payable to the Manager on a monthly basis.

#### **Annual Trustee Fee (including custodian fees)**

0.05% per annum of the NAV of the Fund calculated and accrued daily before the deduction of the management fee, fund accounting fee and trustee fee for the relevant day subject to a minimum of RM7,500 per annum, excluding foreign custodian fees and charges.

#### **Fund Accounting Fee**

0.03% per annum of the NAV of the Fund calculated and accrued daily before the deduction of the management fee, fund accounting fee and trustee fee for the relevant day subject to a minimum of RM4,500 per annum.

### **6.3 Other Fees and Charges**

#### **Direct Expenses Related to the Funds**

Below is a list of expenses directly related to the Fund, which includes:

- Auditors' fee
- Tax Adviser's fee
- Trustee fees (including local custodian fees)
- Fund Accounting fees
- Taxes
- Printing and delivery of tax vouchers
- Printing and delivery charges of monthly statement, quarterly reports and annual reports and any reports issued by the Manager in relation to the Fund
- Any other charges permitted by the Deed

The Manager, for any reason at any time, may reduce or waive the amount of any fees (except for the Trustee and fund accounting fees) or other charges payable by the Unitholder in respect of the Fund, either generally (for all Unitholders) or specifically (for any particular Unitholder) and for any period of periods of time at its absolute discretion.

#### **6.4 Rebates and Soft Commissions**

Soft commissions received, if any, will be retained by the Manager for goods and services such as research material, quotation services and computer software incidental to the investment management of the fund provided that they are of demonstrable benefit to the Unitholders.

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

## **7 Transaction Information**

### **7.1 Calculation of Unit Prices**

Valuation Point

The NAV of the Fund is computed at the end of every Business Day.

NAV of the Fund

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

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

If the investments of the Fund is RM240,772,498, other assets of the Fund including cash is RM18,668,352 and the liabilities of the Fund is at RM2,858,986, at the valuation point, the NAV of the Fund at that valuation point will be:

	Securities Investment	RM 240,772,498
Add :	Assets (including cash)	18,668,352
		<hr/> 259,440,850
Less :	Liabilities	2,858,986
		<hr/>
	NAV before deducting Management Fee, Fund Accounting Fee and Trustee Fee for the day	256,581,864
Less :	Trustee Fee for the day (at 0.05% per annum calculated based on the NAV subject to a minimum of RM7,500 per annum)	351
	$\frac{256,581,864 \times 0.05\%}{365}$	
	Management Fee for the day (at 0.50% per annum calculated based on the NAV)	3,514
	$\frac{256,581,864 \times 0.50\%}{365}$	
	Fund Accounting Fee for the day (at 0.03% per annum calculated based on the NAV subject to a minimum of RM4,500 per annum)	211
	$\frac{256,581,864 \times 0.03\%}{365}$	
	NAV of the Fund	<hr/> 256,577,788 <hr/>

#### NAV per Unit

The NAV per Unit is calculated by dividing the total NAV of the Fund by the total number of Units in circulation at the Valuation Point.

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

Say for example the number of Units in circulation for the Fund is 200,000,000 Units and the NAV of the Fund is RM 256,577,788 at the point of valuation the NAV per Unit will be,

NAV of the Fund	:	$\frac{\text{RM } 256,577,788}{200,000,000 \text{ Units}}$
Number of Units in Circulation	:	
NAV per Unit	:	<hr/> 1.2829 <hr/>

## **Pricing Basis**

### *During Initial Offer Period*

During the Initial Offer Period, the selling price per Unit will be RM1.00.

### *After Initial Offer Period*

The Manager is adopting the single pricing method in calculating a Unitholder's investment for and redemption of Units. The selling price per unit and the redemption price per unit is the NAV per Unit of the Fund. The selling price per unit and the redemption price per unit are based on forward pricing.

## **7.2 Transaction Details**

This part of the Information Memorandum contains information relating to the procedures on how to invest in the Fund, and how to redeem Units. The investor may be required to forward to the Manager additional documents to authenticate his/her identification when transacting Units.

### **How to begin investing in the Fund**

Applications for Units can be made by submitting a completed Application Form, with the required documents and payment, at the office of the Manager at the following address: -

Opus Asset Management Sdn Bhd (Company No: 414625-T)  
Business Address:-  
B-19-2, Northpoint Offices, Mid Valley City,  
No.1, Medan Syed Putra Utara,  
59200 Kuala Lumpur  
Telephone: + 60 3 2288 8882 Facsimile: + 60 3 2288 8889

THE COMPLETED APPLICATION FORM MUST BE SUBMITTED TOGETHER EITHER WITH A CHEQUE MADE PAYABLE TO "**Opus Asset Management Sdn Bhd Trust Acc Client Opus CEF**" OR WITH A RECEIPT FROM YOUR TELEGRAPHIC TRANSFER TRANSACTION.

Applications will only be accepted from investors who fall within the category of "Qualified Investors" under the Guidelines.

Investors who wish to subscribe or apply for Units must make a minimum initial investment of RM100,000. Any applications for additional Units by existing Unitholders must be for a minimum investment of RM50,000 and multiples of RM10,000. The Manager has the rights to accept investment amount which are lower than the minimum initial investment at its discretion.

The Manager must receive the application form with the remittance cleared before **4pm** on every Business Day. Units will only be issued at the price which is the NAV per Unit of the Fund, calculated at the end of the Business Day on which remittances are cleared and upon receipt of completed documents.

No certificates will be issued for Units. A confirmation note detailing your investment amount and the number of Units allocated to you in the Fund will be sent to you within ten (10) Business Days from the date of issue of such Units.

Application moneys will be held in a separate bank account on behalf of the applicants until the application is accepted and the money is transferred into the investment account. Any interest earned on any application money will be transferred to the Fund. No interest will be paid to applicants on application money received.

The Manager reserves the right not to accept any application either wholly or in part. If your application is not accepted, the application money will be refunded, but without any interest accruing.

### **How to redeem**

Applications for redemption of Units can be made on any Business Day by sending the prescribed Redemption Form to the Manager. The redemption will be effected on the next Business Day from the date the Manager receives the Redemption Form. There is no limit on the number of redemptions that may be made by any investor, except that each redemption request must be for a minimum of RM10,000 and in multiples of RM1,000. A Unitholder cannot revoke a redemption request unless the Manager agrees.

Redemption Forms are available upon request from the Manager at the address of the Manager as set out in this Information Memorandum.

For a redemption request received by the Manager before 4.00 p.m. on any Business Day, Units will be redeemed at the NAV per unit of the Fund calculated at the end of the next Business Day after the Manager receives the Redemption Form. A redemption request received after 4.00 p.m. on any Business Day will be deemed to have been received the following Business Day.

The Manager will pay the redemption proceeds within five (5) Business Days of the redemption request being effected. All redemption proceeds will be paid to the bank account designated by the Unitholder.

In the event a redemption of Units by a Unitholder would result in that Unitholder holding less than 100,000 units, the redemption request will be deemed to be in respect of all the Units held by the Unitholder. However, the Manager reserves the right to waive this requirement in respect of the Fund, either generally (for all Unitholders) or specifically (for any particular Unitholder) at its absolute discretion.

### **Transfer of Units**

Units are transferable subject to the Manager's discretion and the transferee being more than 18 years of age at the time of transfer. The application for the transfer must be made in the prescribed form which is available upon request at the office of the Manager as set out in this Information Memorandum. The duly completed and signed form must be accompanied by such evidence as may be required by the Manager to prove the title of the transferor and his right to transfer the units.

There are no fees charged for the transfer of units.

### **Switching**

Unitholders have the option of switching their units of the Fund between any of the other funds managed by the Manager, based on the value of their investments in the Fund at the point of exercising the switch. No switching fee will be charged.

A switch is processed as a redemption from one Fund and an investment into another. Unit prices for the transaction will be based on the next valuation point on the Business Day on which the completed application is received by the Manager.

## Special Redemption Mechanism

In a situation where the Manager receives a high amount of redemption requests on any Business Day (more than 30% of the Fund's NAV), the Manager shall be entitled to base the calculation of redemption on several valuation points (instead of the NAV per Unit of the Fund at the end of the next Business Day from the day the Manager receives the redemption request). For example, if the redemption requests received today is more than 30% of the Fund's NAV, the Manager shall sell off assets of the Fund on staggered basis and based on different business days NAV per Unit of the Fund.

However, the Manager may only invoke this mechanism when market conditions are such that it would not be possible to liquidate assets of the Fund at a reasonable price or prices beneficial to the Fund without jeopardising the whole investment portfolio of the Fund. Other factors that may also affect the decision of the Manager are, amongst others, as follows:

- Liquidity of a particular investment;
- Aggregate prices for disposal;
- Amount of assets to be disposed of; and
- Other investment limits and restrictions of the Fund.

If the mechanism were to be implemented, the Manager will sell off assets of the Fund on a staggered basis. This would result in the calculation of the redemption proceeds being based on several Redemption Prices being computed with each redeeming Unitholder being paid proportionately in accordance with the quantum of his redemption request calculated at the several Valuation Points for those several Redemption Prices until the sell down is complete.

## Suspension

The Manager has the right to suspend the sale and redemption of Units where the interest of the Unitholders is materially affected or where there is good or sufficient reason to do so, having regard to the interest of the Unitholders or potential Unitholders.

The Manager may also request to suspend the sale and redemption of Units where it would be impractical for the Manager to calculate the NAV due to:

- (i) the closure of a securities exchange or trading restrictions on a securities exchange;
- (ii) an emergency or other state of affairs; or
- (iii) the realization of investments of the Fund not being able to be effected at prices which could be realized if the investments were realized in an orderly fashion over a reasonable period in a stable market.

If at any time the appointment of the Trustee is terminated and a new trustee has not been appointed yet, the sale and redemption of Units will be suspended until a new trustee has been appointed. The period of suspension will not exceed 30 days, or such longer period as permitted under the Relevant Laws.

All outstanding redemptions and any redemption request or application for Units received during the suspension period are deemed to have been received on the Business Day after the suspension ceases.

## 7.3 Other Information

### Income Distribution and Reinvestment Policies

**The Fund intends to distribute income, if any, at least once a year on best effort basis. However, The Manager reserves the right not to distribute income, at its absolute discretion.**

All reinvestments will be made at the NAV per Unit at such date and within such time as may be determined by the Manager at its absolute discretion. There is no sales charge imposed for such re-investment of Units.

**Cross Trades**

To provide more liquidity in the dealing of securities, the Manager may carry out transactions between the Fund and investment portfolios of its other customers ("cross-trades") and combine the trade orders for the Fund with orders for investment portfolios of its other customers ("block trades"), provided always that any such cross-trades or block trades are conducted on a best execution basis and are no less favourable to the Fund when compared to an arm's length transaction between independent parties.

The Manager shall have full discretion to determine the price (or yield) on such trades by taking into factors such as brokers valuation, bond pricing agencies, market quotes, odd lot trades and market condition. The Manager will decide the price which the Manager believes to be the fair price to the seller, who will provide the securities in time of shortage and the buyer who will provide the liquidity in cash in time of seller who wants to liquidate the securities or the portfolio. All cross-trades or block trades shall be done in compliance with the relevant laws.

**Unclaimed Income Policy**

Unitholders may instruct that the distributions declared be paid out to them instead of being reinvested into additional units of the Fund. These unitholders would receive a cheque for the amount of income declared and distributable to them. If the cheque is not cashed within six months from the date of the cheque, the Manager will proceed to reinvest such unclaimed income into additional units of the Fund based on the price within 14 days from the expiry date of the cheque.

**Unclaimed Moneys Policy**

Unclaimed moneys, other than unclaimed income, will be filed with the Registrar of Unclaimed Moneys after the lapse of one year from the date of payment. The amount represented by such unclaimed moneys will be paid to the Registrar of Unclaimed Moneys after a further period of 12 months if such unclaimed monies remain unpaid and no claims are made on the unclaimed moneys by the registered Unitholders.

**Death, Legal Disability**

If a Unitholder dies or becomes subject to a legal disability such as bankruptcy or insanity, only the survivor who is not a minor (in the case of joint Unitholders) or legal personal representative (in any other case) will be recognised as having any claim to the Units registered in the Unitholder's name.

A trustee, executor or administrator of the estate of any deceased person who was registered or beneficially entitled to be registered as a Unitholder may become registered as the Unitholder in respect of the Units of the deceased person as trustee, executor or administrator of that estate and will, in respect of such Units, be entitled to the same rights as he would have been entitled to if the Units of the deceased person had remained registered in the name of the deceased person.

**Anti-Money Laundering**

In order to comply with regulations aimed at the prevention of money laundering, the Manager may require prospective investors to provide evidence to verify their identity and the source of payment. Accordingly, the Manager reserves the right to request such information as it considers necessary to verify the identity of a prospective investor. The Manager may refuse to accept any subscription application if a prospective investor delays in producing or fails to produce any information required by the Manager for the purpose of verification and, in that event, any funds received by the Manager will be returned without interest to the account from which the moneys were originally debited.

**Register of Unitholders**

The Manager will keep a register of Unitholders at the office of the Manager. The register of Unitholders will contain the names and addresses of Unitholders, the number of Units held by each Unitholder and the dates on which Units were issued to such Unitholders.



Any Unitholder may inspect the register on any Business Day at any time during ordinary business hours of the Manager and obtain such information pertaining to his/its Units as permitted under the Relevant Laws. Any Unitholder may request the Manager to furnish him/it with an extract from the register in so far as it relates to his/its name, address, number of Units held by him/it and amounts paid on those Units and the Manager will, upon payment in advance of a reasonable fee as it may require, cause any extract so requested to be sent to that Unitholder within fourteen (14) business days or such other reasonable period, commencing on the day after the request is received by the Manager.

The contents of the register of Unitholders will be prima facie evidence of any matters contained therein.

### **How an investor can keep track of his investment**

Investors will be informed of the Fund's performance through monthly statement, quarterly reports and the audited annual report for each Financial Year of the Fund. Monthly statements and reports (quarterly and annual) will be sent to investors no later than one (1) month and two (2) months from the end of the stated periods respectively.

From these reports, investors will be able to have an overview of the performance of the Fund and the investments of the Fund.

Investors will also be able to obtain information regarding the NAV per unit of the Fund by contacting us.

PLEASE CONTACT OPUS ASSET MANAGEMENT'S CUSTOMER SERVICE AT TELEPHONE NO: +6 03 2288 8882.

## **8 RIGHTS AND LIABILITIES OF UNITHOLDERS**

### **8.1 Rights of a Unitholder**

As a Unitholder of the Fund, and subject to the provisions and guidelines of the WF, the investor would have the right:

1. to receive distributions, if any, of the Fund;
2. to participate in any increase in the NAV of Units;
3. to receive monthly statement, quarterly and annual reports on the Fund;
4. to call for Meetings and to vote for the removal of the Trustee; and
5. apply to the Manager to summon a meeting, in accordance with Section 9 below.

However, a Unitholder is not entitled to:

- (i) interfere with any rights or powers of the Manager under this Information Memorandum;
- (ii) exercise a right in respect of any of the investments of the Fund or otherwise claim any interest in any of such investments; or
- (iii) require the transfer to the Unitholder of any of the investments of the Fund.

### **8.2 Liabilities of a Unitholder**

As a Unitholder of the Fund and subject to the provisions and guidelines of the WF and the Deed, the Unitholders liabilities would be limited to the following:

1. The investor would not be liable for nor would he/she/it be required to pay any amount in addition to the payment for Units as set out in this Information Memorandum.
2. The investor would not be liable to indemnify the Manager in the event that the liabilities incurred by the Manager on behalf of the Fund exceed the NAV of the Fund.

## **9 MEETINGS OF UNITHOLDERS**

### **9.1 Notice of Meeting**

The Manager may convene a meeting of the Unitholders by sending a notice of meeting at least seven (7) days before the proposed meeting, stating the general nature of the business to be transacted at the meeting, to every Unitholder entitled to attend and vote at the meeting, by e-mail or by post to the addresses of each Unitholder set out in the register of Unitholders or to their last known addresses. A notice of meeting sent to a Unitholder is deemed to be received three (3) days after it is posted.

### **9.2 Duty to call meeting of Unitholders**

Unitholders, having the proper quorum may direct the Manager to summon for a meeting for the following purposes:

- (a) requiring the retirement or removal of the Manager;
- (b) requiring the retirement or removal of the Trustee;
- (c) considering the most recent financial statement of the Fund; or
- (d) giving to the Trustee such directions as the meeting thinks proper.

Where the Manager is required to call for a meeting, it will within thirty (30) days after the direction is received by it, send a notice of the proposed meeting to all Unit Holders; the said meeting is to be held not later than two (2) months after the Manager sends the notice of meeting to Unit Holders.

### **9.3 Time and Place of Meeting**

The meeting shall be held at the time and place specified in the notice of meeting. The chairman of the meeting shall have the power to adjourn a meeting, for any reason, to such place, date and time as the chairman thinks fit and in accordance with the Deed.

### **9.4 Quorum**

The quorum required for a meeting of the Unit Holders shall be two (2) Unit Holders who hold amongst them collectively more than fifty per centum (50%) of the Units of the Fund, whether present in person or by proxy, PROVIDED ALWAYS that the quorum for a meeting of the Unit Holders convened for the purpose of removing the Manager and/or the Trustee shall be such number of Unit Holders as shall amongst them collectively hold more than seventy-five per centum (75%) of the Units of the Fund as at the date of the application.

If a quorum is not present within one (1) hour after the scheduled time for the meeting, the meeting shall be dissolved and adjourned to such place, date and time as the Manager shall decide, however the meeting will have to be held within one (1) month from the adjournment.

At any adjourned meeting, those Unitholders present in person or by proxy will constitute a quorum.

## **9.5 Proxy**

A Unitholder may be represented at a meeting by proxy. A proxy need not be a Unitholder.

## **9.6 Voting**

Voting is by show of hands unless a poll is duly demanded or the resolution proposed is required to be decided by a percentage of all Units.

A poll may be demanded before or immediately after any question is put to a show of hands. A poll may be demanded by the Chairman of the meeting, the Trustee, the Manager or by Unit Holders holding (or representing by proxy) between them not less than one-tenth (1/10) of the total number of Units then in issue.

Each Unitholder present in person or by proxy shall have one (1) vote on a show of hands. On a poll, each Unitholder present in person or by proxy shall have one (1) vote for every Unit held by him. In the case of joint Unitholders, only the person whose name appears first on the register of Unitholders may vote.

## **9.7 Resolutions**

All resolutions presented at Unit Holders' meetings shall be passed by a simple majority save for certain situations as provided in the Deed where a Special Resolution is required. Resolutions passed at a meeting of Unit Holders bind all Unit Holders whether or not they were present at the meeting at which the resolutions were passed. No objection may be made as to any vote cast unless such objection is made at the meeting.

# **10 THE MANAGER**

## **10.1 Corporate Information of the Manager**

The Manager is a licensed fund manager under the Capital Markets and Services Act 2007, was incorporated on 24 December 1996 as Lotus Asset Management Sdn Bhd. On 8 February 2002, its name was changed to Merican & Partners Asset Management Sdn Bhd, before it assumed its present name on 7 March 2005.

The Manager has discretion over the investments of the Fund but is subject to Guidelines and Relevant laws, the requirements of this Information Memorandum.

The Manager believes that asset prices are inter-related in different economies as well as between different asset classes. A "top-down" macro view is adopted before devising an appropriate investment strategy. The portfolio of investments in fixed income instruments is then constructed after this macro economic assessment and their impact on the fixed income asset class in Malaysia.

## **10.2 Roles & Functions of the Manager**

The roles and functions of the Manager include the following:-

- a) It shall be the principal duty of the Manager to manage and administer the Fund and its business in a proper, diligent and efficient manner in accordance with the Deed, all relevant laws, this Information Memorandum, and acceptable and efficacious business practice within the fund management industry in Malaysia.
- b) Maintaining proper records of the Fund.
- c) Conducting sales and repurchase of the units of the Fund.
- d) Distributing statements and reports as and when required to the registered Unitholders.
- e) Ensuring the Units of the Fund are valued and priced correctly according to the provisions of the Deed.

- f) Delivering to the SC any statements, documents, books and other particulars as may be required by the SC from time to time.
- g) Ensuring that the Deed and this Information Memorandum are at all times in compliance with the Act, the Guidelines and relevant laws.
- h) Ensuring that the Investment Committee meeting convened quarterly or any other interval as deemed appropriate by the Manager from time to time.

### **10.3 Profile of Board of Directors and Key Management Staff**

#### **10.3.1 Board of Directors**

##### **Shaun Chan Choong Kong, Director**

Mr. Chan has over 24 years of investment management/advisory experience. He started with HSBC Asset Management in Hong Kong where he eventually became the Chief Investment Officer for the Asian ex Japan markets. He was responsible for over USD 3.2 bil of assets under management and a team of ten investment professionals. He was a pioneering investor in the emerging Asian markets and helped launch the Korean Asian Fund, which makes him one of the first foreign institutional investor in Korea. He also worked with the Asian Development Bank in launching the Asean Fund (1988) and the Asian Convertible Fund (1991). In 1993 Mr Chan left HSBC to establish the Asian business for TCW Group Inc a leading US based pension fund manager and grew the Asian business to over USD1.5 bil under management.

Thereafter Mr. Chan left Hong Kong in 1996 to return to Malaysia where he established Gadek Asset Management as a principal shareholder and managing director before selling it to Phileo Allied Bank in 1998. The company was renamed Phileo Asset Management and established a niche in the management of fixed income products and other unit trust assets. Mr Chan was also a non-executive director of Phileo Allied Berhad. He left Phileo in 1999 to establish Opus Capital Sdn Bhd. to focus on the provision of investment advisory services to several offshore private equity and real estate investment funds.

Mr. Chan graduated from Trinity College, Cambridge with a degree in Economics. Mr. Chan currently holds a Capital Markets Services Representative's Licence and he held an Investment Manager's license in Hong Kong (1986 to 1997) and a Fund Manager's Representative license in Malaysia (1997 to 1999).

##### **Siaw Wei Tang, Managing Director / Chief Investment Officer**

Mr. Siaw started his career as a risk manager and actuarial consultant at NMG Risk Managers & Actuaries Sdn Bhd. in 1995. A year later, he joined Gadek Asset Management (later renamed Phileo Asset Management) as the fixed income portfolio manager, where he stayed for 4 years. He joined the Hong Leong Group in 2000, managing up to RM3 billion in fixed income at HLG Asset Management (fund manager) and Hong Leong Assurance Bhd. (Chief Investment Officer). Thus, Mr. Siaw has extensive experience in fixed income securities in Malaysia.

Mr. Siaw holds a M.Sc degree in International Banking & Financial Studies, University of Southampton, and B.Sc (Honours) degree in Actuarial Mathematics & Statistics from Heriot Watt University, both in United Kingdom.

##### **Azam Azman, Non-Executive Director**

Encik Azam Azman, has over 18 years of banking/investment experience with more than 12 years experience in private equity. Encik Azam was a Public Bank Group scholar and commenced his career with the Bank in 1989. In 1992, he joined HSBC Group and was later trained in Hong Kong. Whilst with HSBC group, he has served several areas of the group including HSBC Securities Services and Corporate Banking, as part of the Bank's lending team.

Encik Azam joined Gadek Asset Management Sdn Bhd in 1997, which was later renamed Phileo Asset Management Sdn Bhd; he was then heading a dedicated private equity investment team. He was also part of Pan Asia Capital Manager Ltd investment team covering the Asian region.

Together with Mr. Chan in 1999, En Azam established Opus Capital Sdn Bhd which he continued to manage the private equity business.

Encik Azam read accountancy at the University of East London, England and obtained a Bachelor of Arts (Honours) degree in Accounting and Finance. Encik Azam currently holds a Capital Market Services Representatives' Licence and he previously held a Fund Manager's Representative Licence (1998 to 2000).

He is a member of Institut Bank-Bank Malaysia (IBBM) and previously a member of the Venture Capital Consultative Council, under the purview of the National Economic Action Council (NEAC). Encik Azam is the immediate Past Chairman of the Malaysian Venture Capital and Private Equity Association (MVCA) where he completed the full 2 years term.

### **10.3.2 Key Management Staff**

#### **Siaw Wei Tang, Managing Director / Chief Investment Officer (as stated above)**

##### **Ng Lee Peng, Head of Fixed Income**

Ms. Ng started her career as an Assistant Accountant with Phillip Commodities (M) Sdn Bhd in 1991. In 1992, she joined D&C Bank (now known as RHB Bank) as a management trainee specializing in the area of credit. She was later posted to head the credit department of the Port Klang Branch, which was categorized as a corporate branch, servicing mainly corporate clients from the industrial area around Port Klang. Her job function includes marketing, submission of credit reports for approval and also loan recovery. In 1997, she left to join Eon Bank and was attached to the Corporate & Commercial Banking at Head Office. Besides doing marketing and credit proposals, she also evaluates credit reports submitted by branches and gives her recommendation to the Credit Committee. She then joined the Investment Department of Hong Leong Assurance Bhd in 1999, to manage the fixed income portfolio which grew from less than RM500m to about approximately RM1.5 billion.

Ms. Ng graduated from Monash University, Australia and holds a Bachelor of Economics majoring in Accounting. She is also a Certified Practising Accountants of Australia CPA. She holds a Capital Markets Services Representative's Licence.

##### **Ken Tan Kiat Hwa, Compliance Officer**

Mr. Tan is a Certified Practising Accountant of CPA Australia and a member of Malaysian Institute of Accountant. His career started off as an auditor with Arthur Andersen in Singapore from 1990 to 1993. He returned to Malaysia to join a consultancy firm, as a Consultant specializing in privatization, financial, tax and franchise consultancy over the next three years and later he served as Financial Controller and Head of finance departments in various companies. He has extensive experience in finance and accounting, administration, human resources and operations functions.

Mr. Tan graduated with a Bachelor Degree of Commerce from the University of Melbourne, Australia. He also holds a Master of Business Administration Degree from the University of Strathclyde, United Kingdom.

##### **Noorshidah Ismail, Head of Business Development & Client Services**

Noorshidah has vast experience in sales and marketing of financial and investment products. She started her career as a Loan Executive with Hong Leong Finance Berhad in 1984. Noorshidah later joined Standard Chartered Bank in 1990 as the Mortgage Sales Manager. In Standard Chartered, she was responsible for the sales and marketing of mortgage loans in the Northern Region. She was also responsible for the setting-up of mortgage centre in Penang branch. Noorshidah later joined Phileo Allied Bank in 1998 as Manager, Priority & Private Banking. She was responsible for the setting-up of Priority Banking Centre in Penang, which caters to high networth individuals. She was also directly accountable for the centre's sales and profitability.

Before joining Opus Asset Management Sdn Bhd, Noorshidah was with PM Securities – a stockbroking company. She started as General Manager, Business Development and subsequently, she was appointed as Head of Dealing in the company.

She graduated from the University of Oregon, USA with a Bachelor of Science degree in Community Health in 1983. She holds a Capital Markets Services Representative's Licence. She previously held a Dealer's Representative's license.

#### **10.4 External Fund Accounting Manager**

The Manager has appointed Deutsche Bank (Malaysia) Berhad to undertake the accounting and valuation function for the Fund.

Under the terms of the Service Agreement, Deutsche Bank (Malaysia) Berhad would amongst others:-

- a) maintain proper accounts in relation to the investments of the Fund including keeping records of all transactions, dividends, interests and income received and distributed;
- b) submitting the Fund's accounts to be audited by the approved company auditor at the end of the Financial Year or whenever required;
- c) produce the Fund's balance sheet, profit and loss statement, transaction statements and reports of assets held by the Fund;
- d) provide the daily valuation and pricing of the Fund; and
- e) carry out the daily notification of Unit prices.

Outsourcing the Fund's accounting and valuation function to an independent party provides added credibility to the accounting and valuation reports produced. In effect investors can be assured of the integrity of the Fund's accounting and valuation reports.

#### **10.5 Powers of the Manager to Remove / Replace Trustee**

The Manager acts on behalf and in the interests of Unitholders in consultation with the Trustee and the relevant authorities and/or with the approval of the Unitholders.

The Manager is permitted under the Deed to convene a Unitholders' meeting to consider the removal of the Trustee and appointment of a new trustee by way of a special resolution. Under the Act, the Manager shall take all reasonable steps to replace the Trustee as soon as practicable after becoming aware that:

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

#### **10.6 Exemptions from Liability**

The Manager shall incur no liability to the Unitholders:

- (a) in respect of any action taken or omitted or any judgment made lawfully and in good faith, in the absence of willful misfeasance, negligence or reckless disregard of its obligations or duties mentioned herein;
- (b) in respect of any action taken or thing suffered by them in reliance upon any notice, resolution, direction, consent, certificate, affidavit, statement or other document believed to be genuine and to have been passed, sealed, signed or authorised by the proper parties.

- (c) for doing or failing to do any act or thing which, by reason of any provision of any present or future law or regulation, or of any order or judgment of any court, or by reason of any request, announcement or similar action (whether of binding legal effect or not) which may be taken or made by any person or body acting with or purporting to exercise the authority of any government or quasi-governmental body or authority, it is requested or directed to do or to forbear from doing.
- (d) in respects of any loss in investment value due to the fall in market value of the investment.

**10.7 Indemnification**

To the extent permitted by law, the Fund shall reimburse, fully and effectively indemnify and hold harmless the Manager, its officers and employees with respect to:-

- (i) any and all expenses, losses, damages, liabilities, demands, charges and claims of any kind or nature whatsoever, including any legal or other expenses incurred in connection with investigating or defending any such demands, charges and claims arising out of any wrongful act or omission on the part of the Unitholders or resulting from complying with any instructions or directions of the Unitholders with respect to the Investment Assets; and
- (ii) any legal or other expenses reasonably incurred by Manager in connection with investigating or defending any demand, allegations and claims in respect of such acts, omissions, transactions, duties, obligations or responsibilities carried out by the Manager as a fund manager unless such act or omission of Manager resulted from fraud, wilful misconduct, negligence or reckless disregard of its obligations or duties mentioned herein.

**11 THE TRUSTEE**

**About Deutsche Trustees Malaysia Berhad**

Deutsche Trustees Malaysia Berhad (“DTMB”) (Company No. 763590-H) was incorporated in Malaysia on 22 February 2007 and commenced business in May 2007. The Company is registered as a trust company under the Trust Companies Act 1949, with its business address at Level 20, Menara IMC, 8 Jalan Sultan Ismail, 50250 Kuala Lumpur.

DTMB is a member of Deutsche Bank Group, a leading global investment bank with a strong and profitable private clients’ franchise. With more than 80,000 employees serving clients in over 70 countries, Deutsche Bank offers unparalleled financial services throughout the world.

**Financial position**

	31 Dec 2005 (RM)	31 Dec 2006 (RM)	31 Dec 2007 (RM)
Paid-up share capital	N/A	N/A	1,900,000
Shareholders’ funds	N/A	N/A	1,412,382
Revenue	N/A	N/A	25,774
Profit/loss before tax	N/A	N/A	(480,089)
Profit/loss after tax	N/A	N/A	(487,618)

**Experience in trustee business**

DTMB is part of Deutsche Bank’s Trust & Securities Services, which offers fund administration, trustee services, securities custody, and includes specialist corporate services offices in a number of tax-efficient locations. As such, DTMB has access to the expertise of specialists with extensive knowledge of fund and trustee services, coupled with affiliation with one of the world’s largest

financial institutions. As at 31 March 2009, DTMB is the trustee for 13 unit trust funds, 3 wholesale funds and 1 exchange-traded fund.

DTMB has suitably qualified and experienced staff in the administration of unit trust funds and has sound knowledge of all relevant laws, codes, rules and best practices governing the Malaysian unit trust industry. As at 31 March 2009, DTMB has 6 staff and all are executives.

DTMB's trustee services are supported by Deutsche Bank (Malaysia) Berhad ("DBMB"), a subsidiary of Deutsche Bank Group for various functions, including but not limited to Financial Control and Internal Audit.

### **Board of Directors**

Mohd Ridzal bin Mohd Sheriff  
R. Bernard Sen Nee Choo Pik Yip  
Lam May Yin  
Janet Choi  
Jalalullail Othman\*  
Md Nor Ahmad\*

\* *independent director*

### **Duties and responsibilities of the Trustee**

DTMB'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 due care and vigilance and is required to act in accordance with the relevant provisions of the Deed and relevant laws.

### **Disclosure on related-party transactions/conflict of interests**

The Manager has appointed Deutsche Bank (Malaysia) Berhad ["DB Malaysia"] to act as fund accounting and valuation agent for the Fund. DTMB has delegated its custodian functions for the Fund to DB Malaysia. Both DTMB and DB Malaysia are subsidiaries of Deutsche Bank AG. DTMB is a separate legal entity with its own Board and Management control. The Board consists of 4 directors who are employees of Deutsche Bank AG (2 of whom are employees of DB Malaysia) and 2 independent directors. There are no common directors and management staff between DTMB and DB Malaysia.

The Fund may invest in products and services offered by Deutsche Bank AG and any of its group companies (e.g. money market placements, structured products etc.). No assurance is given that such related party transactions will not occur. In the event any such related party transactions are proposed, DTMB will rely on the Manager to ensure any related-party transactions, dealings, investments and appointments are on terms which are the best that are reasonably available for or to the Fund and are on an arm's length basis as if between independent parties. While DTMB has internal policies intended to prevent or manage conflicts of interests, no assurance is given that their application will necessarily prevent or mitigate conflicts of interests. DTMB's commitment to act in the best interests of the unit holders of the Fund does not preclude the possibility of related party transactions or conflicts.

### **Trustee's delegate**

DTMB has appointed DBMB as the custodian of the assets of the Fund. DBMB is a wholly-owned subsidiary of Deutsche Bank AG, one of the world's largest banks. DBMB offers its clients access to a growing domestic custody network that covers 31 markets globally and a unique combination of local expertise backed by the resources of a leading global bank. With a worldwide team of custody experts, leading-edge technology and a track record of consistent product innovation, DBMB is committed to delivering exceptional and efficient domestic custody services to its clients.



All investments are automatically registered in the name of the Fund. DBMB acts only in accordance with instructions from DTMB.

## **12 OTHER INFORMATION**

### **12.1 Distributors' Fee**

The Manager may appoint distributor(s) for the Fund. Any distributor fee and/or recurring service fee and/or any other fees relating to the distributors will be borne by the Manager and not charged to the Fund or the Unitholder.

### **12.2 Modification to Deed**

The Deed may be modified in any manner by a supplemental deed entered into between the Fund Manager and the Trustee and deposited with the SC provided always that Unit Holders shall have received at least thirty (30) days' prior notice in writing from the Fund Manager notifying them of the modifications intended to be made. For the avoidance of doubt, the consent of Unit Holders is not required for any modification to the Deed.

### **12.3 Modification to Information Memorandum**

This Information Memorandum may be modified in any manner by a supplemental Information Memorandum deposited with the SC provided always that Unit Holders shall have received at least thirty (30) days' prior notice in writing from the Fund Manager notifying them of the modifications intended to be made. For the avoidance of doubt, the consent of Unit Holders is not required for any modification to this Information Memorandum.

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25 May 2018

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Mid Valley City  
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59200 Kuala Lumpur

Dear Sirs,

## **OPUS CASH EXTRA FUND TAXATION OF THE FUND AND UNIT HOLDERS**

We refer to our letter dated 1 June 2010 on the abovementioned matter which sets out the relevant Malaysian taxation treatments for the unit trust fund known as Opus Cash Extra Fund (hereinafter referred to as "the Fund") and its unit holders, relying on the information contained in the Information Memorandum ("IM") dated 1 June 2009.

Subsequent to our letter dated 1 June 2010, the Fund issued the first supplemental IM dated 26 March 2015, second supplemental IM dated 1 December 2016, and third supplemental IM dated 16 April 2018.

This letter contains the relevant updates to the taxation treatments stated in our letter dated 1 June 2010.

### **1. INFORMATION ON THE FUND**

The Fund represents an Unit Trust which is the investment scheme falling within the *Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework* issued by the Securities Commission.

The Fund's Permitted Investments are as follows:

- Cash or cash equivalents;
- Money placements or deposits placed with financial institutions or authorized dealers including commercial banks and placements of money at call with investment banks;
- Domestic debt securities issued or guaranteed by the Malaysian Government, Bank Negara Malaysia, any other government related or quasi-government related bodies;
- Domestic debt securities issued by investment banks or financial institutions such as Banker's Acceptances, Negotiable Certificates of Deposits, sub-debts, etc;
- Listed or unlisted and rated or unrated securities including those convertible into equity. There include commercial papers, medium-term notes, promissory notes, corporate bonds, loan stocks, subordinated debts, irredeemable convertible loan stocks or redeemable convertible loan stocks, innovative tier one capital, etc;
- Repurchase agreement of any fixed income securities mentioned above;

- Tradable money-market instruments in the money market;
- Swaps and structure products including structured deposits, interest rate swaps, etc;
- Future contracts and forwards contracts;
- Units or shares in other collective investment schemes including unit trust schemes, restrictive investment schemes, etc;
- Any kind of investments as approved by the relevant authorities; and
- Any other form of investments as may be agreed upon by the Manager and the Trustee from time to time and approved by the relevant authorities, if necessary.

The Fund is not a money market fund.

Accordingly, there may be tax implications in the relevant tax jurisdictions with regards to the profits or gains from the investment and disposal of those investments. The scope of this letter is to address on the taxation implications in Malaysia.

## 2. TAXATION OF A UNIT TRUST FUND

### 2.1 Taxable income

The taxation of the Fund which is a unit trust scheme is governed principally by Sections 61 and 63B of the Income Tax Act, 1967 (“MITA”). Further, the Inland Revenue Board of Malaysia (“IRBM”) has issued the Public Ruling 7/2013: Unit Trust Funds Part I – An Overview and Public Ruling 7/2014: Unit Trust Funds - Part II – Taxation of Unit Trusts dated 28 May 2013 and 4 November 2014 respectively to explain the tax treatments for Unit Trust Funds.

The Fund’s trustee is Deutsche Trustees Malaysia Berhad, which is a resident in Malaysia for tax purposes. As the trustee is a tax resident in Malaysia, the Fund is also regarded as a Malaysian tax resident.

The income of the Fund in respect of dividends, interest or profits from deposits and other investment income derived from or accruing in Malaysia is liable to income tax unless specifically exempted under the law. In this respect, any gains or profits received, in lieu of interest, for transactions conducted in accordance with the principles of *Shariah*, will be treated as interest and be accorded the same treatment as if they were interest in accordance with Section 2(7) of the MITA. Under Section 2(7) of the MITA, any reference to interest shall apply, *mutatis mutandis*, to gains or profits received and expenses incurred, in lieu of interest, in transaction conducted in accordance with the principles of *Shariah*. The income tax rate applicable to the Fund is 24%.

### 2.2 Exempt income / Non taxable income

#### (a) Profits from the realization of investments

Gains from sale of investments will not be treated as income of the Fund and hence, are not subject to income tax [Section 61(1) of the MITA].

**(b) Dividend income**

Dividends received by the Fund from Malaysian entities which are tax exempted are not subject to income tax. This includes dividends distributed under the single tier tax system [*Paragraph 12B, Schedule 6 of the MITA*].

**(c) Interest income**

Interest income received by the Fund from the following is exempt from income tax:

- (i) Any savings certificates issued by the Government [*Paragraph 19 to Schedule 6 of the MITA*];
- (ii) Securities or bonds issued or guaranteed by the Government [*Paragraph 35(a) to Schedule 6 of the MITA*];
- (iii) Debentures or sukuk, other than convertible stock, approved by the Securities Commission [*Paragraph 35(b) to Schedule 6 of the MITA*];
- (iv) Bon Simpanan Malaysia issued by Central Bank of Malaysia [*Paragraph 35(d) to Schedule 6 of the MITA*];
- (v) Deposits with banks licensed under the Banking and Financial Services Act 2013 or the Islamic Financial Services Act 2013 or any development financial institution prescribed under the Development Financial Institutions Act 2002 (Note: In the case of a unit trust which is a money market fund, the exemption shall only apply to a wholesale fund which complies with the criteria as set out in the relevant guidelines issued by the Securities Commission Malaysia) [*Paragraph 35A to Schedule 6 of the MITA*];
- (vi) Islamic securities (including sukuk) originating from Malaysia, other than convertible loan stock, issued in any currency other than Ringgit and approved or authorized by, or lodged with, the Securities Commission or approved by the Labuan Financial Services Authority, provided that the exemption shall not apply to interest paid or credited to a company in a same group, or interest paid or credited to a bank licensed under the Financial Services Act 2013, an Islamic bank licensed under the Islamic Financial Services Act 2013 or a development financial institution prescribed under the Development Financial Institutions Act 2002 [*Paragraph 33B to Schedule 6 of the MITA*];
- (vii) Bonds and securities issued by Pengurusan Danaharta Nasional Berhad [*Income Tax (Exemption) (No. 5) Order 2001*];
- (viii) Bonds and securities issued by Pengurusan Danaharta Nasional Berhad [*Income Tax (Exemption) (No. 5) Order 2001*];
- (ix) Bonds other than convertible loan stock issued by any company listed in Malaysia Exchange of Securities [*Income Tax (Exemption) (No.13) Order 2001*];
- (x) Bonds and securities issued by Pengurusan Danaharta Nasional Berhad [*Income Tax (Exemption) (No. 6) Order 2003*];
- (xi) Sukuk Issue which has been issued by the Malaysia Global Sukuk Inc [*Income Tax (Exemption) (No. 31) Order 2002*];

- (xii) Sukuk Ijarah, other than convertible loan stock, issued in any currency by 1Malaysia Sukuk Global Berhad [*Income Tax (Exemption) Order 2010*]; and
- (xiii) Sukuk Wakala, other than convertible loan stock, issued in any currency by Wakala Global Sukuk Behad [*Income Tax (Exemption) (No. 4) Order 2011*].

**(d) Discount income or profit derived**

Tax exemption is given on discount income received on the securities and debentures mentioned in items 2.2 (c) (ii) to (iv) above [*Paragraph 35(a) to Paragraph 35(d) to Schedule 6 of the MITA*].

**(e) Foreign sourced income**

Dividends, profits and other income from investments derived from sources outside Malaysia and received in Malaysia by the Fund are exempt from Malaysian income tax [*Paragraph 28 to Schedule 6 of the MITA*]. However, such income may be subject to tax in the country from which the income is derived.

**2.3 Deductibility of expenses**

Section 33(1) of the MITA allows expenses incurred “wholly and exclusively in the production of gross income” to be deductible against the gross income, e.g. interest incurred on a loan to finance investments can be deducted against the dividend or interest income from that investment.

In addition, Section 63B allows partial deduction for other non-direct expenses known as “permitted expenses”. “Permitted expenses” comprise the manager’s remuneration, charges for maintenance of register of unit holders, share registration expenses, secretarial, audit and accounting fees, telephone charges, printing and stationery costs and postage. The amount deductible is calculated based on the formula below:

$$A \times \frac{B}{4C}$$

- where
- A is the total of the permitted expenses incurred for that basis period;
  - B is gross income consisting of dividends, interest and rent chargeable to tax for that basis period; and
  - C is the aggregate of the gross income consisting of dividends and interest (whether such dividend or interest is exempt or not), rent, and gains made from the realisation of investments (whether chargeable to tax or not) for that basis period.

Dividend income is deemed to include income distributed by a unit trust for the purpose of calculating the above deduction.

The special deduction of expenses is subject to a minimum of 10% of the total permitted expenses incurred for that basis period. The allowable portion of permitted expenses will be deducted from the aggregate income. Should the deduction exceeds the income assessable to tax, the excess is not allowed to be carried forward for offset against the income of future years of assessment.

## **2.4 Real Property Gains Tax (“RPGT”)**

Generally, gains on disposal of investments by the Fund will not be subject to Income Tax in Malaysia as mentioned in 2.2(a).

Nevertheless, capital gains from disposals of chargeable assets, such as real properties or shares in real property companies will be subject to RPGT as follows:

- (a) Gains arising from disposals made within 3 years from the date of acquisition of the chargeable assets are subject to RPGT at the rate of 30%;
- (b) Gains arising from disposals made between the 4<sup>th</sup> year from the date of acquisition of the chargeable assets are subject to RPGT at the rate of 20%;
- (c) Gains arising from disposals made between the 5<sup>th</sup> year from the date of acquisition of the chargeable assets are subject to RPGT at the rate of 15%; and
- (d) Gains arising from disposals made after 5 years from the date of acquisition of the chargeable assets are subject to RPGT at the rate of 5%.

*[Schedule 5 of the Real Property Gains Tax Act 1976]*

## **2.5 Goods and Services Tax (“GST”)**

Pursuant to the Goods and Services Tax (Exempt Supply) Order 2014, the issuance of any units under a trust fund is determined as exempt supplies. The Fund, being a trust fund, will be making exempt supplies and hence it is not required to be registered for GST purposes.

In respect of any GST expenses paid by the Fund on management fees, trustee fees and other expenses, the input tax which may be incurred are generally not claimable or recoverable by the Fund. The GST rate is 6% from 1 April 2015 to 31 May 2018. With effect from 1 June 2018, the applicable GST rate is to be revised from 6% to 0%.



### 3. TAXATION OF UNIT HOLDERS

#### 3.1. Distribution of taxable income

The general provisions under the MITA are applicable to income received by unit holders. In addition, the tax treatments for unit holders are explained in the IRBM's Public Ruling 5/2013 – Taxation of Unit Holders of Unit Trust Funds dated 23 May 2013. Unit holders will be taxed on their share of the total taxable income of the Fund distributed to them. This income distribution carries with it a tax credit for the tax paid by the Fund on its taxable income. This tax credit may be utilised by the unit holders to set off the tax payable by them pursuant to Section 110(9A) of the MITA. The tax authorities will refund any excess of tax credit over tax chargeable to the unit holders.

Distributions of income from the Fund received by individuals and other non-corporate unit holders who are residents in Malaysia for tax purposes will be taxed at graduated rates from 1% to 28%. Individuals and other non-corporate unit holders who are not resident in Malaysia, will be subject to tax at the non-resident rate applicable of 28% on the distributions of income received.

Corporate unit holders, whether resident or not resident in Malaysia, will be subject to tax at the corporate tax rate of 24% on the distributions of income from the Fund received by them. For small and medium scale companies with a paid-up capital of RM2.5 million and below (SME), the corporate tax rate of 18% is applicable on chargeable income of up to RM500,000 and 24% on the amount exceeding RM500,000. However, a company with a paid-up capital of not exceeding RM2.5 million will not qualify as a SME under the following circumstances:

- i. more than 50% of the paid up capital in respect of ordinary shares of the company is directly or indirectly owned by a "related company";
- ii. more than 50% of the paid up capital in respect of the ordinary shares of the "related company" is directly or indirectly owned by the first mentioned company; or
- iii. more than 50% of the paid up capital in respect of the ordinary shares of the first mentioned company and the "related company" is directly or indirectly owned by another company.

"Related company" is defined as a company which has a paid-up capital exceeding RM2.5 million in respect of ordinary shares at the beginning of the basis period for a year of assessment.

#### 3.2 Distribution of tax exempt income

Distributions of tax exempt income by the Fund from gains from realisation of investments, exempted interest/discount income, exempted dividends including single tier dividends and foreign sourced income, will be exempted from tax in the hands of the unit holders.

### 3.3 Unit splits and sale, transfer or redemption of units

Unit splits issued by the Fund is not taxable in the hands of the unit holders. Any gains realised by unit holders (other than dealers in securities, insurance companies or financial institutions) from the sale, transfer or redemption of the units are treated as capital gains and thus, will not be taxable.

However, the gains realised by a person trading or dealing in securities, insurance companies or financial institutions are generally regarded as business income and are subject to income tax.

We hereby confirm that, as at the date of this letter, the statements made correctly reflect our understanding of the tax position under the current Malaysian income tax legislation and the related interpretation and practice thereof, all of which are subject to change, possibly on a retrospective basis. In addition, unit holders are advised to seek professional advice on their respective tax positions.

Yours faithfully  
**Crowe Horwath KL Tax Sdn Bhd**



↓ **Poon Yew Hoe**  
*Executive Director, Tax*



1 June 2010

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The Board of Directors  
Opus Asset Management Sdn Bhd  
B-19-2 Northpoint Offices  
Mid Valley City  
No.1 Medan Syed Putra Utara  
59200 Kuala Lumpur

Dear Sirs

## **OPUS CASH EXTRA FUND TAXATION OF THE FUND AND UNIT HOLDERS**

This letter has been prepared for inclusion in the Information Memorandum in connection with the offer of units in the wholesale fund known as the Opus Cash Extra Fund (hereinafter referred to as “the Fund”).

### **1. INFORMATION ON THE FUND**

We have been provided with the Information Memorandum for the Fund. Based on the Information Memorandum, the Fund represents a wholesale fund investment scheme falling within the *Guidelines on Wholesale Funds* issued by the Securities Commission.

### **2. A “WHOLESALE FUND” IS A UNIT TRUST**

The terms “unit trust” or “wholesale fund” are not specifically defined under the Malaysia Income Tax Act, 1967 (“MITA”). As such, reference is made to guidelines and rules issued by the Securities Commission and the provisions under the Securities Commission Act, 1993 for the definitions of these terms.

#### **2.1. Unit trust**

Pursuant to the Securities Commission Act, 1993:

“Unit trust scheme” means *any arrangement made for the purpose, or having the effect, of providing facilities for the participation of persons as beneficiaries under a trust in profits or income arising from the acquisition, holding, management or disposal of–*

- (i) securities;*
- (ii) futures contracts; or*
- (iii) any other property.*

## **2.2. Wholesale fund**

According to the Securities Commission's *Guidelines on Wholesale Funds* issued on 18 February 2009:

*"Wholesale fund" means a unit trust fund, 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 qualified investors.*

Based on the above definitions, a wholesale fund is a unit trust scheme. It thus follows that the tax treatments accorded to a unit trust under the MITA should also be applicable to a wholesale fund.

## **3. TAXATION OF A UNIT TRUST FUND ("THE FUND")**

### **3.1 Taxable income**

The taxation of the Fund which is a unit trust scheme is governed principally by Sections 61 and 63B of the MITA. The Fund's Trustee is Deutsche Trustees Malaysia Berhad, a resident in Malaysia for tax purposes. It thus follows that the Fund is regarded as a Malaysian tax resident.

The income of the Fund in respect of dividends, interest or profits from deposits and other investment income derived from or accruing in Malaysia is liable to income tax unless specifically exempted under the law. In this respect, any gains or profits received, in lieu of interest, for transactions conducted in accordance with the principles of Shariah, will be treated as interest and be accorded the same treatment as if they were interest in accordance with Section 2(7) of the MITA.

Taxable dividends received by the Fund will be subject to tax but a tax credit will be available for offset wholly or partially against the Fund's tax liability. The excess of tax credit over the tax liability of the Fund, if any, will be refundable to the Fund.

The income tax rate applicable to the Fund is 25% with effect from the year of assessment ("YA") 2009.

### **3.2 Exempt income/Non taxable income**

#### **(a) Profits from the realization of investments**

Gains from sale of investments will not be treated as income of the Fund and hence, are not subject to income tax.

#### **(b) Dividend income**

Dividends received by the Fund from other Malaysian entities are taxable unless such dividends are tax exempted dividends, in which case they are not

subject to income tax. Tax exempt dividends include dividends distributed under the single tier tax system.

**(c) Interest income**

Interest income received by the Fund from the following are exempt from income tax:-

- (i) Securities or bonds issued or guaranteed by the Government [*Paragraph 35(a) to Schedule 6 of the MITA*];
- (ii) Debentures or Islamic securities, other than convertible stock, approved by the Securities Commission [*Paragraph 35(b) to Schedule 6 of the MITA*];
- (iii) Bon Simpanan Malaysia issued by Central Bank of Malaysia [*Paragraph 35(c) to Schedule 6 of the MITA*];
- (iv) Deposits with banks or financial institutions licensed under the Banking and Financial Institutions Act 1989 or the Islamic Banking Act 1983 [*Paragraph 35A to Schedule 6 of the MITA*];
- (v) Islamic securities originating from Malaysia, other than convertible loan stock issued in any currency other than Ringgit and approved by the Securities Commission or the Labuan Offshore Financial Services Authority [*Paragraph 33B to Schedule 6 of the MITA*];
- (vi) Any savings certificates issued by the Government [*Paragraph 19 to Schedule 6 of the MITA*];
- (vii) Non-convertible loan stock issued by companies listed on the Malaysian Exchange of Securities Dealing and Automated Quotation Berhad (MESDAQ) [*Income Tax (Exemption) (No.13) Order 2001*]; and
- (viii) Bonds and securities issued by Pengurusan Danaharta Nasional Berhad [*Income Tax (Exemption) (No. 5) Order 2001*].

**(d) Discount income or profit derived**

The following discount income and profit received by the Fund are exempt from income tax:-

- (i) Discount income received on the securities and debentures mentioned in items 3.2(c)(i) to (iii) above [*Paragraph 35(a) to Paragraph 35(c) to Schedule 6 of the MITA*]; and
- (ii) Discount or profit received from the sale of bonds or securities issued at a discount without interest payable by Pengurusan Danaharta Nasional Berhad or Danaharta Urus Sendirian Berhad [*Income Tax (Exemption) (No. 6) Order 2003*].

**(e) Foreign source income**

The Fund may receive dividends, profits and other income from investments outside Malaysia. Income derived from sources outside Malaysia and received

in Malaysia by the Fund is exempt from Malaysian income tax. However, such income may be subject to tax in the country from which the income is derived.

### 3.3 Deductibility of expenses

Section 33(1) of the MITA allows expenses incurred “wholly and exclusively in the production of gross income” to be deductible against the gross income, e.g. interest incurred on a loan to finance investments can be deducted against the dividend or interest income from that investment.

In addition, Section 63B allows partial deduction for other non-direct expenses known as “permitted expenses”. “Permitted expenses” comprise the manager’s remuneration, charges for maintenance of register of unit holders, share registration expenses, secretarial, audit and accounting fees, telephone charges, printing and stationery costs and postage. The amount deductible is calculated based on the formula below:

$$A \times \frac{B}{4C}$$

where

- A is the total of the permitted expenses incurred for that basis period;
- B is gross income consisting of dividends, interest and rent chargeable to tax for that basis period; and
- C is the aggregate of the gross income consisting of dividends (whether exempt or not), interest and rent, and gains made from the realisation of investments (whether chargeable to tax or not) for that basis period.

Provided that the amount of deduction to be made shall not be less than 10% of the total permitted expenses incurred for that basis period. In short, the deductible expenses will be a minimum of 10% and a maximum of 25% of the total permitted expenses, whichever is applicable.

Should the deduction exceed the income assessable to tax, the excess is not allowed to be carried forward for offset against the income of future years of assessment.

### 3.4 Real Property Gains Tax (“RPGT”)

Gains on disposal of investments by the Fund are capital gains and are not subject to income tax except for disposals of real property or shares in real property companies which are subject to the provisions under the Real Property Gains Tax Act, 1976. However, with effect from 1 January 2010, the *Real Property Gains Tax (Exemption) (No 2) Order 2009* provides for exemption on RPGT for disposal of a chargeable asset made after 5 years from the date of acquisition.

Where the disposal of a chargeable asset is made within 5 years from its date of acquisition, the effective tax rate of 5% applies. Nevertheless, instead of a straight forward 5% tax rate on the chargeable gain, the 5% tax is calculated indirectly via an

exemption given on the chargeable gain and the reduced chargeable gain is then multiplied by the applicable tax rate ranging from 30% to 5% (as shown in Table 1 below). The amount of **exempt chargeable gain** is calculated using the following formula:

$$\frac{A}{B} \times C$$

- where
- A is the amount of tax charged on the chargeable gain on the person at the appropriate tax rate reduced by the amount of tax charged on the gain at the rate of 5%
  - B is the amount of tax charged on the chargeable gain at the appropriate tax rate
  - C is the amount of the chargeable gain

Thereafter, the RPGT payable is calculated as follows:

$$[\text{Normal chargeable gain} - \text{exempted chargeable gain (as above)}] \times \text{Applicable tax rate as shown in Table 1 below}$$

*Table 1: RPGT rates*

Category of disposal	Percentage (%)
If disposed of within two years after the date of acquisition	30
If disposed of in the 3 <sup>rd</sup> year after the date of acquisition	20
If disposed of in the 4 <sup>th</sup> year after the date of acquisition	15
If disposed of in the 5 <sup>th</sup> year after the date of acquisition or thereafter	5

## 4. TAXATION OF UNIT HOLDERS

### 4.1. Distribution of taxable income

Unit holders will be taxed on their share of the total taxable income of the Fund distributed to them. This income distribution carries with it a tax credit for the tax paid by the Fund on its taxable income. This tax credit may be utilised by the unit holders to set off the tax payable by them. The tax authorities will refund any excess of tax credit over tax chargeable on the unit holders.

Distributions of income from the Fund received by individuals and other non-corporate unit holders who are tax residents in Malaysia, will be taxed at graduated rates. Individuals and other non-corporate unit holders who are not tax residents in Malaysia, will be subject to tax at the flat rate of 26% (for YA 2010 and onwards) on the distributions of income received.

Corporate unit holders, whether resident or not resident in Malaysia, will be subject to tax at the corporate tax rate of 25% on the distributions of income from the Fund

received by them. For small and medium scale companies, the corporate tax rate applicable is 20% on the chargeable income up to RM500,000 and 25% on the amount exceeding RM500,000. A small and medium scale company is defined as a company with a paid-up capital of not exceeding RM2.5 million and is not related to a “related company”. A “related company” is defined as a company which has a paid-up capital exceeding RM2.5 million in respect of ordinary shares at the beginning of the basis period for a year of assessment. In short, a company will not qualify as a small and medium scale company under the following circumstances:

- i. more than 50% of the paid-up capital in respect of ordinary shares of the company is directly or indirectly owned by a “related company”;
- ii. more than 50% of the paid-up capital in respect of the ordinary shares of the “related company” is directly or indirectly owned by the first mentioned company; or
- iii. more than 50% of the paid-up capital in respect of the ordinary shares of the first mentioned company and the “related company” is directly or indirectly owned by another company.

#### **4.2 Distribution of tax exempt income**

Distributions of tax exempt income by the Fund from gains from realisation of investments, exempted interest/discount income, non-taxable single tier dividends, exempted dividends and foreign sourced income, will be exempted from tax in the hands of the unit holders.

#### **4.3 Unit splits and sale, transfer and redemption of units**

Unit splits issued by the Fund are not taxable in the hands of the unit holders. Any gains realised by unit holders (other than dealers in securities, insurance companies or financial institutions) from the sale, transfer or redemption of the units are treated as capital gains and thus, will not be taxable.

However, the gains realized by a person trading or dealing in securities, insurance companies or financial institutions are generally regarded as business income and are subject to income tax.

We hereby confirm that, as at the date of this letter, the statements made correctly reflect our understanding of the tax position under the current Malaysian tax legislation and the related interpretation and practice thereof, all of which are subject to change, possibly on a retrospective basis. In addition, unit holders are advised to seek professional advice on their respective tax positions.

Yours faithfully

**Crowe Horwath KL Tax Sdn Bhd**

(formerly known as Horwath KL Tax Sdn Bhd)



**Poon Yew Hoe**

*Executive Director, Tax*