

**Date of Issuance : 26 October 2020**

## **Eastspring Investments Target Income Fund 12**

### **RESPONSIBILITY STATEMENT**

This Product Highlights Sheet has been reviewed and approved by the authorised persons approved by the Board of Eastspring Investments Berhad and they have collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable inquiries, they confirm to the best of their knowledge and belief, that there are no false or misleading statements or omissions of other facts which would make any statement in the Product Highlights Sheet false or misleading.

### **STATEMENT OF DISCLAIMER**

The Securities Commission Malaysia has authorised the issuance of Eastspring Investments Target Income Fund 12 and a copy of this Product Highlights Sheet has been lodged with the Securities Commission Malaysia.

The authorisation of the Eastspring Investments Target Income Fund 12 and lodgement of this Product Highlights Sheet, should not be taken to indicate that the Securities Commission Malaysia recommends the Eastspring Investments Target Income Fund 12 or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Product Highlights Sheet.

The Securities Commission Malaysia is not liable for any non-disclosure on the part of Eastspring Investments Berhad responsible for the Eastspring Investments Target Income Fund 12 and takes no responsibility for the contents of this Product Highlights Sheet. The Securities Commission Malaysia makes no representation on the accuracy or completeness of this Product Highlights Sheet, and expressly disclaims any liability whatsoever arising from, or in reliance upon, the whole or any part of its contents.

This Product Highlights Sheet only highlights the key features and risks of the Fund. Investors are advised to request, read and understand the Fund’s prospectus and its supplementary(ies) (if any) (hereinafter collectively referred to as “Prospectus”) before deciding to invest. If in doubt, please consult a professional adviser.

**PRODUCT HIGHLIGHTS SHEET**

**Eastspring Investments Target Income Fund 12 (“Fund”)**

Fund Category	<b>Bond (close-ended)</b>	Launch Date	<b>26 October 2020</b>
Fund Type	<b>Income</b>	Manager	<b>Eastspring Investments Berhad</b>
Financial Year End	<b>Last calendar day of February</b>		

**PRODUCT SUITABILITY**

**WHO IS THE PRODUCT SUITABLE FOR?**  
Refer to “Investors’ Profile” in the “Fund Information” section of the Fund’s Prospectus.

The Fund is suitable for investors who:

- seek regular income distribution;
- have three (3) years investment horizon; and
- have a moderate risk tolerance.

**KEY PRODUCT FEATURES**

**WHAT ARE YOU INVESTING IN?**  
Refer to “Fund Objective” in the “Fund Information” section of the Fund’s Prospectus.

You are investing in a bond fund which endeavours to provide regular income\*\* during the tenure of the Fund.

*\*Income declared will be paid out by way of e-payment (i.e. telegraphic, online transfer or other forms of electronic payment) according to Unit Holders’ instructions in the account opening form.*

**Investment Strategy**  
Refer to “Investment Strategy” in the “Fund Information” section of the Fund’s Prospectus.

- The Fund is a 3-years close-ended bond fund that seeks to achieve its objective by investing a minimum of 70% of the Fund’s NAV in local and/or foreign bonds. Not more than 40% of the Fund’s NAV may be invested either in non-rated bonds and/or bonds rated below investment grade by Rating Services Berhad (“RAM”), Malaysian Rating Corporation Berhad (“MARC”) or other rating agencies (i.e. lower than BBB3 rating by RAM or its equivalent rating by MARC or below investment grade rating by other rating agencies) while the remainder will be invested in investment grade bonds. Non-rated bonds are bonds that have not received a credit rating from one or more of the abovementioned credit rating agencies.
- Although the Fund is expected to invest up to 40% of the Fund’s NAV in non-rated bonds and/or bonds rated below investment grade, there is a risk that this limit may be exceeded if investment grade bonds held within the portfolio were downgraded to below investment grade. This may result in the Fund being exposed to higher credit risk. In the event the 40% limit is exceeded, the External Investment Manager will rectify such breach within a reasonable period of not more than three (3) months by disposing of the non-rated bonds and/or bonds rated below investment grade to 40% of the Fund’s NAV.
- In addition, up to 30% of the Fund’s NAV may be invested in liquid assets.

<p><b>Asset Allocation</b></p> <p>Refer to “Investment Strategy” and “Asset Allocation” in the “Fund Information” section of the Fund’s Prospectus.</p> <ul style="list-style-type: none"> <li>• Minimum of 70% of the Fund’s NAV in local and/or foreign bonds. Not more than 40% of the Fund’s NAV may be invested either in non-rated bonds and/or bonds rated below investment grade by RAM, MARC or other rating agencies (i.e. lower than BBB3 rating by RAM or its equivalent rating by MARC or below investment grade rating by other rating agencies) while the remainder will be invested in investment grade bonds;</li> <li>• Up to 30% of the Fund’s NAV may be invested in liquid assets;</li> <li>• The External Investment Manager may deviate from the above asset allocation near* the Maturity Date as the External Investment Manager intends to invest proceeds from maturing or liquidated bonds in liquid assets to preserve the amount of proceeds received near the Maturity Date; and</li> <li>• The External Investment Manager may also deviate from the above asset allocation for the first two (2) months from the Fund’s Commencement Date.</li> </ul> <p><i>* less than nine (9) months before the Fund’s Maturity Date.</i></p>
<p><b>Income Distribution Policy</b></p> <p>Refer to “Income Distribution Policy” in the “Fund Information” section of the Fund’s Prospectus</p> <p>Subject to the availability of income, distribution of income, if any, will be on annual basis, after deduction of taxation and expenses.</p>
<p><b>Parties Involved</b></p> <p>Refer to “The Management and the Administration of the Fund” and “The Trustee” sections of the Fund’s Prospectus.</p>
<p><b>WHO ARE YOU INVESTING WITH?</b></p> <ul style="list-style-type: none"> <li>• The Manager is Eastspring Investments Berhad (company no.: 200001028634 (531241-U)) incorporated in November 2000 and is part of Prudential plc (United Kingdom) group.</li> <li>• The Trustee of the Fund is Deutsche Trustees Malaysia Berhad (company no.: 200701005591 (763590-H)).</li> <li>• The Manager has appointed Eastspring Investments (Singapore) Limited (company no.: 199407631H) as the External Investment Manager.</li> <li>• The External Investment Manager and the Manager are within the same group of companies i.e. Prudential group of companies; therefore there is a possibility of conflict of interest element and/or related party transactions. However, the Manager has in place policies and procedures to deal with any conflict of interest and/or related party situations.</li> </ul>
<p><b>Possible Outcomes of Investing in the Fund</b></p> <p>Refer to “Risk Factors in the “Fund Information” section of the Fund’s Prospectus.</p> <p>Investment involves risk and different types of unit trust funds carry different levels of risk. The value of the Fund and its distributions (if any) may rise or fall. These risk factors, among others, may cause you to lose some or all of your investment.</p>
<p><b>KEY RISKS</b></p>
<p><b>WHAT ARE THE KEY RISKS ASSOCIATED WITH THE FUND?</b></p> <p>Refer to “Risk Factors” in the “Fund Information” section of the Fund’s Prospectus.</p>
<p><b>Credit or Default risk</b></p> <ul style="list-style-type: none"> <li>• Credit risk refers to the creditworthiness of the issuers of the bonds and their expected ability to make timely payment of coupon and/or principal. Any adverse situations faced by the issuer may impact the value as well as liquidity of the bonds. In the case of rated bonds, this may lead to a credit downgrade which will in turn adversely affect the value of the bonds. This could then adversely affect the value of the Fund.</li> <li>• Default risk relates to the inability of the issuer of the bonds held by the Fund to make the coupon or principal payments when due. In the event the issuer defaults in the coupon or principal payments, the value of the Fund will be adversely affected.</li> </ul>

<ul style="list-style-type: none"> <li>• If there is a default in the bonds held by the Fund, the External Investment Manager may institute recovery proceedings and the proceedings may extend beyond the Maturity Date. As such, a Unit Holder should be aware that the proceeds that they will receive upon the Maturity Date of the Fund may not be the full amount payable and the remaining amount payable can only be made upon successful recovery.</li> <li>• As the Fund can invest up to 40% of the Fund's NAV in non-rated bonds and/or bonds rated below investment grade, the credit risk and default risk of this Fund is relatively higher as compared to other bond funds with smaller exposure to non-rated bonds and/or bonds rated below investment grade.</li> <li>• In the event that the 40% limit is exceeded, the External Investment Manager will rectify such breach within a reasonable period of not more than three (3) months by disposing of the non-rated bonds and/or bonds below investment grade to 40% of the Fund's NAV.</li> </ul>
<p><b>Counterparty risk</b></p>
<ul style="list-style-type: none"> <li>• The Fund will be exposed to credit risk of the counterparties with whom the Fund trades with. The Fund may place cash deposits, invest in bonds and money market instruments, and also enter into derivative contracts for hedging purposes. In the event that the counterparty is not able to fulfil its obligations especially in the event of bankruptcy, this may lead to a loss to the Fund. Counterparty risk may be mitigated by conducting credit evaluation on the counterparty to ascertain the creditworthiness of the counterparty.</li> </ul>
<p><b>Interest rate risk</b></p>
<ul style="list-style-type: none"> <li>• Generally, the value of bonds or money market instruments will move inversely to interest rate movements. Therefore, the value of bonds or money market instruments may fall when interest rates rise and this may lower the market value of the bonds or money market instruments. Bonds of longer duration tend to be more sensitive to interest rate changes. Any early withdrawals of deposits placed by the Fund will also be subject to interest rate risk, in the sense that there would be a loss of the accrued interest. Furthermore, when the interest rates fall, financial institutions may offer deposits at a lower interest rate and as such, the deposits will be reinvested in a lower interest rate risk. Both the loss of accrued interest or reinvestment at a lower rate risk will in turn adversely affect the value of the Fund.</li> </ul>
<p><b>Country risk</b></p>
<ul style="list-style-type: none"> <li>• The Fund may be affected by risks specific to the countries in which it invests. Such risks may be caused by but not limited to changes in the country's economic fundamentals, social and political stability, currency movements and foreign investment policies. These factors may have an impact on the prices of the Fund's investment in that country and consequently may also affect the Fund's NAV.</li> </ul>
<p><b>Currency risk</b></p>
<ul style="list-style-type: none"> <li>• As the investments of the Fund may be denominated in currencies other than the base currency of the Fund, any fluctuation in the exchange rate between the base currency and the currencies in which the investments are denominated may have an impact on the value of these investments. Investors should be aware that if the currencies in which the investments are denominated depreciate against the base currency, this will have an adverse effect on the NAV of the Fund in the base currency of the Fund and vice versa. Investors should note that any gains or losses arising from the fluctuation in the exchange rate may further increase or decrease the returns of the investment.</li> <li>• The impact of the exchange rate movement between the base currency of the Fund and the currency of the underlying investments may result in a depreciation of the value of the investments as expressed in the base currency of the Fund.</li> </ul>
<p><b>Taxation risk</b></p>
<ul style="list-style-type: none"> <li>• Unit Holders should also be aware that the proceeds from the sale of bonds in some markets or the receipt of any coupons and other income may be subject to tax, levies, duties or other charges imposed by the authorities in that market, including taxation levied by withholding at source. Tax law and practice in certain countries may not be clearly established. It is therefore possible that the current interpretation of the law or understanding of practice might change, or that the law might be changed with retrospective effect to the detriment of the Fund.</li> </ul>

<b>Income distribution risk</b>
<ul style="list-style-type: none"> <li>It should be noted that the distribution of income is not guaranteed. The distribution of income is made from realised gains and/or realised income. As such, the Fund may not be able to distribute income if it does not receive such cash flows.</li> </ul>
<b>Asset mismatch risk</b>
<ul style="list-style-type: none"> <li>This risk arises when there is a mismatch between the Maturity Date of the Fund and the maturity of the bonds in which the Fund holds. A mismatch of maturity may potentially result in a loss to the Fund. For example, assuming that the Fund matures on 28 August 2023 (three (3) years from the Commencement Date of 28 August 2020) but the Fund is holding a bond that matures only in 2024. Upon the Maturity Date, the Fund is forced to sell that bond at the prevailing market price (as at 28 August 2023) which may be lower than the purchase price of the bond.</li> </ul>
<b>Concentration risk</b>
<ul style="list-style-type: none"> <li>The Fund has a restrictive mandate of a fixed tenure of three (3) years. This may limit the available investable universe and lead to investment concentration whereby the Fund may have to focus a greater portion of its assets in a smaller selection of bonds. As a result, changes in the price of a particular bond will lead to higher volatility in relation to the Fund's NAV.</li> </ul>
<b>Reinvestment risk</b>
<ul style="list-style-type: none"> <li>This risk arises when an issuer of fixed income securities decides to repay the principal earlier than the intended maturity date, especially during times of declining interest rates. As a result, the Fund may experience lower returns due to the Fund having to reinvest the proceeds from the early repayment of the fixed income securities in lower yielding fixed income instruments.</li> </ul>
<b>Derivatives risk</b>
<ul style="list-style-type: none"> <li>The External Investment Manager may invest in derivatives for hedging purposes. Derivatives' market values may be subject to wide fluctuations and expose the Fund to potential gains and losses due to mark-to-market value. Some of the risks associated with derivatives are, but not limited to, market risk, management company risk, counterparty risk and liquidity risk. To the extent hedging transactions are imperfect, there is no guarantee that it will be possible to remove all currency, interest rate or credit exposures. In the event the hedging strategy does not meet its intended objective, this could have an adverse impact on the NAV of the Fund.</li> </ul>

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

## FEES AND CHARGES

### WHAT ARE THE FEES AND CHARGES OF THE FUND?

Refer to “Fees, Charges and Expenses” section of the Fund’s Prospectus.

The fees, charges and expenses disclosed are exclusive of any taxes or duties that may be imposed by the government or other authorities from time to time.

#### Payable directly by you

<b>Sales charge</b>	Up to 3.00% of the offer price during the offer period. Sales charge is negotiable due to the different levels of services provided by each authorised distributor and/or the size of the investment undertaken.  (The sales charge is payable for every new subscription during the offer period.)
<b>Repurchase charge</b>	2.00% of NAV per Unit of the Fund.  The repurchase charge is non-negotiable and will be retained by the Fund.  No repurchase charge will be imposed during the offer period and on Maturity Date.
<b>Switching fee</b>	Not applicable, as switching facility is not available for this Fund.

#### Payable indirectly by you

<b>Annual management fee</b>	Nil.
<b>Annual trustee fee</b>	Up to 0.06% of the Fund’s NAV per annum subject to a minimum of RM15,000 (excluding foreign custodian fees and charges) per annum calculated and accrued daily.

You can buy unit trusts either through a Unit Trust Scheme Consultant (UTC), Institutional Unit Trust Scheme Adviser (IUTA), Corporate Unit Trust Scheme Adviser (CUTA) or directly from the Manager or online, but each has different sales charge and level of service.

## VALUATION AND EXITING FROM THE FUND

### HOW OFTEN ARE VALUATIONS AVAILABLE FOR THE FUND?

Refer to “Valuation Of The Fund” in the “Fund Information” section of the Fund’s Prospectus.

The Fund will be valued at least once every Business Day. The latest Unit prices are published every Business Day on the Manager’s website, [www.eastspring.com/my](http://www.eastspring.com/my) or you may contact the Manager directly at (603) 2778 1000.

### HOW CAN YOU EXIT FROM THE FUND AND WHAT ARE THE RISKS AND COSTS INVOLVED?

Refer to “Transaction Information” section of the Fund’s Prospectus.

- You may redeem all or some of the Units held on any Business Day by completing a transaction form. Redemption application should be made before the cut-off time of 4.00 p.m. on any Business Day. The Units will be redeemed at the NAV per Unit calculated at the next valuation point (i.e. forward pricing) after the redemption application is received by the Manager.
- When the redemption application is received after the cut-off time stated above, the redemption application will be deemed to have been received on the next Business Day.
- The Manager shall pay the redemption proceeds via e-payment ONLY according to your bank account details as stated in the master account opening form or redemption form, or in such other manner as determined by the Manager on a case to case basis, no later than ten (10) calendar days, from the date the Manager receives the duly completed transaction form.

#### COOLING-OFF POLICY

Refer to “Cooling-off Period & Cooling-off Right” in the “Transaction Information” section of the Fund’s Prospectus.

- A cooling-off right is only given to an individual investor who is investing in any of the unit trust funds managed by the Manager for the first time but shall not include the Manager’s staff and a person registered with a body approved by the Securities Commission Malaysia (“SC”) to deal in unit trusts.
- The cooling-off right allows Unit Holder the opportunity to reverse an investment decision which could have been unduly influenced by certain external elements or factors.
- The cooling-off period shall be within six (6) Business Days which shall be effective from the date the Manager receives the duly completed transaction buy form.
- Unit Holder may exercise cooling-off right on any Business Day within the eligibility period by giving a written notice to the Manager.

**YOU SHOULD NOT MAKE PAYMENT IN CASH TO A UNIT TRUST SCHEME CONSULTANT OR ISSUE A CHEQUE IN THE NAME OF A UNIT TRUST SCHEME CONSULTANT.**

#### OTHER INFORMATION

- Only registered unit trust scheme consultants are allowed to sell unit trust funds. Your unit trust scheme consultants should show you a valid authorisation card confirming that he or she is registered with the Federation of Investment Managers Malaysia (“FiMM”).
- A unit trust fund may only be offered to the public if it is approved by the SC. Go to [www.sc.com.my](http://www.sc.com.my) for a list of unit trust funds currently available in the market or call 603-6204 8777 for assistance.
- When you buy into a unit trust fund, you should be given the latest copy of prospectus for free. Read the prospectus carefully; understand its contents before investing.

#### CONTACT INFORMATION

1) To lodge a complaint or for an internal dispute resolution, you can contact our client services personnel:

- |                   |   |   |
|-------------------|---|---|
| (a) via phone to  | : | (603) 2778 1000   |
| (b) via fax to    | : | (603) 2789 7225   |
| (c) via email to  | : | cs.my@eastspring.com  |
| (d) via letter to | : | Eastspring Investments Berhad<br>Level 22, Menara Prudential<br>Persiaran TRX Barat<br>55188 Tun Razak Exchange<br>Kuala Lumpur |

2) Investor can contact FiMM Complaints Bureau:

- |                               |   |  |
|-------------------------------|---|--|
| (a) via phone to              | : | (603) 2092 3800  |
| (b) via fax to                | : | (603) 2093 2700  |
| (c) via email to              | : | complaints@fimm.com.my   |
| (d) via online complaint form | : | www.fimm.com.my  |
| (e) via letter to             | : | Legal, Secretarial & Regulatory Affairs<br>Federation of Investment Managers Malaysia<br>19-06-1, 6 <sup>th</sup> Floor Wisma Tune<br>No. 19, Lorong Dungun<br>Damansara Heights<br>50490 Kuala Lumpur |

3) Should an individual or a sole proprietor investor be dissatisfied with the outcome of the internal dispute resolution process, he may refer his dispute to the Securities Industry Dispute Resolution Center (SIDREC) via the following modes. The individual or a sole proprietor investor may do so within 180 days of receiving the final answer from the Manager or after 90 days from filing the complaint if there was no response from the Manager.

- (a) via phone to : (603) 2282 2280
- (b) via fax to : (603) 2282 3855
- (c) via email to : info@sidrec.com.my
- (d) via letter to : Securities Industry Dispute Resolution Center (SIDREC)  
Unit A-9-1, Level 9, Tower A  
Menara UOA Bangsar  
No. 5, Jalan Bangsar Utama 1  
59000 Kuala Lumpur

4) The investor can also direct his complaint to the SC even if he has initiated a dispute resolution process with SIDREC. To make a complaint, please contact the SC's Consumer & Investor Office:

- (a) via phone to the Aduan Hotline at : (603) 6204 8999
- (b) via fax to : (603) 6204 8991
- (c) via email to : aduan@seccom.com.my
- (d) via online complaint form : www.sc.com.my
- (e) via letter to : Consumer & Investor Office  
Securities Commission Malaysia  
No. 3 Persiaran Bukit Kiara  
Bukit Kiara  
50490 Kuala Lumpur

#### APPENDIX: GLOSSARY OF TERMS

Business Day	Means a day on which Bursa Malaysia is open for trading. The Manager may also declare certain Business Days as non-Business Days when one or more of the foreign markets in which the Fund is invested therein is closed for trading.
Commencement Date	Means the next Business Day immediately after the expiry of the offer period.
deposits	Means moneys placed with financial institutions in fixed deposit or current account.
liquid assets	Means any permitted investments capable of being converted into cash within seven (7) days.
Maturity Date or Maturity	Means the date which falls on the third (3rd) anniversary of the Commencement Date; if that date does not fall on a Business Day, it shall be the following Business Day.
Net Asset Value or (NAV)	Means the value of all the Fund's assets less the value of all the Fund's liabilities, at the valuation point.
NAV per Unit	Means the NAV of the Fund divided by the number of Units in circulation, at the valuation point.
Unit(s)	Means an undivided share in the beneficial interest and/or right in the Fund and a measurement of the interest and/or right of a Unit Holder in the Fund.
Unit Holder(s) or you	Means the person for the time being who is registered pursuant to the deed of the Fund as a holder of Units, including a jointholder.