

EASTSPRING INVESTMENTS TARGET INCOME FUND 7

INFORMATION MEMORANDUM

This Information Memorandum is dated 13 May 2019 and expires on 26 June 2019.

Units will only be offered for sale from 13 May 2019 until 26 June 2019.

The date of constitution of the Eastspring Investments Target Income Fund 7 is 13 May 2019*.

* The constitution date of this Fund is also the launch date of this Fund.

MANAGER

Eastspring Investments Berhad
(531241-U)

TRUSTEE

Deutsche Trustees Malaysia Berhad
(763590-H)

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

**FOR INFORMATION CONCERNING CERTAIN RISK FACTORS
WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS,
SEE "RISK FACTORS" COMMENCING ON PAGE 14.**



RESPONSIBILITY STATEMENT

This information memorandum has been reviewed and approved by the directors of Eastspring Investments Berhad and they collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, they confirm to the best of their knowledge and belief, that there are no false or misleading statements, or omission of other facts which would make any statement in the information memorandum false or misleading.

STATEMENTS OF DISCLAIMER

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

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

ADDITIONAL STATEMENTS

No Units of the Fund will be issued or sold based on this information memorandum after the expiry date of this information memorandum.

Investors should note that they may seek recourse under the *Capital Markets and Services Act 2007* for breaches of securities laws including any statement in the information memorandum that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the information memorandum or the conduct of any other person in relation to the Eastspring Investments Target Income Fund 7.

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01 | DEFINITIONS

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

“accredited investors” refers to:

- (a) Central Bank of Malaysia established under the *Central Bank of Malaysia Act 2009*;
- (b) a holder of a Capital Markets Services Licence;
- (c) an executive director or chief executive officer of a holder of a Capital Markets Services Licence;
- (d) a unit trust scheme or a prescribed investment scheme;
- (e) a closed end fund approved by the SC;
- (f) a licensed bank as defined in the *Financial Services Act 2013* or a licensed Islamic bank as defined in the *Islamic Financial Services Act 2013*;
- (g) a Labuan bank as defined under the *Labuan Financial Services and Securities Act 2010*;
- (h) a licensed insurer as defined in the *Financial Services Act 2013*;
- (i) an insurance licensee as defined in the *Labuan Financial Services and Securities Act 2010*;
- (j) a takaful licensee as defined in the *Labuan Islamic Financial Services and Securities Act 2010*;
- (k) a licensed takaful operator as defined in the *Islamic Financial Services Act 2013*; and
- (l) a private retirement scheme as defined in the Capital Market Services Act (“CMSA”).

“Act” means the *Capital Markets and Services Act 2007* as may be amended from time to time;

“Authorised Distributors” refers to IUTA, CUTA, UTC and any other entities authorised by the Manager to market and distribute the Fund;

“BNM” means Bank Negara Malaysia;

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

“Business Day” means a day on which Bursa Malaysia is open for trading. 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;

“CUTA” means Corporate Unit Trust Advisers, and is an institution, a corporation or an organisation that is licensed by the SC and registered with the Federation of Investment Managers Malaysia to market and distribute unit trust funds;

“Deed” means the deed dated 24 April 2019 entered into between the Manager and the Trustee in respect of the Fund as may be modified by a supplemental deed from time to time;

“deposits” means moneys placed with financial institutions in fixed deposits or current account;

“External Investment Manager” means Eastspring Investments (Singapore) Limited;

“financial institution”

- ▶ if the institution is in Malaysia -
 - (i) licensed bank;
 - (ii) licensed investment bank; or
 - (iii) licensed Islamic bank; or
 - ▶ if the institution is outside Malaysia, any institution that is licensed, registered, approved or authorised by the relevant banking regulator to provide financial services;
-

“Fund or Eastspring Target Income Fund 7” means Eastspring Investments Target Income Fund 7;

“high net-worth entities” refers to:

- (a) a corporation with total net assets exceeding RM10 million or its equivalent in foreign currencies based on the last audited accounts;
- (b) a partnership with total net assets exceeding RM10 million or its equivalent in foreign currencies;
- (c) a company that is registered as a trust company under the *Trust Companies Act 1949* which has assets under management exceeding RM10 million or its equivalent in foreign currencies;
- (d) a corporation that is a public company under the *Companies Act 2016* which is approved by the SC to be a trustee under the Act and has assets under management exceeding RM10 million or its equivalent in foreign currencies;
- (e) a pension fund approved by the Director General of Inland Revenue under section 150 of the *Income Tax Act 1967*; and

- (f) a statutory body established by an Act of Parliament or an enactment of any State.
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“high net-worth individuals” refers to:

- (a) an individual whose total net personal assets, or total net joint assets with his or her spouse, exceeds RM3 million or its equivalent in foreign currencies, excluding the value of the individual's primary residence;
 - (b) an individual who has a gross annual income exceeding RM300,000 or its equivalent in foreign currencies per annum in the preceding 12 months; or
 - (c) an individual who, jointly with his or her spouse, has a gross annual income exceeding RM400,000 or its equivalent in foreign currencies per annum in the preceding 12 months.
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“Information Memorandum” means this information memorandum and includes any supplementary information memorandum or replacement information memorandum, as the case may be;

“IOSCO” means International Organization of Securities Commissions;

“IUTA” means Institutional Unit Trust Advisers, and is an institution, a corporation or an organisation that is licensed by the SC and registered with the Federation of Investment Managers Malaysia to market and distribute unit trust funds;

“LOFSA” means the Labuan Offshore Financial Services Authority;

"liquid assets" means any permitted investments capable of being converted into cash within seven (7) days;

"Manager" means Eastspring Investments Berhad;

"MARC" means Malaysian Rating Corporation Berhad;

"Maturity Date or Maturity" means the date which falls on the fifth (5th) 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 point of valuation;

"NAV per Unit" means the NAV of the Fund divided by the number of Units in circulation, at the valuation point;

"Offer Period" means the period during which Units of the Fund are offered for sale;

"OTC" means over-the-counter;

"RAM" means RAM Rating Services Berhad;

"SC" means the Securities Commission Malaysia established under the Securities Commission Malaysia Act 1993;

"Sophisticated Investor" refers to accredited investors, high net-worth entities or high net-worth individuals;

"Trustee" means Deutsche Trustees Malaysia Berhad;

"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 as a holder of Units, including a jointholder; and

"UTC" means Unit Trust Consultant registered with the Federation of Investment Managers Malaysia to market and distribute unit trust funds.

02 | CORPORATE DIRECTORY

MANAGER

Name

Eastspring Investments Berhad

Company no.

531241-U

Registered office

Level 25, Menara Hong Leong

No. 6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

Business office

Level 12, Menara Prudential

No.10, Jalan Sultan Ismail

50250 Kuala Lumpur

Telephone no.

603-2052 3388

Fax no.

603-2070 6129

Email

cs.my@eastspring.com

Website

www.eastspring.com/my

TRUSTEE

Name

Deutsche Trustees Malaysia Berhad

Company no.

763590-H

Registered office & Business office

Level 20, Menara IMC

No. 8, Jalan Sultan Ismail

50250 Kuala Lumpur

Telephone no.

603-2053 7522

Fax no.

603-2053 7526

03 | FUND INFORMATION

Fund Name	Eastspring Investments Target* Income Fund 7
Base Currency	Ringgit Malaysia
Fund Category / Type	Bond (close-ended) / Income
Offer Period	<p>A period of forty-five (45) days commencing from 13 May 2019 to 26 June 2019</p> <p><i>The Offer Period may be shortened by the Manager when the Manager is of the view that it is in the best interests of the Unit Holders to commence investing.</i></p> <p><i>The Manager reserves the right not to proceed with the Fund before or on the Commencement Date if the amount of capital raised by the Fund is less than Ringgit Malaysia one hundred million (RM100,000,000). You will be refunded your amount invested in the Fund including the sales charge paid with accrued interest (if any) less bank and administrative charges (if any).</i></p>
Offer Price	RM1.0000
Fund Objective	The Fund endeavours to provide regular income** during the tenure of the Fund.

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

Investment Strategy	<p>The Fund is a 5-years close-ended bond fund, in which, to achieve its objective, the Fund will invest a minimum of 70% of the Fund's NAV in local and/or foreign bonds.</p> <p>Not more than 60% 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 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.</p> <p>Although the Fund is expected to invest up to 60% 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</p>
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* The Fund aims (i.e. Target) to distribute income on an annual basis from the coupon payments received from the bonds investments.

** 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
(continued)**

the portfolio were downgraded to below investment grade. This may result in the Fund being exposed to higher credit risk. In the event the 60% 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 60% of the Fund's NAV.

In addition, up to 30% of the Fund's NAV may be invested in liquid assets.

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.

The External Investment Manager may also deviate from the above asset allocation for the first two (2) months from the Fund's Commencement Date.

At the end of year 3

Approximately 40% of the Fund's NAV will be invested in local and/or foreign bonds with a maturity period of up to 3 years. At the end of year 3 from the Commencement Date of the Fund, the Manager will return the maturity proceeds from the bonds that has matured in year 3 to the Unit Holders. The maturity proceeds will be paid out within 2 months. During this period, where the maturity proceeds is in the process of being paid out, the Fund may deviate from its asset allocation as it will be holding the maturity proceeds in cash.

The Fund will still have remaining investments which have yet to mature, and the External Investment Manager will continue to manage these remaining bonds till the Maturity Date of the Fund.

Coupons payments received from the bonds less any expenses may be distributed as income in accordance with the distribution policy of the Fund.

On Maturity Date

At the maturity of the bonds, issuers of the bonds held by the Fund will be obligated to pay the face value (i.e. notional amount) provided there is no occurrence of credit default by the issuer. The External Investment Manager will mitigate the Fund's credit or default risk by performing stringent credit research and analysis to ascertain the creditworthiness of the issuer.

* less than nine (9) months before the Maturity Date

**Investment
Strategy
(continued)**

On the Maturity Date, the Fund may still hold bonds which have defaulted. The recovery process of these bonds may extend beyond the Maturity Date and may or may not be successful. If successful, the Manager will distribute the proceeds from the recovery based on the number of Units held by a Unit Holder.

Upon the Maturity Date of the Fund, the Fund's NAV per Unit will then be audited by the auditor of the Fund, in which after the auditing process has been completed, the final maturity proceeds of the Fund will be paid to Unit Holders. Unit Holders will receive the proceeds within two (2) months from the Maturity Date of the Fund.

Derivatives

The Fund may enter into derivative instruments such as foreign exchange forward contracts, cross currency swaps, credit default swaps ("CDS") and interest rate swaps for the purposes of hedging, and not for speculative purposes.

The Fund will only invest in derivatives that are issued by counterparties with a strong credit rating. A Malaysian counterparty must have a credit rating of at least AA3 or P2 by RAM, or its equivalent rating by any other domestic rating agencies. A foreign counterparty, on the other hand, must have a credit rating of at least A as rated by any global rating agencies. Should the credit rating of the counterparty be downgraded by the rating agencies to below the minimum credit rating, the External Investment Manager will unwind the affected invested derivative instrument or hold the derivative instrument to maturity if its period to maturity is less than six (6) months.

The hedging strategy employed by the External Investment Manager is detailed below.

Foreign exchange forward contracts and other currency derivatives may be used to hedge the returns and principal of all foreign denominated bonds back to Ringgit Malaysia. Should the Fund employ hedging, it will limit the potential upside where Unit Holders would not be able to enjoy additional returns when these currencies move favourably against Ringgit Malaysia.

Interest rate swaps may be used to hedge the interest rate risk borne by the Fund. Prices of fixed-coupon bonds in general have an inverse relationship to interest rate. Interest rate swaps are instruments that allow the External Investment Manager to exchange fixed coupons for floating-rate coupons. Positions in such derivatives may reduce the impact of falling fixed-coupon bonds prices during periods of rising interest rates.

The Fund may also enter into CDS to allow hedging of the credit risk of bonds. The gains made from CDS as a result of a bond default will help offset the losses from the underlying bonds.

**Investment
Strategy
(continued)**

The Fund will invest in foreign markets where the regulatory authority is an ordinary or associate member of the IOSCO.

Trading policy

As this is a close-ended bond fund, the Fund will be managed on a semi-active basis by the External Investment Manager. Semi-active management of the portfolio refers to the possibility that investments in the portfolio may be:

- ▶ Traded or rebalanced if needed from credit or default risk and/or from uptrend interest rate concerns; and
- ▶ Reinvesting proceeds from the bonds which have matured or called back before the Fund's Maturity Date.

**Asset
Allocation**

Asset Class	% of the Fund's NAV
Bonds	Minimum of 70%
Liquid assets	Maximum of 30%

**Performance
Benchmark**

5-year Maybank fixed deposit rate as at the Commencement Date.

Please note that investors may obtain information on the benchmark from the Manager upon request.

As the Fund will invest in local and foreign markets across various bonds of different ratings, the risk profile of the Fund is not the same as the risk profile of the performance benchmark.

**Income
Distribution
Policy**

Subject to the availability of income, distribution of income, if any, will be on annual basis, after deduction of taxation and expenses.

**Temporary
Defensive
Positions**

If and when the External Investment Manager considers the market, economic, political or other conditions to be adverse to the Fund, the External Investment Manager may take temporary defensive position to respond to those conditions. In such circumstances, the Fund may temporarily increase its holdings in liquid assets by more than the allocated percentage of the Fund's asset allocation.

Risk Management Strategies

The risk management strategies employed by the Manager includes the following:

- monitoring market and economic conditions;
- monitoring adherence to the Fund's objective and investment restrictions and limits;
- monitoring the performance of the Fund;
- taking temporary defensive positions, when required; and
- escalating and reporting investment matters to the investment committee, senior management team, risk management committee, audit and compliance committee and board of directors.

Permitted Investments

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

- Bonds;
- Money market instruments;
- Derivatives;
- Deposits with financial institutions; and
- Any other form of investments as may be permitted by the relevant authorities from time to time.

Investment Restrictions And Limits

The investment restrictions and limits for the Fund shall be as follows:

- (a) The value of the Fund's investments in debentures issued by any single issuer must not exceed 20% of the Fund's NAV, and must not exceed 30% of the Fund's NAV if the debentures are rated by any domestic or global rating agency to be of the best quality and offer highest safety for timely payment of interest and principal;
- (b) The value of the Fund's investments in debentures issued by any one group of companies must not exceed 30% of the Fund's NAV;
- (c) The value of the Fund's placement in deposits with any single institution must not exceed 20% of the Fund's NAV;
- (d) The Fund's exposure from its derivatives position should not exceed the Fund's NAV at all times;
- (e) For investments in derivatives, the exposure to the underlying assets of that derivative must not exceed the investment spread limits stipulated herein and the value of the Fund's OTC derivative transaction with any single counter-party must not exceed 10% of the Fund's NAV;
- (f) The aggregate value of the Fund's investments in debentures, money market instruments, deposits and OTC derivatives issued by or placed with (as the case may be) any single issuer or institution must not exceed 25% of the Fund's NAV. Where the single issuer limit is increased to 30% of the Fund's NAV, pursuant to paragraph (a), the aggregate value of the Fund's investment must not exceed 30% of the Fund's NAV;

**Investment
Restrictions
And Limits
(continued)**

- (g) The Fund's investments in debentures must not exceed 20% of the debentures issued by any single issuer;
- (h) The Fund's investments in money market instruments must not exceed 10% of the instruments issued by any single issuer. This limit does not apply to money market instruments that do not have a predetermined issue size; and
- (i) There will be no restriction or limit for securities or instruments issued or guaranteed by the Malaysian government or BNM.

The investment restrictions and limits mentioned herein must be complied with at all times based on the most up-to-date value of the Fund's investments. However, a 5% allowance in excess of the restrictions or limits is permitted where the restrictions or limits is breached through an appreciation or depreciation of the NAV (whether as a result of an appreciation or depreciation in value of the Fund's assets, or as a result of repurchase of Units or payment made from the Fund). The External Investment Manager will not make any further acquisitions to which the relevant restriction or limit is breached, and the External Investment Manager will within a reasonable period of not more than three (3) months from the date of the breach take all necessary steps and actions to rectify the breach.

**Investors'
Profile**

Sophisticated Investors who:

- ▶ seek regular income distribution;
- ▶ have five (5) years investment horizon; and
- ▶ have a medium to high risk tolerance.

Deed

The deed dated 24 April 2019

**Financial Year
End**

30 September

RISK FACTORS

General Risks of Investing in Unit Trust Fund

› **Market risk**

Market risk refers to potential losses that may arise from adverse changes in the market conditions. Market conditions are generally, affected by, amongst others, economic and political stability. If the market which the unit trust fund invests in suffers a downturn or instability due to adverse economic or political conditions, this may adversely impact the market prices of the investments of a unit trust fund.

› **Liquidity risk**

Liquidity risk refers to two scenarios. The first scenario is where an investment cannot be sold due to unavailability of a buyer for that investment. The second scenario is where the investment is thinly traded. This may cause the unit trust fund to dispose the investment at an unfavourable price in the market and may adversely affect investor's investment.

› **Inflation risk**

This risk refers to the risk that investor's investment in unit trust fund may not grow or generate income at a rate that keeps pace with inflation, thus reducing investor's purchasing power even though the investment in monetary terms may have increased.

› **Risk of non-compliance**

This risk arises from non-compliance with laws, rules and regulations, prescribed practices and the management company's internal policies and procedures, for example, due to oversight by the management company. Such non-compliance may force the management company to sell down the securities of the unit trust fund at a loss to rectify the non-compliance and in turn affect the value of the investors' investment in the unit trust fund. To mitigate this risk, the Manager has put in place internal controls to ensure its continuous compliance with laws, rules and regulations, prescribed practices and the Manager's internal policies and procedures.

› **Management company risk**

The performance of a unit trust fund depends on the experience, expertise and knowledge of the management company. Should there be a lack of any of the above qualities by the management company, it may adversely affect the performance of the unit trust fund.

Specific Risks when Investing in the Fund

› **Credit or Default risk**

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.

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.

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 of the Fund may not be the full amount payable and the remaining amount payable can only be made upon successful recovery.

› **Counterparty risk**

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.

› **Interest rate risk**

Generally, the value of bonds will move inversely to interest rate movements. Therefore, the value of bonds may fall when interest rates rise and vice versa. Bonds of longer duration tend to be more sensitive to interest rate changes.

› **Country risk**

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.

› **Currency risk**

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 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.

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.

‣ **Taxation risk**

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.

‣ **Income distribution risk**

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

‣ **Asset mismatch risk**

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:

Upon Maturity Date of the Fund

Assuming that the Fund matures on 1 June 2024 (five (5) years from the Commencement Date of 1 June 2019) but the Fund is holding a bond that matures only in 2025. Upon Maturity, the Fund is forced to sell that bond at the prevailing market price (as at 1 June 2024) which may be lower than the purchase price of the bond.

‣ **Concentration risk**

The Fund has a restrictive mandate of a fixed tenure of five (5) 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.

‣ **Reinvestment risk**

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.

‣ **Ratings downgrade risk**

The Fund invests in bonds which may be downgraded at any time. If this occurs, there may be adverse price impact on the bonds. However, a downgrade does not necessarily represent a default by the bond issuer. In the event the 60% 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 60% of the Fund's NAV.

► Derivatives risk

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.

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

INFORMATION IN RELATION TO THE EXTERNAL INVESTMENT MANAGER

The Manager has appointed Eastspring Investments (Singapore) Limited as the External Investment Manager for the Fund. The External Investment Manager is to invest the investments of the Fund in accordance with the Fund's objective and its Deed, and subject to the Act, the guidelines and any practice notes issued by the SC from time to time, as well as the internal policies and procedures of the Manager. The External Investment Manager reports to the investment committee of the Fund on a regular basis on the status of the portfolio, proposed investment strategy and other matters relating to the portfolio of the Fund. The remuneration of the External Investment Manager is borne by the Manager.

Background of Eastspring Investments (Singapore) Limited

Eastspring Investments (Singapore) Limited was incorporated in Singapore in 1994 and has been managing discretionary funds since 1995. As at 31 December 2018 Eastspring Investments (Singapore) Limited had approximately S\$133.10 billion of assets under management, of which approximately S\$132.76 billion were discretionary funds managed in Singapore. Eastspring Investments (Singapore) Limited is licensed and regulated by the Monetary Authority of Singapore under the Securities and Futures Act (Chapter 289), Singapore.

Eastspring Investments (Singapore) Limited is an ultimately wholly-owned subsidiary of Prudential plc ("Prudential"). Eastspring Investments (Singapore) Limited and Prudential is not affiliated in any manner with Prudential Financial, Inc., a company whose principal place of business is in the United States of America.

BASES OF VALUATION FOR THE FUND

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

› **Unlisted bonds**

Investments in unlisted bonds denominated in Ringgit Malaysia will be valued on a daily basis using fair value prices quoted by a bond pricing agency registered with the SC. An example of such an agency is the Bond Pricing Agency Malaysia Sdn. Bhd. If the Manager is of the view that the price quoted by the bond pricing agency differs from the market price by more than twenty (20) basis points, the Manager may use the market price provided that the Manager records the basis for not using the bond pricing agency price and obtains the necessary internal approvals for not using the bond pricing agency price. The Manager will keep the audit trail of all the decisions and basis for adopting the market yield.

Foreign unlisted bonds will be valued daily by using the prices quoted by Reuters. Where Reuters' prices are not available, these foreign unlisted bonds will be valued at fair value, as determined in good faith by the Manager on the methods or bases approved by the Trustee.

› **Money market instruments**

Money market instruments will be valued each day based on the price quoted by a bond pricing agency registered with the SC.

› **Derivatives**

Derivatives are marked-to-market on a daily basis, where possible. Otherwise, the valuation will be based on fair value as determined in good faith by the Manager on methods or bases that have been verified by the auditor of the Fund and approved by the Trustee.

› **Deposits**

Deposits placed with financial institutions will be valued each day by reference to the principal value of such investments and interest accrued thereon, if any, for the relevant period.

› **Listed fixed income securities**

In respect of the Fund's investments in listed fixed income securities, valuation is based on the market price obtained at the close of the respective stock exchanges. However, if

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

then the listed fixed income securities would be valued at fair value, as determined in good faith by the Manager based on the methods or bases approved by the Trustee after appropriate technical consultation.

► **Foreign Exchange Rate Conversion**

Where the value of an asset of the Fund is denominated in a foreign currency, the assets are translated on a daily basis to the base currency of the Fund using the bid foreign exchange rate quoted by either Reuters or Bloomberg, at United Kingdom time 4.00 p.m. the same day.

VALUATION OF THE FUND

Valuation Point

The Fund will be valued at least once every Business Day. The Fund adopts a forward pricing basis which means that prices of Units will be calculated based on the NAV of the Fund at the next valuation point after the application to redeem Units is received by the Manager.

As the Fund invests in foreign markets, the valuation of the Fund is conducted after the close of a Business Day but not later than 5.00 p.m. of the following Business Day (T+1) due to the different time zones of the foreign markets. Consequently, the daily NAV of the Fund will be published two (2) Business Days later instead of the next Business Day. If application for redemption is received by the Manager on or before the cut-off time of 4.00 p.m. on any Business Day, say, Tuesday, the Tuesday's Unit pricing shall apply and will be calculated on Wednesday (if Wednesday is a Business Day). Tuesday's Unit pricing will be published on Thursday (T+2).

You may contact the Manager directly or visit the Manager's website, www.eastspring.com/my to obtain the latest NAV per Unit of the Fund.

POLICY ON GEARING

The Fund is not permitted to obtain cash financing or borrow other assets (including those within the meaning of the Securities Borrowing and Lending Guidelines) in connection with its activities. However, the Fund may obtain cash financing for the purpose of meeting redemption request for Units and for short-term bridging requirement. Such financings are subject to the following:

- the Fund's financing is only on a temporary basis and that financing is not persistent;
- the financing period should not exceed a month;
- the aggregate financing of the Fund should not exceed 10% of the Fund's NAV at the time the financing is incurred; and
- the Fund may only obtain financing from financial institutions.

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04 | FEES, CHARGES AND EXPENSES

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.

FEES AND CHARGES

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

Sales Charge	<p>The table below sets out the maximum rate of sales charge imposed by the Authorised Distributors:</p> <table border="1"> <thead> <tr> <th data-bbox="336 438 520 502">Authorised Distributors</th><th data-bbox="526 438 996 502">Sales charge as a percentage of the offer price during the Offer Period</th></tr> </thead> <tbody> <tr> <td data-bbox="336 510 520 550">Manager</td><td data-bbox="526 510 996 622" rowspan="3">Up to 3.00%</td></tr> <tr> <td data-bbox="336 550 520 582">IUTA</td></tr> <tr> <td data-bbox="336 582 520 622">UTC or CUTA</td></tr> </tbody> </table> <p>The sales charge is negotiable due to the different levels of services provided by each Authorised Distributor and/or the size of the investment undertaken.</p> <p>Note: All sales charge will be rounded to two (2) decimal places.</p>	Authorised Distributors	Sales charge as a percentage of the offer price during the Offer Period	Manager	Up to 3.00%	IUTA	UTC or CUTA
Authorised Distributors	Sales charge as a percentage of the offer price during the Offer Period						
Manager	Up to 3.00%						
IUTA							
UTC or CUTA							
Repurchase Charge	<p>The Manager will impose a repurchase charge of 3.00% 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.</p>						
Switching Fee	<p>Not applicable, as switching facility is not available for this Fund.</p>						
Transfer Fee	<p>Nil</p>						

FEES AND EXPENSES

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

Annual Management Fee	<p>The Manager is entitled to an annual management fee of up to 0.15% of the Fund's NAV per annum calculated and accrued daily.</p>
Annual Trustee Fee	<p>The Trustee is entitled to a trustee fee of 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.</p>

OTHER EXPENSES RELATED TO THE FUND

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

- commissions or fees paid to brokers or dealers;
- auditors' fee;
- tax adviser's fee;
- valuation fee*;
- taxes;
- custodial charges (i.e. foreign sub-custodial charges only);
- cost of printing the annual and quarterly reports;
- independent investment committee member fee;
- any tax now or hereafter imposed by law or required to be paid in connection with any costs, fees and expenses incurred by the Fund; and
- any other expenses allowed under the Deed.

OTHER FEES AND CHARGES

Other charges

In executing transactions upon a Unit Holder's request, certain charges may be incurred. A Unit Holder shall bear these transaction charges, for instance bank charges, telegraphic or online transfer charges and courier charges. The Manager reserves the right to vary such conditions from time to time, which shall be communicated to the Unit Holder in writing.

REBATES AND SOFT COMMISSIONS

Neither the Trustee nor the Manager is entitled to any rebates or to share in any commission from any broker or dealer in consideration for direct dealings in the investments of the Fund. Accordingly, any rebates and shared commissions will be directed to the account of the Fund.

Notwithstanding the aforesaid, the Manager may receive goods and services by way of soft commissions provided always that the goods and services are of demonstrable benefit to the Unit Holder and in the form of research and advisory services that assist in the decision making process relating to the Fund's investments and that the transaction is executed on terms which are the most favourable for the Fund.

Soft commissions which are not allowed include, among others, entertainment allowance, travel, accommodation and membership fee.

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

* These are fees incurred for the valuation of any investment of the Fund by independent valuers for the benefit of the Fund.

CALCULATION OF UNIT PRICES

Pricing

Computation of NAV and NAV per Unit

$$\text{NAV per Unit} = \text{NAV of the Fund} / \text{Units in circulation}$$

Illustration: Computation of the NAV and NAV per Unit

NAV before deducting management fee and trustee fee		RM 48,000,000.00
Less: Management fee for the day (0.15% per annum)		
48,000,000 X 0.15% / 365		RM (197.26)
Less: Trustee fee for the day (0.06% per annum)		
48,000,000 X 0.06% / 365		RM (78.90)
NAV after deducting management fee and trustee fee	(a)	RM 47,999,723.84
Units in circulation	(b)	42,888,888
NAV per Unit (a) / (b)		RM 1.1191645
NAV per Unit (rounded to four decimal places)		RM 1.1192

Pricing Policy

› Single Pricing Policy

The Manager adopts the single pricing policy, i.e. the selling price and repurchase price are fixed at the offer price during the Fund's Offer Period. After the Offer Period, the repurchase price will be the NAV per Unit rounded to four (4) decimal places.

› Forward Pricing

The Fund is valued on a forward pricing basis. The daily NAV per Unit is valued at the next valuation point after the application to redeem Units is received by the Manager.

› Incorrect valuation and pricing

The Manager shall ensure that the Fund and the Units are correctly valued and priced according to the Deed and all relevant laws. Where there is a significant error in the valuation of the Fund and pricing of Units, the Manager shall take remedial action to correct the error. The Manager's remedial action will involve the reimbursement of money in the following manner:

- if there is an over valuation and pricing in relation to the redemption of Units, the Manager shall reimburse the Fund; and
- if there is an under valuation and pricing in relation to the redemption of Units, the Fund shall reimburse the Unit Holder or former Unit Holder.

The reimbursement of money shall be made to Unit Holder if the incorrect valuation and pricing:

- (a) is equal or more than 0.50% of the NAV per Unit; and
- (b) results in a sum total of RM10.00 or more.

Illustration on how Units are allocated

- (a) Units will **ONLY** be sold during the Offer Period at the offer price.

	Investment amount	RM 10,000.00
<i>Add:</i>	Sales charge (3.00% X investment amount)	RM 300.00
	Total amount payable by you	<u>RM 10,300.00</u>
	Investment amount	RM 10,000.00
<i>Divide:</i>	Offer price	RM 1.0000
	Number of Units purchased	<u>10,000</u>

Illustration on how redemption proceeds are calculated

- (a) During Offer Period

During the Offer Period, the repurchase price shall be the offer price, RM1.0000

	Units intended for redemption	10,000
	Repurchase amount (10,000 Units x RM1.0000)	RM 10,000.00
<i>Less:</i>	Repurchase charge (Nil)	RM (Nil)
	Net amount payable to you	<u>RM 10,000.00</u>

- (b) After Offer Period

Assuming the NAV per Unit after the Offer Period is RM1.0200

	Units intended for redemption	10,000
	Repurchase amount (10,000 Units x RM1.0200)	RM 10,200.00
<i>Less:</i>	Repurchase charge (3.00% X RM10,200)	RM (306.00)
	Net amount payable to you	<u>RM 9,894.00</u>

- (c) On the Maturity Date

On the Maturity Date, the Fund shall be compulsorily terminated and all Units held by each Unit Holder will be duly redeemed. The NAV per Unit will be calculated by dividing the NAV by the number of Units in circulation at the close of business on the Maturity Date. No repurchase charge will be imposed on Units held by the Unit Holder on the Maturity Date.

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05 | TRANSACTION INFORMATION

DISTRIBUTION CHANNELS

The Fund is distributed through the Manager's head office, branch offices and Authorised Distributors.

Should a Unit Holder wish to consider investment or subsequent investment during the Offer Period, redemption or transfer of Units, the Unit Holder must complete the relevant transaction forms which can be obtained from the distribution channels of the Manager.

Please refer to the Directory of Sales Office section at the end of this information memorandum for more information.

HOW TO PURCHASE UNITS

When purchasing Units of the Fund, investors must forward the following completed documents* to the Manager:

Individual	Non-individual	
<ul style="list-style-type: none"> Master account opening form 	<ul style="list-style-type: none"> Master account opening form 	<ul style="list-style-type: none"> Certified true copy of the constitution (if any)
<ul style="list-style-type: none"> Transaction form 	<ul style="list-style-type: none"> Transaction form 	<ul style="list-style-type: none"> Certified true copy of the certificate of incorporation
<ul style="list-style-type: none"> Proof of payment which is acceptable by the Manager 	<ul style="list-style-type: none"> Proof of payment which is acceptable by the Manager 	<ul style="list-style-type: none"> Certified true copy of form 13 / application for change of name under section 28 of the Companies Act 2016 (if applicable)
<ul style="list-style-type: none"> Suitability assessment form 	<ul style="list-style-type: none"> Suitability assessment form Certified true copy of board resolution 	<ul style="list-style-type: none"> Certified true copy of form 44 / notification of change in the registered address under section 46 of the Companies Act 2016 (if applicable)
<ul style="list-style-type: none"> Certified true copy of identity card, passport or other identification 	<ul style="list-style-type: none"> Certified true copy of latest annual return 	<ul style="list-style-type: none"> Personal data protection notice form for directors and authorised representatives
<ul style="list-style-type: none"> Foreign Account Tax Compliance Act ("FATCA") and Common Reporting Standards ("CRS") Self Certification Form – Individual 	<ul style="list-style-type: none"> Certified true copy of corporate structure (where applicable) Certified true copy of identity card or passport of directors and authorised representatives 	<ul style="list-style-type: none"> Foreign Account Tax Compliance Act ("FATCA") and Common Reporting Standards ("CRS") Self Certification Form – Non Individual
<ul style="list-style-type: none"> Sophisticated Investor Declaration Form 	<ul style="list-style-type: none"> Certified true copy of form 24 / return of allotment of shares under section 78 of the Companies Act 2016 (not required for a public listed company or an entity licensed by the SC, BNM or LOFSA) 	<ul style="list-style-type: none"> Foreign Account Tax Compliance Act ("FATCA") and Common Reporting Standards ("CRS") Self Certification Form – Controlling Person
	<ul style="list-style-type: none"> Certified true copy of form 49 / notification of change in the register of directors, managers and secretaries under section 58 of the Companies Act 2016 	<ul style="list-style-type: none"> Sophisticated Investor Declaration Form

* The documents listed may be subject to changes from time to time.

A Unit Holder may be required to forward to the Manager additional documents to authenticate his identification when transacting Units of the Fund. The Manager reserves the right to reject any application without providing any reason.

The Manager allows a Unit Holder the convenience of maintaining all his investments in ONE single master account regardless of the number of funds he invests with the Manager.

PURCHASE APPLICATION AND ACCEPTANCE

Purchase application should be made before the cut-off time of 4.00 p.m. on any Business Day during the Offer Period. The Units will be issued at the offer price after the purchase application is received by the Manager. The cut-off time will be determined based on the stamped time and date made at the Manager's head office and branch offices.

When the purchase application is received after the cut-off time stated above, the purchase application will be deemed to have been received on the next Business Day. The Manager reserves the right to vary the terms and conditions of investment and payment modes from time to time, which shall be communicated to you in writing. The Manager reserves the right to reject any application without providing any reason. The Manager may also reject any application that is incomplete and/or not accompanied by the required documents.

Upon confirming your purchase of Units, you will receive a *confirmation advice*.

HOW TO PAY FOR AN INVESTMENT

A Unit Holder can make payment via telegraphic or online transfer by submitting the telegraphic or online transfer statement together with the application for Units to the Manager.

A Unit Holder can also make payment by issuing cheque or bank draft made payable to **"Eastspring Investments Berhad"**.

Cheques can be deposited directly into the Manager's bank account by using a bank deposit slip at any branch of the Manager's principal bankers stated below. The original client's copy of the bank deposit slip (proof of payment) must be sent together with the application for Units.

The Manager will not accept any cash payment, Automated Teller Machine ("ATM") cash payment, or third-party payment (i.e. payment made via an account that is not under the name of the Unit Holder).

All fees, charges and expenses incurred or to be incurred for payment shall be borne by Unit Holder.

INVESTORS MUST NOT MAKE PAYMENT IN CASH TO ANY INDIVIDUAL AGENT WHEN PURCHASING UNITS OF THE FUND.

Details of the Manager's account with its principal bankers are as follows:

Bank	Account no.
Deutsche Bank (Malaysia) Berhad	0003111-00-0
Malayan Banking Berhad	514011-576079
Standard Chartered Bank Malaysia Berhad	312-143583032
HSBC Bank Malaysia Berhad	305-417255-101

HOW TO REDEEM UNITS

A Unit Holder 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. The cut-off time will be determined based on the stamped time and date made at the Manager's head office and branch offices.

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 reserves the right to vary the terms and conditions for redemption from time to time, which shall be communicated to you in writing.

Upon confirming your redemption of Units, you will receive a *confirmation advice*.

Any correspondence will ONLY be sent to you at the correspondence address and/or email address that is registered by the Manager as provided by you in your application form.

In the event the Units carry more than one Unit Holder's name, i.e. "Joint Application", the redemption application will be signed by all the jointholders. If the application specifies "Either Applicant to sign", any one Unit Holder who is registered as a jointholder will have the authority to sign the redemption application. In all cases, redemption proceeds will be paid to the principal account holder or in the names of both account holders in the register of Unit Holders.

The Manager shall pay the redemption proceeds to you within ten (10) calendar days via e-payment according to your bank account details as stated in the form from the date the Manager receives the duly completed transaction form. If you redeem immediately after the purchase of Units, the Manager shall have the right to withhold the redemption application until sufficient time has elapsed to ensure that the amount remitted by you (for purchase of Units) is realised and credited to the Manager's principal bank account.

COOLING-OFF PERIOD & COOLING-OFF RIGHT

The 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 following persons:

- ▶ the Manager's staff; and
- ▶ persons registered with a body approved by the 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 refund to the Unit Holder pursuant to the exercise of his cooling-off right should be the sum of:

- (a) the offer price on the day the Units were first purchased; and
- (b) the sales charge originally imposed on the day the Units were purchased.

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.

Cooling-off application should be made before the cut-off time of 4.00 p.m. on any Business Day. The cut-off time will be determined based on the stamped time and date made at the Manager's head office and branch offices.

When a cooling-off application is received after the cut-off time stated above, the cooling-off application will be deemed to have been received on the next Business Day. The Manager reserves the right to vary the terms and conditions of cooling-off from time to time, which shall be communicated to you in writing.

Upon confirming your cooling-off application, you will receive a *confirmation advice*.

Cooling-off proceeds will only be paid to Unit Holders once the Manager has received cleared funds for the original investment. Such proceeds shall be refunded to Unit Holder within ten (10) calendar days from the date the Manager receives the duly completed transaction form.

SWITCHING BETWEEN FUNDS

Switching facility is not available for this Fund.

TRANSFER OF UNITS

A Unit Holder may transfer some or all of his Units held in the Fund to another Unit Holder by completing a transfer form.

A transfer is subject to the minimum balance and terms and conditions applicable for the Fund. However, both the transferor and the transferee should maintain the minimum holding of Units for the Fund after the transfer is made. If the transferee does not have any account with the Manager prior to this transfer application, he must forward the completed documents listed in page 29 to the Manager for account opening in addition to a transfer form.

Transfer application should be made before the cut-off time of 4.00 p.m. on any Business Day. The cut-off time will be determined based on the stamped time and date made at the Manager's head office.

When the transfer application is received after the cut-off time stated above, the transfer application will be deemed to have been received on the next Business Day. The Manager reserves the right to vary the terms and conditions for transfer from time to time, which shall be communicated to you in writing.

Upon confirming your transfer of Units, you will receive a *confirmation advice*.

HOW TO KEEP TRACK OF YOUR INVESTMENT

A Unit Holder will receive annual report of the Fund from the Manager within two (2) months from the Fund's annual financial year end and quarterly report within two (2) months from the end of the period covered. Both the reports will disclose the performance and investment updates of the Fund.

A Unit Holder can obtain the Manager's latest information, products and services, and market outlook at the Manager's website, www.eastspring.com/my. A Unit Holder can register for a "myEastspring" account at www.myeastspring.com.my to view his account balance, transaction details and generate the latest statement of account.

A Unit Holder can also review and track the performance of their Units by checking the Unit prices published every Business Day on the Manager's website, www.eastspring.com/my.

A Unit Holder can always contact the Manager's client services personnel to assist in the following:

- (1) enquire on the latest Unit price and account balance;
- (2) any transaction related enquiries, for example top up investment (during Offer Period), redemption or transfer;
- (3) request to change personal details, for example address or telephone no;
- (4) request for confirmation advices on purchase (during Offer Period) and other transactions related to your Unit holdings, half yearly statements and copy of annual and/or quarterly reports; and
- (5) other queries regarding the Fund's performance.

A Unit Holder may communicate with the Manager via:

- **Client services tel:** 603-2332 1000
- **Client services fax:** 603-2052 3366
- **Email:** cs.my@eastspring.com

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

AVENUE FOR ADVICE

Investors may:

- visit any of the Manager's offices listed under the Directory of Sales Office section at the end of this information memorandum; or
- contact any of the Manager's client services at 603-2332 1000 for advice in relation to the Fund; or
- contact any of the Manager's Authorised Distributors for further advice.

Please note that the transaction procedures such as investment (during Offer Period), redemption, cooling-off and transfer of Units via our distribution channels may differ from that described in this information memorandum, and you are advised to check with the relevant Authorised Distributor for details on these procedures.

TRANSACTION DETAILS

The table below sets out the **minimum initial and additional investment amount** for the Fund.

Fund name	Minimum initial investment	Minimum additional investment (during the Offer Period)
	Lump sum (RM)	Lump sum (RM)
Eastspring Target Income Fund 7	200,000	10,000

The table below sets out the **minimum redemption, transfer and holding of Units** for the Fund.

Fund name	Minimum redemption	Minimum transfer	Minimum holding
	Units	Units	Units
Eastspring Target Income Fund 7	10,000 Refer note 1	Any number of Units Refer note 2	10,000

Note 1: 10,000 Units or such other lower quantity as the Manager may determine from time to time.

Note 2: Both the transferor and transferee should maintain the minimum holding of Units for the Fund after a transfer is made.

The Manager reserves the right to change the above stipulated amounts and quantity from time to time.

In the case of a partial redemption, instructions will be carried out only if the minimum holding of Units (being 10,000 Units or such other lower quantity as the Manager may determine from time to time) remains in the Fund after the redemption. If the Units in a Unit Holders' account are less than the minimum holding of Units after a redemption application is made, all Units that the Unit Holder holds in the Fund will be redeemed automatically.

In the event a master account has more than one registered owner, the first-named Unit Holder (as determined by reference to the original master account application form) shall receive the confirmation advices, notices and correspondence with respect to the master account, as well as any redemption proceeds or income distribution or other distributions. In addition, such first-named Unit Holder shall have the voting rights, as permitted, associated with such Units.

In the case of jointholders, any one of such jointholders may vote either personally or by proxy as comprised in the jointholding. If the jointholders are present at any meeting either personally or by proxy, the jointholder whose name stands first in the register of Unit Holders shall alone be entitled to vote.

INCOME DISTRIBUTION POLICY

Subject to the availability of income, distribution of income, if any, will be on annual basis, after deduction of taxation and expenses.

UNCLAIMED MONEYS POLICY

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

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

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

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

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

06 | SALIENT TERMS OF THE DEED

Please be advised that if you invest in Units through an 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).

RIGHTS OF UNIT HOLDERS

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

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

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

LIABILITIES OF UNIT HOLDERS

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

- (1) you will not be liable for any amount in excess of the purchase price paid for the Units as determined in accordance with the Deed at the time the Units were purchased and any charges payable in relation thereto.
- (2) you will not be under any obligation to indemnify the Manager and/or the Trustee in the event that the liabilities incurred by the Manager and/or the Trustee in the name of or on behalf of the Fund pursuant to and/or in the performance of the provisions of the Deed exceed the value of the Fund's assets.

TERMINATION OF THE FUND

The Fund will automatically terminate on the Maturity Date.

The Fund may be terminated or wound up upon a special resolution is passed at a Unit Holders' meeting to terminate the Fund.

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:
 - (i) the net cash proceeds available for the purpose of such distribution and derived from the sale of the assets of the Fund less any payments for liabilities of the Fund; and
 - (ii) 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 RM0.50 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 of 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.

In the event the Fund is terminated, the Trustee shall be at liberty to call upon the Manager to grant the Trustee, and the Manager shall so grant, a full and complete release from the Deed and the Manager shall indemnify the Trustee against any claims arising out of the Trustee's execution of the Deed provided always that such claims have not been caused by any failure on the part of the Trustee to exercise the degree of care and diligence required of a trustee as contemplated by the Deed and all relevant laws.

Where the termination and the winding-up of the Fund have been occasioned by any of the events set out herein:

- (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 the Deed or contravened any of the provisions of any relevant law;

the Trustee shall summon for a Unit Holders' meeting to get directions from the Unit Holders. If a special resolution is passed to terminate the trust and wind-up the Fund, the Trustee shall apply to the court for an order confirming such special resolution. The Trustee shall, as soon as practicable after the winding up of the Fund inform Unit Holders and the relevant authorities of the same. The Trustee shall also arrange for a final review and audit of the final accounts of the Fund by the auditor of the Fund; in all other cases of termination of the trust and winding-up of the Fund, such final review and audit by the auditor of the Fund shall be arranged by the Manager.

MEETING OF UNIT HOLDERS

Meetings directed by Unit Holders

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

- (a) sending by post at least fourteen (14) days before the date of the proposed meeting a notice of the proposed meeting to all the Unit Holders; and
- (b) specifying in the notice the place and time of the meeting and the terms of the resolutions to be proposed at the meeting.

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

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

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

07 | COMPLIANCE WITH LAWS IN VARIOUS JURISDICTIONS

In managing the Fund, the Manager may be obliged to comply with, observe or fulfil the requirements or expectations of the laws, regulations, orders, guidelines, codes, market standards and requests of or agreements with any public, judicial, tax, governmental or other regulatory authorities or self-regulatory bodies (the “*Authorities*” and each is an “*Authority*”) in various jurisdictions relating to any matter in connection with the Fund and/or the Manager’s business including without limitation, tax compliance, anti-money laundering, sanctions, anti-terrorism financing or the prevention and detection of crime (the “*Applicable Requirements*”) which may be amended, promulgated or introduced from time to time.

In this connection, the Manager may take all reasonable steps to ensure compliance with and adherence to the Applicable Requirements subject to compliance with the relevant laws in Malaysia.

Disclosure of information to the Authorities

In complying with the Applicable Requirements and subject to the following, the Manager may be required to disclose any information relating to a Unit Holder and/or a Unit Holder’s investments to any Authority, including without limitation:

- (a) the Unit Holder’s account number, investment and redemption details, and the amount of income distribution paid to the Unit Holder;
- (b) if the Unit Holder is an individual, the name, nationality, address, tax identification number, and his United States person (“U.S. person”) status (if applicable); and
- (c) if the Unit Holder is a corporation or any other type of entity, the name, registered office, business address, place of establishment, tax identification number, information of the management, substantial shareholders, legal and beneficial owners or controllers and its U.S. person status (if applicable).

If the Manager intends to disclose the information of a Unit Holder and/or a Unit Holder’s investments to any Authority, the Manager will seek the prior consent of such Unit Holder (unless such consent has already been given by the Unit Holder in the subscription or application form or in any other subsequent document, or unless the relevant laws in Malaysia provide otherwise) whether by mail or such other mode of communication as it deems appropriate.

Such disclosure may be sent by the Manager, its delegates or related corporations, or any other entity as the Manager deems fit.

If the Manager requires any further information or documents for the purposes of its disclosure to an Authority, the Manager may request and a Unit Holder shall provide the Manager with such further information or documents within such time as may be reasonably required by the Manager.

Notwithstanding the above, if such disclosure becomes mandatory under the relevant laws in Malaysia, the Manager shall be entitled to make such disclosure to the Authority without the prior consent of, or any notification to, a Unit Holder.

Updating of information by Unit Holder

A Unit Holder shall provide his or her assistance as may be necessary (including, where required, providing the Manager with further information and documents relating to the Unit Holder, associated persons or affiliates and where the Unit Holder is a corporation or any other type of entity, further information and documents relating to its management, and legal and beneficial owners) to enable the Manager to comply with its obligations under the Applicable Requirements.

The Unit Holder will update the Manager in a timely manner of any change to any of the details previously provided to the Manager whether at the time of subscription or at any other times. In particular, it is very important that the Unit Holder notifies the Manager immediately if:

- (a) the Unit Holder is an individual, and there is a change in his or her nationality, he or she acquires additional nationality or citizenship, or changes in his or her tax residency; or
- (b) the Unit Holder is a corporation or any other type of entity, and there is a change in its registered office, business address, substantial shareholders or their details, legal and beneficial owners or controllers or their details.

If any of these changes occurs or if any other information comes to the Manager's attention concerning such changes, the Manager may be required to request certain documents or information from the Unit Holder. Such information and documents include but are not limited to duly completed and/or executed (and, if necessary, notarised) tax declarations or forms.

Effect of non-compliance by Unit Holder

If:

- (a) a Unit Holder does not provide the Manager with the information or documents or any other assistance requested by the Manager in a timely manner;
- (b) a Unit Holder does not update the Manager in a timely manner of any change to any of the details previously provided to the Manager whether at the time of subscription or at any other times; or
- (c) any information or document provided by a Unit Holder is not up-to-date, accurate or complete such that the Manager is unable to comply with or adhere to the Applicable Requirements,

the Manager may continue to request for such information or document from the Unit Holder by letter, email, telephone or any other manner which the Manager may deem appropriate, or repurchase all the Units held by the Unit Holder by providing prior written notice to the Unit Holder of such repurchase if such repurchase is necessary, to ensure that the Manager is in compliance with the Applicable Requirements.

Notice on Personal Data Protection

All personal data of a Unit Holder contained in the subscription or application form and all and any further personal data collected in the course of the business relationship with the Manager may be processed by the Manager or its delegates and other related corporation, including those established outside Malaysia, the Trustee or its delegates and any other intermediaries related to the Fund. Such data shall be processed for the purposes of account opening and administration, anti-money laundering requirements, tax identification (including for the purpose of compliance with the Applicable Requirements), processing of transaction(s) and/or any other general business purposes (except for direct marketing and promotion of the Manager's other products and services) by the Manager.

For the purposes of the aforesaid notice, the term "personal data" shall have the same meaning prescribed in the Personal Data Protection Act 2010 ("the PDPA") and the term "processed" shall have the same meaning as "processing" as prescribed in the PDPA.

Please refer to the subscription or application form for further details on the personal data protection requirements.

08 | ADDITIONAL INFORMATION

LODGING A COMPLAINT

To lodge a complaint or for an internal dispute resolution, you can contact our client services at 603-2332 1000.

Investor can contact the Federation of Investment Managers Malaysia's Complaints Bureau:

via phone to	:	603-2092 3800
via fax to	:	603-2093 2700
via email to	:	complaints@fimm.com.my
via online complaint form available at	:	www.fimm.com.my
via letter to	:	Legal, Secretarial & Regulatory Affairs Federation of Investment Managers Malaysia 19-06-1, 6 th Floor, Wisma Tune No. 19, Lorong Dungun, Damansara Heights 50490 Kuala Lumpur

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).

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

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:

via phone to the Aduan Hotline at	:	603-6204 8999
via fax to	:	603-6204 8991
via email to	:	aduan@seccom.com.my
via online complaint form available at	:	www.sc.com.my
via letter to	:	Consumer & Investor Office Securities Commission Malaysia, 3, Persiaran Bukit Kiara Bukit Kiara, 50490 Kuala Lumpur

09 | DIRECTORY OF SALES OFFICE

HEAD OFFICE

Eastspring Investments Berhad
Level 12, Menara Prudential
No.10, Jalan Sultan Ismail,
50250 Kuala Lumpur

General tel: 603-2052 3388

General fax: 603-2070 6129

Client services tel: 603-2332 1000

Client services fax: 603-2052 3366

Email: cs.my@eastspring.com

Website: www.eastspring.com/my

SELANGOR

Eastspring Investments Berhad
A-17-P1 & M
Block A, Jaya One
72A, Jalan Universiti
46200 Petaling Jaya
Selangor

Tel: 603-7948 1288

Fax: 603-7948 1299

SABAH

Eastspring Investments Berhad
Suite E3, 9th Floor, CPS Tower
Centre Point Sabah
No. 1, Jalan Centre Point
88000 Kota Kinabalu
Sabah

Tel: 6088-238 613

Eastspring Investments Berhad (531241-U)
Level 12, Menara Prudential
No. 10, Jalan Sultan Ismail, 50250 Kuala Lumpur
Tel: (603) 2052 3388 Fax: (603) 2070 6129
eastspring.com/my

Client Services
T: (603) 2332 1000 F: (603) 2052 3366
cs.my@eastspring.com