

This Prospectus is dated 30 September 2023



# **PROSPECTUS**

(Established by a Trust Deed on 4 October 1994)

**MANAGER :**

**SAHAM SABAH BERHAD**

**199401017740 (303418-V)**

**(Incorporated in Malaysia under the  
Companies Act, 1965)**

**TRUSTEE :**

**MAYBANK TRUSTEES BERHAD**

**196301000109 (5004-P)**

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE  
CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON  
PAGE 9

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

## **Responsibility Statements**

This Prospectus has been reviewed and approved by the Directors of Saham Sabah 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 Prospectus false or misleading.

## **Statements of Disclaimer**

The Securities Commission Malaysia has authorised the fund and a copy of this Prospectus has been registered with the Securities Commission Malaysia.

The authorisation of the fund, and registration of this Prospectus, should not be taken to indicate that Securities Commission Malaysia recommends the said fund or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Prospectus.

The Securities Commission Malaysia is not liable for any non-disclosure on the part of the management company responsible for the said fund and takes no responsibility for the contents in this Prospectus. The Securities Commission Malaysia makes no representation on the accuracy or completeness of this Prospectus, and expressly disclaims any liability whatsoever arising from, or in reliance upon, the whole or any part of its contents.

**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.**

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 Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the Prospectus or the conduct of any other person in relation to the fund.

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## DEFINITIONS

In this Prospectus, the following abbreviations or words shall have the following meanings unless otherwise stated:-

<b>Base Currency</b>	<i>Ringgit Malaysia (RM)</i>
<b>Business Day</b>	<i>A day on which the Bursa Malaysia is open for trading and which is not a gazette public holiday in the state of Sabah.</i>  <i>Note: The Manager may declare certain Business Days as non-Business Days when deemed necessary, such as (i) in the event of market disruption; or (ii) the Manager declares that day as a non-dealing for the Fund.</i>
<b>CMSA</b>	<i>The Capital Markets and Services Act 2007.</i>
<b>Deed</b>	<i>The Fourth Supplemental Deed dated 12 July 2023 entered into between the Manager, Saham Sabah Berhad and the Trustee, Maybank Trustees Berhad for the Unit Holders of the Fund.</i>
<b>External Fund Manager</b>	<i>AHAM Asset Management Berhad</i>
<b>FBM100</b>	<i>FTSE Bursa Malaysian Top 100 Index</i>
<b>Forward Pricing</b>	<i>The Repurchase/Selling price per unit is based on the Net Asset Value per unit of the Fund as at the next valuation point, after the request for repurchase/application for units from the Unit Holder is received by the Manager.</i>
<b>Fund or SAS</b>	<i>Saham Amanah Sabah</i>
<b>LPD</b>	<i>Refers to the Latest Practicable Date which is 30 June 2023. All information provided shall remain current and relevant as at such date.</i>
<b>Manager or SSB</b>	<i>Saham Sabah Berhad</i>
<b>MXASJ</b>	<i>MSCI AC (All Country) Asia Ex Japan Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of Asia, excluding Japan. The MSCI AC Asia ex Japan Index consists of the following 10 developed and emerging market country indices: China, Hong Kong, India, Indonesia, Korea, Malaysia, Philippines, Singapore, Taiwan, and Thailand.</i>
<b>Net Asset Value (NAV)</b>	<i>The value of the Fund after deduction of all the Fund's liabilities from the value of all the Fund's assets at the valuation point. For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund should be inclusive of the management fee and trustee fee for the relevant day.</i>

<b>NAV per unit</b>	<i>The NAV per unit is the NAV of the Fund divided by the number of units in circulation at the valuation point. It forms a basis upon which the prices of units of the Fund are calculated.</i>
<b>Redemption Price per unit</b>	<i>The price payable by the Manager to a Unit Holder of the Fund which is equal to the NAV per Unit as at the next valuation point of the Fund's relevant Business Day ("Forward Pricing") after the redemption request is received by the Manager.</i>
<b>RM</b>	<i>Ringgit Malaysia</i>
<b>Sabah Origin</b>	<i>The term "Sabah Origin" means belonging to the State of Sabah as described in Section 71 (1) of the Immigration Act 1959/1963. Any person shall be treated as person of Sabah Origin if:-</i> <ul style="list-style-type: none"><li><i>a. he is and has within the preceding two years been a permanent resident in Sabah; or</i></li><li><i>b. he is born in Sabah and one of his parents at the time of the birth is a permanent resident; or</i></li><li><i>c. he is registered as an ordinary resident in Sabah on Malaysia day.</i></li></ul>
<b>SC</b>	<i>Securities Commission Malaysia</i>
<b>Selling Price per unit</b>	<i>The price payable by an investor or a Unit Holder of the Fund for the purchase of a Unit of the Fund. The Selling Price of a Unit which is equal to the NAV per Unit as at the next valuation point of the Fund's relevant Business Day ("Forward Pricing") after the application for Units is received by the Manager. A sales charge may be computed separately based on the net investment amount/purchase amount.</i>
<b>Trustee</b>	<i>Maybank Trustees Berhad</i>
<b>Unit Holder or You</b>	<i>The person registered under the provisions of the Deed as the holder of units and includes the Joint Holder.</i>
<b>Valuation Point</b>	<i>Valuation Point refers to a time on a Business Day which the Manager decides to conduct a valuation on the NAV of the Fund. A final valuation of the Fund is carried out at the end of the day immediately at the closing of Bursa Malaysia ("Forward Pricing"). For quoted investments in foreign markets, the investments will be valued at the close of Bursa Malaysia or the close of the last market in which the Fund is invested, whichever is later.</i>

## CORPORATE DIRECTORY

***The Manager***

**SAHAM SABAH BERHAD**  
**199401017740 (303418-V)**

***Registered Office & Business Address***

Suite 1-9-W2, W3 & W4, 9<sup>th</sup> Floor, CPS Tower  
Centre Point Sabah, No. 1, Jalan Centre Point  
88000 Kota Kinabalu, Sabah

***Mailing Address***

Locked Bag 2071, 88999 Kota Kinabalu, Sabah

***Telephone No.***

088-254964 / 254967 / 254968

***Fax***

088-262588

***E-mail Address***

[enquiry@sahamsabah.com.my](mailto:enquiry@sahamsabah.com.my)

***Website***

[www.sahamsabah.com.my](http://www.sahamsabah.com.my)

***Internal Auditor (delegated function)***

**Messrs. Tan & Associates (AF-0901)**  
Chartered Accountants  
G-37-3, 3<sup>rd</sup> Floor, Signature Office  
KK Times Square, Off Coastal Road  
88100 Kota Kinabalu, Sabah  
Tel.: 088-486757 / 486857  
Fax: 088-486957

***External Fund Manager***

**AHAM Asset Management Berhad (AHAM)**  
**(formerly known as Affin Hwang Asset Management Berhad)**  
**199701014290 (429786-T)**  
Ground Floor, Menara Boustead  
69 Jalan Raja Chulan, 50200 Kuala Lumpur  
Tel.: 03-21166000  
Fax : 03-21166100  
E-mail: [customercare@aham.com.my](mailto:customercare@aham.com.my)

***The Trustee Registered Office & Business Address***

**Maybank Trustees Berhad**  
**196301000109 (5004-P)**  
8<sup>th</sup> Floor, Menara Maybank  
100 Jalan Tun Perak  
50050 Kuala Lumpur  
Tel.: 03-20708833  
Fax : 03-20709387  
E-mail: [mtb.ut@maybank.com](mailto:mtb.ut@maybank.com)  
Website: [www.maybank2u.com.my](http://www.maybank2u.com.my)

## **Custodians**

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(Maybank Custody Services)  
8<sup>th</sup> Floor Menara Maybank  
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50050 KUALA LUMPUR  
Tel.: 03-20748580 / 20748158  
E-mail: [custody.sc@maybank.com](mailto:custody.sc@maybank.com)

**Standard Chartered Bank Malaysia Berhad**  
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## **Auditors & Reporting Accountants**

**Ernst & Young**  
**202006000003 (LLP0022760-LCA) & (AF: 0039)**  
Chartered Accountants  
Suite 1-10-W1, 10<sup>th</sup> Floor, CPS Tower  
Centre Point Sabah, No. 1, Jalan Centre Point  
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## **Tax Advisors**

**Ernst & Young Tax Consultants Sdn Bhd**  
**198901002487 (179793-K)**  
Suite 1-10-W1, 10<sup>th</sup> Floor, CPS Tower  
Centre Point Sabah, No. 1, Jalan Centre Point  
88000 Kota Kinabalu, Sabah

## **Principal Bankers**

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**198201008390 (88103-W)**  
1st Floor, Lot 4, 5 & 6  
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88000 Kota Kinabalu, Sabah

**Malayan Banking Berhad**  
**196001000142 (3813-K)**  
Menara Maybank  
100 Jalan Tun Perak  
50050 Kuala Lumpur

## **Solicitors**

**Messrs. Antin Zakaria & Rauf**  
No. 3, Lot No. 20, 1<sup>st</sup> Floor  
Block D, Sadong Jaya  
88000 Kota Kinabalu, Sabah



## 1.0 THE FUND

### 1.1 FUND INFORMATION

<b>Name of Fund</b>	Saham Amanah Sabah
<b>Fund Category / type</b>	Equity Fund / Income and Growth Fund
<b>Fund Investment Objective</b>	<p>The primary investment objective of the Fund is to produce a reasonable rate of return for Unit Holders over the medium to long term (3 years and above) without exposing their investment to undue risk through various types of investments.</p> <p><i>Note: Any material change to the investment objective of the Fund would require Unit Holders' approval.</i></p>

#### Investment Policy and Strategies

The fundamental investment process will be driven by key investment and sectoral themes prevailing in the market at any period in time. Fundamental analysis will be conducted to determine the attractiveness of specific stocks based on sectoral themes.

This analysis will take into account information gathered during company visits, key earnings drivers and earnings revision trends for the company, valuation relative to the estimates of intrinsic value as well as the competency of its management. Various tools will be used to facilitate the valuation process, including price over earnings ratio, the discounted cash flow model and enterprise value over earnings before interest, depreciation and taxation. The Fund also favours companies that practice good corporate governance, as they generally command higher market valuation and potentially better returns for investors over a medium investment horizon.

The Fund will also invest in small to medium capitalised companies that are likely to develop into future industry leaders up to a certain limit. Whilst such companies are normally associated with higher risks, the potential return could also be very rewarding, if the right companies are selected. Resources will be dedicated through primary research including company visits and developing earnings models, in search of these companies.

The External Fund Manager will practice tactical asset allocation, where they will have the flexibility to remain highly invested during periods of market upturn, or liquidate investments before values are eroded. Whilst the selection of stocks is based on fundamental analysis, timing of purchases and sales will be aided by technical analysis.

The External Fund Manager may also adopt an active trading strategy in meeting the Fund's investment objectives.

## **Investments in Foreign Markets**

The Fund may invest up to 50% (or such other percentage as may be permitted by the relevant authorities from time to time) of the Fund's NAV in securities of foreign markets provided always that the foreign market invested in is a market where its regulatory authority is a member of the International Organisation of Securities Commissions (IOSCO).

The objective of investments in foreign markets is to provide capital growth and consistent yield over the medium to long term. This is via investments in attractive companies primarily in the Asia ex-Japan region that offers a solid mix of good dividend yield, low valuations, growth and rising Return on Equity (ROE) while at the same time consistently be on the lookout for emerging blue chip companies. Investing in foreign markets provides diversification by exploiting the low correlation between the local equity market and other markets in this region whilst at the same time offering potentially higher returns on investment.

The strategy for investments in foreign markets will be based on growth themes and sectors, instead of benchmarking to the relevant indices. The themes or sectors that the External Fund Manager chooses to invest in will change over time depending on the investment and economic cycles of the relevant markets or industries. Within these themes or sectors, the External Fund Manager will employ a bottom-up stock-picking strategy. Key factors to consider include the fundamentals (management, competitive advantage), valuations (Price/Earning, Price/Book or dividend yield) and growth potential (normally exhibited in earnings or free cash flow).

## **Asset Allocation**

The Fund may invest up to 98% in equities. The Fund aims to be at least 70% invested at all times, but as part of the temporary defensive strategy, the Fund may temporarily lower the equity exposure to below the above stated range. The Fund may selectively invest in debentures as well. The minimum liquid assets level for the Fund is 2%. The External Fund Manager's decision on equities exposure is decided after considering the outlook for the stock market over the medium to long term horizon. This entails studying relevant economic and business statistics, leading and sentiment indicators to forecast the economy and the stock market. The External Fund Manager may take temporary defensive positions that may be inconsistent with the principal investment strategy below in response to adverse market, economic, political and other conditions. "Defensive positions" would be characterized as increasing the Fund's cash exposure (reducing equities exposure) and/or raising the Fund's equities exposure to defensive sectors e.g. companies that operate in stable industries and have predictable cash flows.

To meet its investment objective, the Fund may also invest into collective investment schemes that are in line with the Fund's investment objective. Additionally, the Fund may also reduce the risk to the Fund by adding exposure in fixed income instruments. The Fund may also invest in structured products, such as equity-linked notes (ELN). As the ELNs are structured by a third party, investments into these instruments will result in the Fund being exposed to credit/default risk. Similarly, as the price of ELNs are generally linked to an underlying equity/basket of equities, the investments into these structured products will also expose the Fund to similar risks as investing into a direct equity i.e. equity risks. Therefore, the exposure into structured products is not expected to be significant, relative to the size of

the Fund. In the event of a downgrade in the rating of the issuer, the Fund will have the flexibility to reduce its exposure into the structured products if the risk of a credit default has increased. To mitigate this risk, the Fund will carry out a stringent issuer selection process.

## 1.2 RISK FACTORS

### 1.2.1 General Risks of Investing in Unit Trust Fund

Any type of investment carries with it an element of risk. Risks generally refer to the extent in which an investment may fluctuate in value. The following are risks involved in investing in unit trust funds:

#### a. Market Risk

Market risk refers to the possibility that an investment will lose value because of a general decline in financial markets, due to economic, political and/or other factors, which will result in a decline in the fund's NAV.

#### b. Manager's Risk

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

#### c. Inflation Risk

This is the risk that your investment in the unit trust fund may not grow or generate income at a rate that keeps pace with inflation. This would reduce your purchasing power even though the value of the investment in monetary terms has increased.

#### d. Liquidity Risk

Liquidity risk is significant in stock market-related investment and it refers to the ease of liquidating an asset depending on the asset's volume traded in the market. If the fund holds assets that are illiquid, or are difficult to dispose of, the value of the fund will be negatively affected when it has to sell such assets at unfavourable prices.

#### e. Suspension of Redemption Request Risk

Having considered the best interests of the Unit Holders, the redemption requests by the Unit Holders may be suspended due to exceptional circumstances where the market value or fair value of a material portion of the Fund's asset cannot be reasonably determined. In such case, the Fund will not be able to pay Unit Holders' redemption proceeds in a timely manner and will be compelled to remain invested in the Fund for a longer period of time than the stipulated redemption payment period. Hence, their investments will continue to be subjected to the risk factors inherent to the Fund.

**You are reminded that the above list of risks may not be exhaustive and if necessary, you should consult a professional adviser for a better understanding of the risks.**

## **1.2.2 Specific Risk of The Fund**

### **a. Stock Market Risk**

The Fund invests in both local and foreign markets and adverse fluctuations in these markets will adversely affect the performance of these investments.

### **b. Individual Equity (Stock) Risk**

The Fund's portfolio consists of a spread of equities (stocks). However, the weak performance of individual equity (stock) can affect the Fund's overall NAV and therefore the price of the unit.

### **c. Interest Rate Risk**

Interest rate risk refers to the impact of interest rate changes on the valuation of debt instruments. When interest rates rise, debt instruments prices generally decline and this may lower the market value of the fund's investment in debt instruments. The reverse may apply when interest rates fall.

### **d. Credit/Default Risk**

Credit/Default risk relates to the creditworthiness of the issuers of the debt instruments and their expected ability to make timely payment of interest and/or principal. Any adverse situations faced by the issuer may impact the value as well as liquidity of the debt instrument.

### **e. Structured Product Risk**

This risk arises from investments into structured product such as equity linked notes (ELNs) structured by a third party. These instruments are linked to the performance of its underlying instruments i.e. equities (stocks), hence exposing the Fund to the performance of the equity(ies). As these instruments are structured by a third party, the Fund will also be exposed to counterparty risk arising from the third party's inability to meet the agreed terms.

### **f. Counterparty Risk**

Counterparty risk is prevalent as the potential returns derived from structured product are dependent on the ongoing ability and willingness of the issuer to fulfil their respective financial commitment to the Fund in a timely manner.

### **g. Currency Risk**

As the investments of the Fund may be denominated in currencies other than the Base Currency, 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. You 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. You should note that any gains or losses arising from the fluctuation in the exchange rate may further increase or decrease the returns of the investment.

## **h. Country Risk**

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

## **i. Loan Financing Risk**

This risk occurs when you take a loan/financing to finance your investment. The inherent risk of investing with borrowed money includes you being unable to service the loan repayments. In the event units are used as collateral, when interest rates go up, you may be burdened with a higher cost of financing or you may be required to top-up your existing instalment if the prices of units fall below a certain level due to market conditions, failing which, the units may be sold at a lower net asset value per unit as compared to the net asset value per unit at the point of purchase towards settling the loan.

## **j. REITs Management Risk**

This risk refers to the management risk of the management company and investment manager of the REITs the Fund invests in. Poor management of the REITs will jeopardise the investment of this Fund.

## **1.3 RISK MANAGEMENT**

The External Fund Manager adopts a comprehensive portfolio risk management protocol in order to manage potential portfolio risk. Risk management is built into the portfolio construction process taking into consideration country, industry and individual stock weightings relative to the benchmark. Portfolio risk is controlled through diversification at the company, country and industry level.

Risk management policies and procedures have been incorporated into the various manuals to ensure proper management of risks. The External Fund Manager's risk policies and measurements and reporting methodologies are subject to regular review, particularly when there are significant changes to the Fund or relevant legislation, rules or regulations that might impact their risk exposure.

Independent checks and review of portfolios conducted by the compliance department of the External Fund Manager are also in place to ensure that the Fund's guidelines and objectives as well as regulatory constraints, are adhered to. Performance targets will be set against the appropriate benchmarks; absolute and relative for example against the FBM100. Portfolios are constructed and managed within the present investment guidelines to achieve a well-diversified portfolio and limits at both sector and stock levels in order to mitigate specific risk exposure to any sector or company.

For investments in foreign markets, apart from the usual evaluation of the investment in isolation (e.g. business prospects, management credibility, valuations etc.), overseas investing would entail additional risks. These risks include country risks and currency risks. These risks

would need to be assessed together with the individual stock risk. The External Fund Manager may hedge foreign currency exposure to mitigate adverse currency movements and as such, the External Fund Manager will have to evaluate and come to an opinion on the prospects of the foreign currency relative to the Ringgit Malaysia. As for country risks, again this will be based on the External Fund Manager's evaluation. In summary, the assessment of individual stocks and other additional risks will be conducted through visiting the respective countries, meeting up with management, site visits, teleconferencing, through investment conferences and broker and independent research.

It is important to note that events affecting the investments cannot always be foreseen. Therefore, it is not possible to protect investments against all risks. You are recommended to read the whole Prospectus to assess the risks associated to the Fund. If necessary, you should consult your professional adviser(s) for a better understanding of the risks.

### **Liquidity Risk Management**

The External Fund Manager has established liquidity risk management policies to enable them to identify, monitor and manage the liquidity risk of the Fund in order to meet the redemption requests from the Unit Holders with minimal impact to the Fund as well as safeguarding the interests of the remaining Unit Holders. Such policies take into account, amongst others, the asset class of the Fund and the redemption policy of the Fund. To manage the liquidity risk, the External Fund Manager has put in place the following procedures:

- a. The Fund may hold a minimum of 70% of its NAV in money market instruments and/or deposits. This will allow the Fund to have sufficient buffer to meet the Unit Holder's redemption request;
- b. Regular review by the designated fund manager on the Fund's investment portfolio including its liquidity profile;
- c. This will ensure that the External Fund Manager is prepared and able to take necessary action proactively to address any liquidity concerns, which would mitigate the potential risks in meeting Unit Holder's redemption requests; and
- d. After consultation with the Manager, resort to suspension of redemption request from the Unit Holders under exceptional circumstances where the market value or fair value of a material portion of the assets of the Fund cannot be determined. During the suspension period, the redemption requests from the Unit Holders will not be accepted and such redemption requests will be dealt on the next Business Days once the suspension is lifted. That said, the action to suspend redemption requests from the Unit Holders shall be exercised only as a last resort by the Trustee after consultation with the Manager.

## **1.4 DISTRIBUTION POLICY**

Subject to the availability of income, the Fund will declare distribution depending on the income available for distribution for the relevant period.

Payment of distribution, if any, is automatically reinvested except for Unit Holders that had opted by 31 December 2020 to receive their distribution via online bank transfer.

If the Manager deems the distribution to be uneconomical to pay out, the amount will be automatically reinvested into the Unit Holders' accounts in the form of additional units in the Fund at no cost.

## 1.5 BENCHMARK

Before 1 September 2023, the performance of the Fund was benchmarked against the weighted average of 50% of the FTSE Bursa Malaysian Top 100 Index (FBM100) and 50% of the MSCI AC Asia Ex-Japan (MXASJ).

Effective 1 September 2023, the performance of the Fund will be benchmarked to the weighted average of 70% of FBM100 and 30% of MXASJ. The change in the benchmark is to reflect the long-term strategic asset allocation for the Fund.

The composite benchmark has been selected as representative of the investment strategy. The composition reflects the Fund's ability to invest into a portfolio of diversified equities, both domestic and foreign.

The daily closing index of the FBM100 and MXASJ can be obtained from the Bursa Malaysia and Bloomberg L.P. respectively, while the Fund performance benchmark is disclosed in the Fund's report and website.

## 1.6 SCOPES OF INVESTMENTS

The Manager will ensure that investments are relevant and consistent with the objectives of the Fund and in compliance with the SC's Guidelines on Unit Trust Funds (the "Guidelines"), internal policies and procedures and the Deed.

### **Permitted Investments:**

- i. Securities of Malaysian companies listed on the Bursa Malaysia;
- ii. Units of unrelated property trust funds listed on the Bursa Malaysia;
- iii. Securities listed or traded on foreign markets where the regulatory authority is a member of the International Organization of Securities Commissions (IOSCO);
- iv. Unlisted securities that have been approved by the SC for listing and quotation on the Bursa Malaysia, which are offered directly by the company approved for listing, by way of private placement or on a tender basis;
- v. Malaysian Government Securities, Treasury Bills, Bank Negara Malaysia Certificates and Government Investment Certificates;
- vi. Malaysian currency balances in hand, Malaysian currency deposits with commercial banks, finance companies, merchant banks and Bank Islam Malaysia Berhad, including Negotiable Certificates of Deposit and placements of money at call with discount houses;

- vii. Cagamas bonds, bankers' acceptances, unlisted loan stocks and corporate bonds that are traded in the money market and either bank-guaranteed or carrying at least BBB rating by Rating Agency of Malaysia Berhad (RAM) and private debt securities that have an equivalent rating by RAM; and
- viii. Any other form of investments as may be permitted by the relevant authorities from time to time.

## **Investment Restrictions:**

The investments will be subject to the following limits or any other limits as may be prescribed by the SC from time to time:

- i. The value of the Fund's investment in ordinary shares issued by any single issuer must not exceed 10% of the Fund's NAV;
- ii. The value of the Fund's investment in transferable securities and money market securities issued by any single issuer must not exceed 15% of the Fund's NAV (single issuer limit).
- iii. The value of the Fund's placement in deposits with any single financial institution must not exceed 20% of the Fund's NAV.
- iv. The aggregate value of the Fund's investments in, or exposure to, a single issuer through –
  - a) transferable securities;
  - b) money market instruments;
  - c) deposits;
  - d) underlying assets of derivatives; and
  - e) counterparty exposure arising from the use of OTC derivatives,must not exceed 25% of the Fund's NAV (single issuer aggregate limit).
- v. The value of the Fund's investment in units or shares of a Collective Investment Scheme (CIS) must not exceed 20% of the Fund's NAV.
- vi. The value of the Fund's investment in units or shares of a CIS that invests in real estate pursuant to the requirement prescribed in the SC Guidelines, must not exceed 15% of the Fund's NAV.
- vii. The value of the Fund's investments in transferable securities and money market instruments issued by any group of companies must not exceed 20% of the Fund's NAV (group limit).



- viii. The Fund's investments in shares or securities equivalent to shares must not exceed 10% of the shares or securities equivalent to shares, as the case may be, issued by a single issuer.
- ix. The Fund's investments in debt securities must not exceed 20% of the debt securities issued by a single issuer. This limit may be disregarded at the time of acquisition if at that time of acquisition the gross amount of debt securities in issue cannot be determined.
- x. The Fund's investment 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 pre-determined issue size.
- xi. The Fund's investments in CIS must not exceed 25% of the units or shares in the CIS.

### **Use of Brokers**

In accordance with the Manager's internal guideline on the use of brokers, the dealings with any broker must not exceed 30% of the Fund's total dealings in value in any one financial year of the Fund.

### **Other Restrictions**

- i. The Manager must not, without the prior approval of the Trustee, invest any monies available under the Deed in any securities, property and assets in which the Manager or any officer of the Manager has a financial interest or from which the Manager derives a benefit.
- ii. The Manager must not act as principal in the sale and purchase of securities, property and assets to and from the Fund.

*The Fund's capital is not guaranteed.*

## **Gearing and Minimum Liquid Assets Requirement**

The Fund is not permitted to borrow cash or other assets (including the borrowing of securities within the meaning of the Guidelines on Securities Borrowing and Lending) in connection with its activities. Except for securities lending as provided under the Guidelines, none of the cash or investments of the Fund may be lent. Further, the Fund may not assume, guarantee, endorse or otherwise become directly or contingently liable for in connection with any obligation or indebtedness of any person.

The level of liquid assets in the Fund must be at least 2% of the NAV. However, the minimum level of liquid assets may be reviewed from time to time by the Investment Committee in consultation with the Trustee.

## 2.0 FEES, CHARGES AND EXPENSES

The following are the fees, charges and expenses payable by you when investing in the Fund:

### 2.1 CHARGES

This table describes the charges that you may directly incur when you buy or redeem units of the Fund.

Charges	Rate
Sales charge per unit (service charge)	3.5% of NAV per unit of the Fund, subject to a maximum charge of 3 sen per unit *
Redemption charge per unit	None
Dilution fee/transaction cost factor	None
Other charges payable directly by the investor	Transfer fee – RM3.00 (Fee is imposed for each transfer of units from a Unit Holder to another)

#### *Illustration: Computation of Sales Charge*

Assuming you purchase units at RM0.5000 NAV per unit, the computation of sales charge is based on the NAV per unit as follows:

$$\begin{aligned}
 \text{*Sales charge} &= \text{NAV per unit} \times \text{Sales charge (\%)} \\
 &= \text{RM0.5000} \times 3.5\% \\
 &= \text{RM0.017500}
 \end{aligned}$$

*\*Sales charge is rounded to six decimal points, however the final figure will be rounded to four decimal points.*

**Note:** The Manager may, for any reason at any time, waive or reduce the amount of the sales charge at its absolute discretion. You may also negotiate for a lower sales charge, depending on the amount of investment.

## 2.2 FEES

This table describes the fees that you may indirectly incur when you invest in the Fund.

Fees and Expenses	Rate
Annual Management Fee	1.5% per annum of the NAV of the Fund calculated on a daily basis.
Annual Trustee Fee	0.045% per annum of the NAV of the Fund calculated on a daily basis.
Other expenses of the Fund	a) Auditors' and other relevant professional fees; b) All other expenses that are directly related and necessary to the business of the Fund as set out in the Deed.
Other fees payable indirectly by an investor (if any)	None

### 2.2.1 Management Fee

Management Fee is at 1.5% per annum of the NAV of the Fund calculated on a daily basis.

#### *Illustration: Computation of Management Fee*

NAV of the Fund	RM
Management Fee at 1.5% p.a. of the net asset value	100,000,000
$\frac{100,000,000 \times 1.5\%}{365 \text{ days}}$	= <b>4,109.60</b>

### 2.2.2 Trustee Fee

Trustee Fee at 0.045% per annum of the NAV of the Fund calculated on a daily basis.

#### *Illustration: Computation of Trustee Fee*

NAV of the Fund	RM
Trustee Fee at 0.045% p.a. of the NAV	100,000,000
$\frac{100,000,000 \times 0.045\%}{365 \text{ days}}$	= <b>123.30</b>

## 2.2.3 Other Expenses

In addition to the Management and Trustee Fees, the following related expenses are paid out of the Fund as set out in the Deed. Such expenses would include but are not limited to the following: -

- a. Commission/fees paid to brokers in effecting dealings in the investments of the Fund;
- b. Tax and other duties charged on the Fund by the Government and/or other authorities;
- c. Costs, fees and other expenses properly incurred by the Auditor appointed for the Fund;
- d. Costs, fees and expenses for valuation of any investment of the Fund by independent valuers for the benefit of the Fund;
- e. Costs, fees and expenses incurred for the modification of the Deed other than those for the benefit of the Manager and/or the Trustee;
- f. Costs, fees and expenses incurred for any meeting of the Unit Holders other than those convened by, or for the benefit of the Manager and/or Trustee; and
- g. Fees and charges payable to the custodian of the Fund's assets.

## 2.3 POLICY ON REBATES AND SOFT COMMISSION

Soft commissions in the form of goods and services received from any broker may be retained by the Manager only if the goods and services are of demonstrable benefit to the Unit Holders. Permitted goods and services include research services, portfolio valuation and analysis, performance measurement, market price services, computer hardware and software incidental to the investment management of the Fund and investment related publications. Employees must record details of any gift/benefit received and report to the Compliance Officer.

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

### 3.0 TRANSACTION INFORMATION

#### 3.1 PRICING

##### 3.1.1 Bases of Valuations

- i. For quoted securities on any recognized Stock Exchange, the securities will be valued based on the last done market price of the respective exchanges.
- ii. Unlisted investments are valued at the lower of cost and fair value as determined by the Manager, verified by the Auditor and approved by the Trustee;
- iii. For fixed income securities which are listed in an eligible exchange, the investments will be valued based on the last done market price of the securities. Unlisted fixed income securities will be valued on daily basis using fair value prices quoted by a bond pricing agency (BPA) registered with the SC;
- iv. Suspended securities are valued at fair value as determined by the Manager, verified by the Auditor and approved by the Trustee;
- v. All futures and options contracts will be valued based on the last done market price;
- vi. Investment in collective investment schemes, which are quoted on an approved exchange, will be valued in the same manner as other listed securities as described above. For investments in unlisted open-ended unit trusts, valuation will be by reference to the unit trust manager's last published NAV per unit.
- vii. Structured products will be valued in accordance to fair value as determined in good faith by us, on methods or bases which have been verified by the auditor of the Fund and approved by the Trustee."

##### 3.1.2 Valuation Point

Valuation Point refers to a time on a Business Day which the Manager decides to conduct a valuation on the NAV of the Fund. Valuation of the Fund is carried out at the end of the day immediately upon the closing of Bursa Malaysia. As the Fund has exposure to investments outside Malaysia, the valuation point may be extended to 5.00 pm of the next business day of Bursa Malaysia to accommodate markets that are still open after 5.00 pm due to different time zones. The quoted bid foreign exchange rate to be used in converting the valuation to the Base Currency is obtained from Bloomberg at U.K. time 4:00 pm the same day. Daily unit price and NAV of the Fund are not available in time for the publication in the newspaper on the next business day (T+1) but are instead published on the next following business day (T+2).

## 3.1.3 Forward Pricing

Both the buying and selling transactions will be based on forward pricing on the NAV per unit of the Fund as at the next valuation point after the request for redemption/application for units from the Unit Holder is received and accepted by the Manager.

## 3.1.4 NAV per Unit

The NAV per unit is computed by dividing the NAV of the Fund with the number of units in circulation.

### Illustration of Computation of NAV per Unit

NAV	RM100,000,000
Units in Circulation	200,000,000
NAV per Unit	RM0.5000 (rounded to 4 decimal points)

### Illustration on Computation of Total Amount Payable by Unit Holder on purchase of Units

Total amount invested	RM10,000.00
Total no of units invested	20,000
NAV per unit : RM 0.5000	
Sales charge (NAV per unit x 3.5% x 20,000)	RM 350.00
Total amount paid by Unit Holder	<b>RM10,350.00</b>

### Illustration on Computation of Proceeds from Redemption of Units

Total no of units redeemed	20,000
NAV per unit : RM 0.5000	
Total proceeds from redemption	RM10,000
Redemption charge	-
Total amount received by Unit Holder	<u>RM10,000</u>

## 3.1.5 Incorrect Pricing

In the event of any incorrect pricing of units of the Fund, the Manager shall take immediate remedial action where the incorrect pricing involves a discrepancy of 0.5% or more of the NAV per unit. This will result in reimbursement of moneys/ units to the affected Unit Holder in the following manner: -

		Reimbursed by:	Received by:
Over valuation Pricing	Purchase of units	SSB	Unit Holder (in the form of units)
	Redemption of units	SSB	Fund
Under valuation Pricing	Purchase of units	SSB	Fund
	Redemption of units	SSB	Unit Holder and/ or former Unit Holder (in the form of moneys)

Notwithstanding the above, if the amount to be reimbursed to the Unit Holder is less than RM10.00, the requirement to reimburse does not apply.

The Manager shall have the right to amend, vary or revise the abovesaid limit or threshold from time to time subject to any regulatory requirements.

## 3.2 APPLICATION AND REDEMPTION OF UNITS

### 3.2.1 Eligible Applicants

- a. The following applicants are eligible to apply for and hold units:-
- any person of Sabah origin;
  - any corporation wholly-owned by person or persons of Sabah origin;
  - any corporation wholly-owned by the Sabah State Government;
  - any wholly-owned subsidiaries of corporation wholly-owned by the Sabah State Government; or
  - any bumiputra corporation in Malaysia as the Manager may in its absolute discretion consider acceptable.

All individual applicants must be above 18 years of age on the date of application and will be required to produce their NRIC and/or Birth Certificate or other document as evidence that they are people of Sabah origin.



## **b. Joint Holders**

Applicant who is below 18 years of age may apply to be a Joint Holder with another individual who is above 18 years of age. The Manager, however, is not bound to register more than two (2) persons as Joint Unit Holders.

Where Units are held by Joint Holders, the Manager may require the Joint Holders who must be at least 18 years of age to inform the Manager whether transactions in respect of the Units should only be carried out upon instructions:

- i) of only one Joint Holder; or
- ii) of all the Joint Holders.

If there is no instruction given, the Manager will act upon the instructions of the principal Joint Holder whose name appears first in the Register of Unit Holders.

## **c. Insertion or Cancellation of Joint Holder**

The holder of an individual account can request to insert the name of a Joint Holder in his or her investment by completing the Insertion of Joint Holder Form. The same account will be re-classified as a Joint Holder Account.

Similarly cancellation of Joint Holder can be made by completing the Cancellation of Joint Holder Form.

## **d. Recognition as Unit Holder**

Acceptance of application form and issuance of official receipt by the Manager does not mean that you are recognised as Unit Holder. At this point, the Manager is entitled to reject the application (*see "Rejections" in Para 4.2.1 i*). You will be recognised as a Unit Holder upon entry of his name on the Register of Unit Holder.

In the case of a Joint Holder, the first named Joint Holder will be the only person recognised by the Manager for the delivery of notices, documents and income distribution payments.

## **e. Receipt and Investment Statement**

Receipt and statement will be issued and given to Unit Holder(s) as proof of purchase.

### **3.2.2 Procedures to Purchase and Redeem units**

Units can be purchased and/or redeemed on any Business Day of the Manager from Monday to Friday between 9.00 a.m. to 3.30 p.m. at the Manager's registered office.

#### **a. Purchase of Units**

You are required to fill an application form which is available at no charge at the Manager's registered office, through mail upon request or can be downloaded at the Manager's website. Payment can be made in Bankers' Draft or Postal Order

to be made payable to “SAHAM SABAH BERHAD” or via bank transfer to the Manager’s Public Bank Account No. 3089475914.

For purchase of units to be registered in the names of more than one person, the Principal Holder whose name appears first in the Register of Unit Holders must be above 18 years of age.

***You must not make payment in cash to any individual agent when purchasing units of a fund.***

**b. Redemption of Units**

Units can be redeemed by completing the redemption form and the redemption will be processed based on the NAV per unit on the day the request is received. The redemption proceeds will be paid within seven (7) business days from the date on which the request to redeem is received by the Manager.

**c. Minimum Initial Investment**

The minimum initial investment is 1,000 units.

**d. Minimum Additional Investment**

There are no minimum units for additional investment.

**e. Minimum Redemption**

You may redeem any amount of units subject to the minimum holding requirement.

**f. Minimum Holding**

You may redeem the whole or part of your units. However, you must maintain a minimum holding of 1,000 units in your account at all times in order to stay invested. In the case of partial redemption, the Manager will not be bound to comply with your request to redeem if after the redemption the end balance in your account will be less than 1,000 units.

**g. Procedure on Transfer of Units**

**i) Normal Transfer**

Units can be transferred by completing the Transfer Form and returning it to the Manager. In the case of Joint Holder account, if the second Joint Holder is above 18 years, the Manager will require that both holders to sign the transfer form.

**ii) Deceased Unit Holders**

The transferee will be required to complete the relevant form and return it to the Manager with legal documents which include certified copy of Death Certificate of the deceased, “Jadual Tiga” / Letter of Administration / Order or Judgement from Syariah Court / Indemnity Bond, original copies of SAS certificates (if any) / statements and the Fourth Schedule (declaration to the Trustee).

For Joint Holder account, the units will be transferred automatically to the surviving Joint Holder who must be at least 18 years, whereas in the case of a minor Joint Holder, a beneficiary must be appointed as the principal holder until the minor reaches 18 years of age.

## **h. Cooling-off Period**

The cooling-off right refers to the right of the Unit Holder to obtain a refund of his investment if made within the cooling-off period. The cooling-off right is only applicable for Unit Holder who is investing in the Fund for the first time, except for where such investor is :-

- (a) A staff of Saham Sabah Berhad; or
- (b) A person registered with a body approved by the SC to deal in unit trusts.

The cooling-off period shall be for 6 Business Days from the date of receipt of the application for the units by the Manager. If the Unit Holder chooses to exercise his cooling-off right, he will receive the refund for every unit held the sum of:

- i) the NAV per unit on the day the units were first purchased; and
- ii) the sales charge per unit originally imposed on the day the units were purchased.

## **i. Rejections**

The Manager may reject any application to purchase units in any of the following circumstances:-

- i) The applicant is not entitled to apply for the units (*please refer to information on "Eligible Applicants" in Para 3.2.1*);
- ii) The Manager shall have the discretion of limiting investments in the Fund by non-bumiputra investors up to a maximum limit of 25% of the size of the Fund; and
- iii) The Fund has reached its maximum approved size of 1,500,000,000 units.

The Deed provides that the Manager may reject any application to purchase units, without giving any reason subject to the Trustee being informed. Unsuccessful applicants will be notified and their moneys will be refunded by the Manager within thirty (30) days from the receipt of the application.

## **j. Loan Financing to Purchase Units**

You can also purchase units through loan financing. Information on loan financing that may be offered from time to time can be obtained from participating financial institutions. You are advised to understand and consider carefully on the risk of investing in unit trust through loan financing. The Loan Financing Risk Disclosure Statement which forms part of the application form must be signed for this purpose. Units purchased through loan financing and assigned as collateral by the lending bank may be marked in the Register in such a way in order to identify the Units being held in such capacity. The respective

lending banks may require all loanees to pre-sign a repurchase form as collateral against the said loan.

However, the Manager does not encourage purchase of units through loan financing.

#### **k. Suspension of Dealing in Units**

The Trustee may, after consultation with the Manager and having considered the interest of Unit Holders, suspend dealing in units due to exceptional circumstances, where there is good and sufficient reason to do so. Unit Holders will be informed of the decision to suspend dealing in units within a reasonable time. The suspension will be ceased as soon as practicable after the exceptional circumstances have ceased, and in any event, within twenty-one (21) days from the commencement of suspension.

The period of suspension may be extended if the Manager satisfies the Trustee that it is in the best interest of the Unit Holders for the dealing in units to remain suspended, subject to weekly review by the Trustee. The Trustee may suspend the dealing in units if the Trustee, on its own accord, consider the exceptional circumstances have been triggered. In such a case, the Trustee must immediately call for a Unit Holders' meeting to decide on the next course of action.

### **3.3 DISTRIBUTION PAYMENT**

#### **3.3.1 Auto-Reinvestment of Distribution Income**

Effective January 2021, payment of distribution will be automatically reinvested except for Unit Holders that had opted by 31 December 2020 to receive their distribution via online bank transfer.

In the event that the payment of income distribution via online bank transfer is unsuccessful due to misinformation on the bank account details provided by the Unit Holders, the Manager reserves the right to reinvest the distribution through the purchase of additional units of the Fund based on the prevailing NAV per unit after one (1) month of the distribution payment date, subject to availability of units. In the event that the units are fully subscribed, the undrawn amount will be dealt with in accordance with the Unclaimed Moneys Act.

The Manager reserves the right to vary the minimum amount to be automatically reinvested subject to the declared rate of distribution. However, reinvestment of distribution will be at the discretion of the Manager if on the date of distribution, there is no unit held by the Unit Holder.

### **3.3.2 Reinvestment of Distribution Income**

You may opt for the distribution income to be reinvested as additional units by giving an instruction to the Manager. Reinvestment of distribution income will be done based on the NAV per Unit on the date the request is received.

There is no incidental cost associated with the reinvestment.

### **3.3.3 Unclaimed Moneys**

In accordance with the Unclaimed Moneys Act, 1965 (Amendment 2002), the Manager will remit any moneys payable to the Unit Holders which remain unclaimed for a period of twelve (12) months to the Registrar of Unclaimed Moneys. Any claim by the Unit Holders thereafter shall be made directly to the Registrar of Unclaimed Moneys by completing Form UMA7 (the claim form to refund moneys from the Consolidated Trust Account), together with necessary documents such as the Unit Holder's National Registration Identification Card and a letter of confirmation from the Manager.

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

## **4.0 THE MANAGEMENT COMPANY**

### **4.1 CORPORATE INFORMATION**

The Manager, Saham Sabah Berhad is wholly-owned by the State Government of Sabah. The Manager is a holder of a Capital Markets Services Licence for dealing in securities – restricted to unit trust products, issued under the Capital Markets and Services Act 2007. It has an authorised share capital of RM25,000,000 divided into 25,000,000 ordinary shares of RM1.00 each, of which 22,000,000 is issued and paid-up. It has been in operation since 1994.

### **4.2 EXPERIENCE IN FUND MANAGEMENT**

The Manager has managed the Fund since 1994, and as at the date of this Prospectus, Saham Amanah Sabah is the only Fund being managed by the Manager.

### **4.3 THE BOARD OF DIRECTORS**

The Board of Directors of the Manager takes an active part in the affairs of the Manager and meets at least once every two (2) months to receive recommendations and reports from the Committees of the Board, set policies and guidelines of the Manager and to review performance, financial and audit reports of the Manager. Additional meetings shall also be convened, should the need arise.

Further information on the Board of Directors can be obtained from our website at [www.sahamsabah.com.my](http://www.sahamsabah.com.my)

### **4.4 ROLES, DUTIES AND RESPONSIBILITIES**

The Manager is responsible for carrying out the operations and the daily management of the Fund. This includes the marketing and distribution of units, preparing all notices and reports to be issued to Unit Holders, maintenance of accounts and the register of Unit Holders, computing the valuation, pricing and sale of units and ensuring compliance with internal procedures and guidelines of relevant regulatory and supervisory authorities.

### **4.5 MATERIAL LITIGATION AND ARBITRATION**

As at LPD, the Manager and its delegate are not engaged in any material litigation and arbitration, including those pending or threatened or of any facts likely to give rise to any proceedings which may materially affect its business/financial position.

#### 4.6 THE EXTERNAL FUND MANAGER

##### **AHAM Asset Management Berhad (AHAM) (formerly known as Affin Hwang Asset Management Berhad)**

The investment management function is delegated to AHAM and as the External Fund Manager of the Fund, they are responsible for the asset allocation, selection of investments and implementation of investment decisions. They are required to report daily to the Manager the details of all the investment transactions to enable the Manager to compute the NAV of the Fund. Apart from daily reporting, they are required to provide monthly reports to be presented to the Investment Committee.

SSB appointed AHAM on 1 June 2005 as the External Fund Manager of the Fund to be responsible for providing investment management services to the Fund in accordance with the terms of the Investment Management Agreement and subsequent supplemental agreements entered into between SSB and AHAM.

##### **Corporate Profile of AHAM**

AHAM was incorporated in Malaysia on 2 May 1997 and began its operations under the name Hwang-DBS Capital Berhad in 2001. AHAM has more than 20 years' experience in the fund management industry. In late 2022, AHAM's ultimate major shareholder is CVC Capital Asia Fund V, a private equity fund managed by CVC Capital Partners ("CVC"), which has approximately 68.35% controlling interest in AHAM. CVC is a global private equity and investment advisory firm with approximately USD125 billion of assets under its management. AHAM is also 20% owned by Nikko Asset Management Co., Ltd, a Tokyo-based asset management company, and 7% owned by Lembaga Tabung Angkatan Tentera.

##### **AHAM's Designated Person Responsible for Management of SAS Portfolio**

##### **Mr. David Ng Kong Cheong Deputy Managing Director and Chief Investment Officer**

David Ng joined AHAM in 2002 as Head of Equities and assumed the role of Chief Investment Officer in September 2006. In January 2018, he was made joint Deputy Managing Director, while retaining his position and responsibility as Chief Investment Officer. He personifies the investment-led culture of the firm.

David has been responsible for successfully steering client portfolios through different market cycles including periods punctuated by periods of significant volatility and uncertainty. His astute and decisive guidance has allowed the Company to remain ahead of its peers. More than two decades later, he has built the investment team from just four fund managers to a 57-strong team (as at August 2023) across all investment departments. Under his foresight and vision, the team has evolved from having a domestic focus to one with regional investment capabilities and corresponding track record. During the period when he was managing Malaysia Equities, he garnered investment awards for a number of consecutive years from the largest pension fund in Malaysia. He also leads the Asia Equities team.

The investment team's search for alpha is centred around an absolute return investment philosophy. He encourages his team to have a 360-degree perspective by focusing not only on finding good ideas, but keeping their ears on the ground and their eyes to the world as well as being forward looking.

He graduated with a double degree in Bachelor of Commerce (Accounting) and Bachelor of Law from Monash University in Melbourne, Australia; and is also a Chartered Financial Analyst (CFA) charterholder. He started his career at a large law firm before venturing into fund management with a local bank backed fund management house in 1998.

## **Mr. David Wong** **Portfolio Manager**

Prior to joining AHAM in May 2020, David spent 6 years in the industry conducting research. He started his career in KAF Investment Bank as a credit research analyst, covering the Malaysian banking & infrastructure sectors for 2 years. He subsequently joined UOB Asset Management as an equity analyst & spent 3 years covering the consumer & banking sectors before a short stint with Manulife Investment Management, covering the O&G and manufacturing sectors.

David graduated with Honours from the National University of Singapore where he majored in Mechanical Engineering under the ASEAN scholarship programme. He earned his Masters in Finance from the University of Edinburgh Business School where he graduated with First Class Honours.

## **Material Litigation**

As at LPD, AHAM and its delegate are not engaged in any material litigation and arbitration, including those pending or threatened or of any facts likely to give rise to any proceedings which may materially affect its business/financial position.

***Further information on the Manager, the Board and the External Fund Manager is provided in the Manager's website at [www.sahamsabah.com.my](http://www.sahamsabah.com.my)***



## 5.0 TRUSTEE OF THE FUND

### 5.1 PROFILE OF MAYBANK TRUSTEES BERHAD (MTB)

**Maybank Trustees Berhad (Registration No.: 196301000109 (5004-P))** is the trustee of the Fund with its registered office at 8<sup>th</sup> Floor, Menara Maybank, 100, Jalan Tun Perak, 50050 Kuala Lumpur.

Maybank Trustees Berhad (“MTB”) was incorporated on 12 April 1963 and registered as a trust company under the Trust Companies Act 1949 on 11 November 1963. It was one of the first local trust companies to provide trustee services with the objective of meeting the financial needs of both individual and corporate clients.

### 5.2 EXPERIENCE IN TRUSTEE BUSINESS

MTB has acquired experience in the administration of unit trust funds / schemes since 1991.

### 5.3 ROLES, DUTIES AND RESPONSIBILITIES OF THE TRUSTEE

The Trustee’s role is mainly to act as custodian of the Fund and to exercise all due diligence and vigilance in carrying out its functions and duties and to safeguard the rights and interests of the Unitholders. Apart from being the legal owner of the Fund’s assets, the Trustee is responsible for ensuring that the Manager performs its obligations in accordance with the provisions of the Deed and the relevant laws.

### 5.4 MATERIAL LITIGATION AND ARBITRATION

As at LPD, MTB is not engaged in any material litigation as plaintiff or defendant and the Trustee is not aware of any proceedings, pending or threatened or of any facts likely to give rise to any proceedings which might materially and adversely affect its financial position or business.

### 5.5 CUSTODIAN FUNCTION

MTB has delegated its custodian function to Malayan Banking Berhad. The custodian function is run under Maybank Securities Services (“MSS”), a unit within Malayan Banking Berhad. MSS provides a comprehensive end to end clearing and custody services for global and domestic equities and fixed income securities. MSS provides a complete suite of corporate outsourcing solutions with a proven track record in servicing international institutional clients: Sub Custodian for major Foreign Banks and Global Custodians. MSS also provides Global custody services in more than 100 different markets via a special arrangement with their reputable partners. They have also consistently been awarded in the Global Custodian Awards for Excellence as well as other major publications.

The roles and duties of the trustee’s delegate, MSS, are as follows:

- Safekeep, reconcile and maintain assets holdings records of Funds against the Trustee's instructions;
- Act as settlement agent for shares and monies to counterparties against the Trustee's instructions;
- Act as agents for money market placement where applicable against the Trustee's instructions;
- Disseminate listed companies' announcements to and follow through for corporate actions instructions from the Trustee;
- Compile, prepare and submit holdings report to the Trustee and beneficial owners where relevant; and
- Other ad-hoc payments for work done for the Funds against the Trustee's instructions, etc.

MTB has appointed Standard Chartered Bank Malaysia Berhad ("SCBMB"), as the custodian of the foreign assets of the Fund. The assets are held in the name of the Fund through the custodian's wholly owned subsidiary and nominee company, Cartaban Nominees (Tempatan) Sdn Bhd. The assets are automatically registered into the name of the Fund.

SCBMB opened its first branch in 1875 and is one of the oldest banks in Malaysia with more than 140 years of history. SCBMB is a subsidiary of Standard Chartered PLC and the Bank was locally incorporated as Standard Chartered Bank Malaysia Berhad on 28 February 1984. SCBMB set up its custody services in 1989 to support both domestic and foreign clients.

Both custodians act only in accordance with instructions from the Trustee.

## 6.0 SALIENT TERMS OF THE DEED

The prevailing Deed of the Fund is the Fourth Supplemental Deed dated 12 July 2023 entered into between the Manager, Saham Sabah Berhad and the Trustee, Maybank Trustees Berhad for the Unit Holders of the Fund.

### 6.1 RIGHTS OF UNIT HOLDERS

- Rights to receive distributions of income, participate in any increase in the value of the units and such other rights and privileges as are provided for in the Deed;
- To call for Unit Holders' meeting, and to vote for the removal of the Trustee or the Manager through a Special Resolution;
- To exercise the cooling-off rights; and
- To receive Annual and Interim Reports.

### 6.2 LIABILITIES AND LIMITATIONS OF UNIT HOLDERS

#### Limitation

Unit Holders are not entitled to require the transfer of any of the assets comprised in the Fund to them or to interfere with or question the Trustee or the Manager on the exercise of the Trustee's rights as owner of the assets.

#### Liability

The Unit Holders shall not be liable for any amount in excess of the purchase price paid and for any related charges payable for the units at the time the units were purchased. The Unit Holders shall not be under any obligation to indemnify the Trustee and/or the Manager if the liabilities incurred by the Trustee and the Manager exceed the gross asset value of the Fund. Any rights of indemnity shall be limited to recourse to the Fund.

### 6.3 MAXIMUM FEES AND CHARGES PERMITTED BY THE DEED

Management Fee	Trustee Fee	Sales Charge	Repurchase Charge
Up to 1.5% per annum of the NAV of the Fund before the deduction of Management Fee and Trustee Fee for the relevant day.	Up to 0.045% of the NAV of the Fund before the deduction of Management Fee and Trustee Fee for the relevant day.	Up to 10% of the NAV per Unit.	Up to 5% of the NAV per Unit.

Any increase of the fees and / or charges above the maximum stated in the Deed will require Unit Holders' approval and issuance of a supplemental deed.

## **6.4 PROCEDURES TO INCREASE FEES AND CHARGES**

### **6.4.1 Sales Charge and Repurchase Charge**

The Manager may not charge a sales charge / repurchase charge at a rate higher than that disclosed in the Prospectus unless:

- The Manager has notified the Trustee of the higher rate and the date on which such higher rate is to become effective;
- A supplemental prospectus stating the higher rate is issued thereafter; and
- Such time as may be prescribed by any relevant law shall have elapsed since the supplemental prospectus is issued.

### **6.4.2 Annual Management Fee and Trustee Fee**

The Manager may not charge an annual management fee / trustee fee at a rate higher than that disclosed in the Prospectus unless:

- The Manager has come to an agreement with the Trustee on the higher rate;
- The Manager has notified the Unit Holders of the higher rate and the date on which such higher rate is to become effective;
- A supplemental prospectus stating the higher rate is issued thereafter; and
- Such time as may be prescribed by any relevant law shall have elapsed since the supplemental prospectus is issued.

## **6.5 EXPENSES PERMITTED BY THE DEED**

The Deed also provides for payment of other expenses. Such expenses would include but are not limited to the following:-

- a. Commission/fees paid to brokers in effecting dealings in the investments of the Fund;
- b. Tax and other duties charged on the Fund by the Government and/or other authorities;
- c. Costs, fees and other expenses properly incurred by the Auditor appointed for the Fund;
- d. Costs, fees and expenses for valuation of any investment of the Fund by independent valuers for the benefit of the Fund;
- e. Costs, fees and expenses incurred for the modification of the Deed other than those for the benefit of the Manager and/or the Trustee;
- f. Costs, fees and expenses incurred for any meeting of the Unit Holders other than those convened by, or for the benefit of the Manager and/or Trustee; and
- g. Fees and charges payable to the custodian of the Fund's assets.

## **6.6 RETIREMENT, REMOVAL OR REPLACEMENT OF THE MANAGER**

The Manager may retire upon giving twelve (12) months' notice to the Trustee of its desire to do so, or such lesser time as the Manager and Trustee may agree, in favour of another corporation.

The Manager may be removed / replaced by the Trustee on the ground that the Manager:

- a. has failed or neglected to carry out its duties to the satisfaction of the Trustee and the Trustee considers that it would be in the interests of Unit Holders for it to do so; or
- b. is in breach of any of its obligations or duties under the Deed or the relevant laws; or

- c. has ceased to be eligible to be a management company under the relevant laws; or
- d. has gone into liquidation, except for the purpose of amalgamation or reconstruction or some similar purpose; or
- e. has had a receiver appointed; or
- f. has ceased to carry on business.

## **6.7 RETIREMENT, REMOVAL OR REPLACEMENT OF TRUSTEE**

The Trustee may retire upon giving twelve (12) months' notice to the Manager of its desire to do so, or such shorter period as the Manager and the Trustee may agree, and may by deed appoint in its stead a new Trustee approved by the SC.

The Trustee may be removed and another trustee may be appointed by Special Resolution of the Registered Holders at a duly convened meeting convened in accordance with the Deed or as stipulated in the CMSA.

## **6.8 POWER OF THE TRUSTEE TO REMOVE, RETIRE OR REPLACE THE MANAGER**

The Manager may be removed by the Trustee on the grounds that the Manager is into liquidation (except for the purpose of amalgamation or reconstruction or some other purpose approved by the relevant authorities); or has had a receiver appointed; or has ceased to carry on business; or is in breach of its obligations under the Deed, CMSA or the SC's Guidelines on Unit Trust Funds; or it has failed or neglected to carry out its duties to the satisfaction of the Trustee and the Trustee considers that it would be in the interests of Unit Holders for it to do so after the Trustee has given notice to it of that opinion and the reasons for that opinion, and after consultation with the SC and with the approval of the Unit Holders by way of a Special Resolution.

## **6.9 TERMINATION OF THE FUND**

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

- a. The SC's approval is revoked under Section 212(7)(A) of the CMSA;
- b. A Special Resolution is passed at a Unit Holders' meeting to terminate or wind-up the Fund, following the occurrence of event stipulated under Section 301(1) of the Act and the court has confirmed the resolution, as required under Section 301(2) of the CMSA; or
- c. If the Fund is left with no Unit Holders, the Fund is deemed to have terminated automatically.

## **6.10 MEETING OF UNIT HOLDERS**

A meeting may be summoned by the Unit Holders, the Trustee or the Manager in accordance with the provisions of the Deed and any relevant laws. Any such Meeting will be conducted in accordance with the provisions of the Deed and any relevant laws. The quorum required for a Meeting is five (5) Unit Holders of the Fund whether present in person or by proxy.

However if the purpose of the Meeting is to remove the Manager and/or the Trustee, then the quorum must be ten (10) Unit Holders whether in person or by proxy who must hold in aggregate at least 50% of the Units in circulation at the time of Meeting.

Where the Fund has only five (5) or less Unit Holders, the quorum required for a meeting is two (2) Unit Holders whether present in person or by proxy. But if the Meeting is convened to remove the Manager and /or the Trustee then the two (2) Unit Holders whether present in person or by proxy must hold in aggregate at least 50% of the units in circulation at the time of the Meeting.

## **7.0 APPROVALS AND CONDITIONS**

There is no approval obtained from any relevant authority in conjunction with the establishment of the fund or waivers granted by the SC for the Fund as none have been sought for or is considered necessary.

## 8.0 RELATED-PARTY TRANSACTIONS AND CONFLICT OF INTEREST

### Policy and Procedures on Conflict of Interest

#### The Manager

- a. To the best knowledge of the Manager, transactions undertaken by or on behalf of the Fund are done in the interest of the Unit Holders. These transactions are executed on terms that are best available to the Fund and which are conducted at arm's length between independent parties.
- b. To date, to the best knowledge of the Manager, there has been no event of conflict of interest by the Manager. As a general rule, Directors, Investment Committee members and employees of SSB must be vigilant in identifying and avoiding potential conflict of interest situations. Employees should report any beneficial interest they may have in securities and any corporate directorship or other special relationship that they may have that could reasonably be considered a conflict of interest with their responsibilities to the Company. Employees should discuss with the Head of Compliance or the Chief Executive Officer (CEO) before taking any action that could lead to such conflict.
- c. Any conflict of interest situation involving staff other than the CEO and senior management staff shall be addressed accordingly by the CEO. As for the CEO and senior management staff, the matter shall be brought to the attention of the Board of Directors for their deliberation.
- d. Directors and Investment Committee members, on the other hand, shall disclose immediately all contractual interest whether directly or indirectly with the company or any beneficial interest they may have in securities and any corporate directorship or other special relationship that they may have that could reasonably be considered a conflict of interest.

#### Internal Auditor - Messrs. Tan & Associates

The internal audit team assigned by Messrs. Tan & Associates to carry out the internal audit function of SSB shall not at any time during the period of being assigned, invest in the units of the Fund and shall not participate in any activity or relationship that may be in conflict or that may result in potential conflict with the interests of the Fund.

#### External Fund Manager – AHAM Asset Management Berhad (“AHAM”)

AHAM has in place policies and procedures to deal with any conflict of interest situations. In making an investment transaction for the Fund, AHAM will not make improper use of its position in managing the Fund to gain, directly or indirectly, any advantage or to cause detriment to the interest of the Unit Holders. Where the interest of the AHAM's directors or the members of AHAM's investment committee members' interests conflict with that of the Fund, they are to refrain from participating in the decision-making process relating to the matter. Staffs of AHAM are required to seek prior approval from AHAM's executive director or chief executive officer before dealing in any form of securities. All transactions with related parties are to be executed on terms which are best available to the Fund and which are not less favourable to the Fund than at an arms-length transaction between independent parties.

## **Disclosure of Conflict of interest on behalf of AHAM**

There is no conflict of interest in respect of AHAM's duties as the External Fund Manager of the Fund.

To avoid any conflicts of interests, AHAM Code of Conduct includes the following policies for our employees:

- Policy on "Chinese Walls":

The company implemented "Chinese Walls" in between departments whether by physical or information flow to prohibit communications of information that could cause conflicts of interest. For example, only dealing personnel have access to the dealing room, to prevent other employees from being exposed to sensitive real-time investment decisions.

- Policy on cross trades:

Cross trades between the employee's personal account and the client's account are strictly prohibited. Cross trades can be done between portfolios subject to investment guidelines stated in the fund prospectus and the client's investment management agreement. The investment team must ensure the cross trades are executed at a fair price and is for the best interest of funds/clients.

- Policy on personal investments:

The policy states that directors/employees need to disclose to the company their interest and holdings of the assets/securities and seek approval from the company before performing any personal investments. This is to avoid conflicts of interests between directors/employees with funds/clients. Employees are required to declare their personal securities -holdings on an annual basis. Employees that hold the Capital Markets and Services Representative License are required to update their personal securities transaction within 7 calendar days after the transactions were conducted. In addition, our Code of Conduct prohibits any Personal Investment on securities or similar shares that funds/mandates are trading during the "Blackout Period". The "Blackout Period" covers 3 calendar days before, on the trade day and 3 calendar days after the trade is performed for clients' or funds' accounts.

- Policy on insider trading:

Directors/employees are prohibited from trading in securities either personally or on behalf of clients/funds using material non-public and price sensitive information. Directors/employees that have access to material non-public and price sensitive information, shall not influence any third party in dealing in any transactions and communicate such information for the benefit of himself/herself/other persons. Directors/employees must be aware that they are subject to the civil and criminal penalties under Malaysia's securities laws for "insider trading".

- Policy on outside appointments including directorships and employees are expected to devote their full working time to the company. If employees wish to accept external employment such as directorships, consultancy or other interest in companies or firms, they will need to get approval from the Managing Director / Deputy Managing Director.

- Policy on gift and entertainment declaration Employees are prohibited from accepting/giving gifts/entertainment to any individuals that will create a sense of obligation. If the gift/entertainment is presented in good faith, offered during festive seasons and for ordinary business entertainment, employees can accept/give and will need to submit a declaration to the company if the gift value is equal or more than RM300. The maximum value that an employee



can give is not more than RM2,000. Employees are required to submit their declaration on gift and entertainment on a monthly basis, if any.

AHAM have a policy on execution and trade allocation. The policies are detailed in AHAM's Investment Manual.

AHAM do not have any investments or businesses that will result in the firm being involved in the board of the investee company.

## 9.0 TAXATION OF THE FUND

### **TAXATION ADVISER'S LETTER IN RESPECT OF THE TAXATION OF THE UNIT TRUST AND THE UNIT HOLDERS**

**(Prepared for Inclusion in This Prospectus)**

6 September 2023

The Board of Directors  
Saham Sabah Berhad  
Suite 1-9-W2, W3 & W4, 9<sup>th</sup> Floor  
CPS Tower, Centre Point Sabah  
No. 1, Jalan Centre Point Sabah  
88000 Kota Kinabalu  
Sabah

Dear Sirs

### **TAXATION OF THE UNIT TRUST FUND AND UNIT HOLDERS**

This letter has been prepared for inclusion in this Prospectus to be issued in September 2023 in connection with the offer of units in the unit trust known as Saham Amanah Sabah (hereinafter referred to as "the Fund").

The purpose of this letter is to provide prospective Unit Holders with an overview of the impact of taxation on the Fund and the Unit Holders.

### **TAXATION OF THE FUND**

The taxation of the Fund is subject to the provisions of the Malaysian Income Tax Act 1967 (MITA), particularly Sections 61 and 63B.

Subject to certain exemptions, the income of the Fund comprising profits and other investment income derived from or accruing in Malaysia after deducting tax allowable expenses, is subject to Malaysian income tax at the rate of 24% with effect from the year of assessment 2016.

Tax allowable expenses would comprise expenses falling under Section 33(1) and Section 63B of the MITA. Section 33(1) permits a deduction for expenses that are wholly and exclusively incurred in the production of gross income. In addition, Section 63B allows unit trusts a deduction for a portion of other expenses (referred to as "permitted expenses") not directly related to the production of income, as explained below.

"Permitted expenses" refer to the following expenses incurred by the Fund which are not deductible under Section 33(1) of the MITA:

- the manager's remuneration,
- maintenance of the register of Unit Holders,
- share registration expenses,
- secretarial, audit and accounting fees, telephone charges, printing and stationery costs and postage.

These expenses are given a partial deduction under Section 63B of the MITA, based on the following formula:

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

- where
- A is the total of the permitted expenses incurred for that basis period;
  - B is gross income consisting of dividend<sup>1</sup>, interest and rent chargeable to tax for that basis period; and
  - C is the aggregate of the gross income consisting of dividend<sup>1</sup> and interest (whether such dividend or interest is exempt or not) and rent, and gains made from the realisation of investments (whether chargeable to tax or not) for that basis period,

provided that the amount of deduction to be made shall not be less than 10% of the total permitted expenses incurred for that basis period.

## Exempt income

The following income of the Fund is exempt from tax:

- Malaysian sourced dividends  
All Malaysian-sourced dividends should be exempt from income tax.
- Malaysian sourced interest
  - (i) interest from securities or bonds issued or guaranteed by the Government of Malaysia;
  - (ii) interest from debentures or *sukuk*, other than convertible loan stock, approved or authorized by, or lodged with, the Securities Commission;
  - (iii) interest from Bon Simpanan Malaysia issued by Bank Negara Malaysia;
  - (iv) interest derived from Malaysia and paid or credited by banks licensed under the Financial Services Act 2013 or the Islamic Financial Services Act 2013<sup>2</sup>;

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<sup>1</sup> Pursuant to Section 15 of the Finance Act 2011, with effect from the year of assessment 2011, dividend income is deemed to include income distributed by a unit trust which includes distributions from Real Estate Investment Trusts.

- (v) interest derived from Malaysia and paid or credited by any development financial institution prescribed under the Development Financial Institutions Act 2002<sup>2</sup>;
- (vi) interest from *sukuk* originating from Malaysia, other than convertible loan stock, issued in any currency other than Ringgit and approved or authorized by, or lodged with, the Securities Commission or approved by the Labuan Financial Services Authority (LFSA)<sup>3</sup>; and
- (vii) interest which is specifically exempted by way of statutory orders or any other specific exemption provided by the Minister.

## • Discount

Tax exemption is given on discount paid or credited to any unit trust in respect of investments as specified in items (i), (ii) and (iii) above.

## Foreign-sourced income

Pursuant to the Finance Act 2021, income derived by a resident person from sources outside Malaysia and received in Malaysia from 1 January 2022 will no longer be exempt from tax.

The Guidelines issued by the Malaysian Inland Revenue Board on 29 September 2022 (amended on 29 December 2022) define the term “received in Malaysia” to mean transferred or brought into Malaysia, either by way of cash<sup>4</sup> or electronic funds transfer<sup>5</sup>.

Foreign-sourced income (FSI) received in Malaysia during the transitional period from 1 January 2022 to 30 June 2022 will be taxed at 3% of gross. From 1 July 2022 onwards, FSI received in Malaysia will be taxed at the prevailing tax rate(s) of the taxpayer and based on applicable tax rules. Bilateral or unilateral tax credits may be allowed if the same income has suffered foreign tax, and where relevant conditions are met.

Income Tax (Exemption) (No. 6) Order 2022 has been issued to exempt a “qualifying person”<sup>6</sup> from the payment of income tax in respect of dividend income which is received in Malaysia from outside

<sup>2</sup> Effective from 1 January 2019, the income tax exemption for a unit trust fund, pursuant to Paragraph 35A, Schedule 6 of the MITA shall not apply to a wholesale fund which is a money market fund.

<sup>3</sup> Effective from the year of assessment 2017, the exemption shall not apply to interest paid or credited to a company in the same group or interest paid or credited to a bank licensed under the Financial Services Act 2013 or the Islamic Financial Services Act 2013; or a development financial institution prescribed under the Development Financial Institutions Act 2002.

<sup>4</sup> “Cash” in this context is defined as banknotes, coins and cheques.

<sup>5</sup> “Electronic funds transfer” means bank transfers (e.g., credit or debit transfers), payment cards (debit card, credit card and charge card), electronic money, privately-issued digital assets (e.g., crypto-assets, stablecoins) and central bank digital currency.

<sup>6</sup> “Qualifying person” in this context means a person resident in Malaysia who is:

(a) an individual who has dividend income received in Malaysia from outside Malaysia in relation to a partnership business in Malaysia;

Malaysia, effective from 1 January 2022 to 31 December 2026. The exemption will however not apply to a person carrying on the business of banking, insurance or sea or air transport. As the definition of “qualifying person” does not include unit trust funds, it would mean that resident unit trust funds would technically not qualify for the exemption, unless there are further updates thereto.

## **Gains from the realisation of investments**

Pursuant to Section 61(1) (b) of the MITA, gains from the realisation of investments will not be treated as income of the Fund and hence, are not subject to income tax. Such gains may be subject to real property gains tax (RPGT) under the Real Property Gains Tax Act 1976 (RPGT Act), if the gains are derived from the disposal of chargeable assets, as defined in the RPGT Act.

## **Implementation of Sales and Service Tax (“SST”)**

Sales and Service Tax (“SST”) was re-introduced effective 1 September 2018. Sales Tax of 10% (most common rate) or 5% is charged by Malaysian manufacturers of taxable goods or upon importation into Malaysia of such taxable goods, unless specifically exempted under the Sales Tax (Goods Exempted From Tax) Order 2018. Service Tax at the rate of 6% is charged on certain prescribed taxable services performed by taxable persons as stipulated under Service Tax Regulations 2018. The input tax recovery mechanism under the previous GST regime does not apply to SST. Therefore, any SST incurred is not recoverable and will form a cost element for businesses.

Based on the Service Tax Regulations 2018, a unit trust fund is neither regarded as a taxable person nor as providing taxable services and is therefore not liable for SST registration. Where the Fund incurs expenses such as management fees, the management services provided by asset and fund managers who are licensed or registered with Securities Commission Malaysia for carrying out the regulated activity of fund management under the Capital Markets and Services Act 2007, are specifically excluded from the scope of Service Tax. As for other fees, such as trustee fees and other administrative charges, these may be subject to 6% service tax provided they fall within the scope of service tax (i.e. are provided by a “taxable person”, who exceeds the required annual threshold (in most cases RM 500,000 per annum) and the services qualify as “taxable services”).

## **Taxation of Unit Holders**

For Malaysian income tax purposes, Unit Holders will be taxed on their share of the distributions received from the Fund.

The income of Unit Holders from their investment in the Fund broadly falls under the following categories:

1. taxable distributions; and
2. non-taxable and exempt distributions.

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(b) A limited liability partnership which is registered under the Limited Liability Partnerships Act 2012; or

(c) A company which is incorporated or registered under the Companies Act 2016.

In addition, Unit Holders may also realise a gain from the sale of units.

The tax implications of each of the above categories are explained below:

## **1. Taxable distributions**

Distributions received from the Fund will have to be grossed up to take into account the underlying tax paid by the Fund and the unit holder will be taxed on the grossed up amount.

Such distributions carry a tax credit, which will be available for set-off against any Malaysian income tax payable by the unit holder. Should the tax deducted at source exceed the tax liability of the unit holder, the excess is refundable to the unit holder.

Please refer to the paragraph below for the income tax rates applicable to the grossed up distributions.

## **2. Non-taxable and exempt distributions**

Tax exempt distributions made out of gains from the realisation of investments and exempt income earned by the Fund will not be subject to Malaysian income tax in the hands of the Unit Holders.

A retail money market fund is exempted from tax on its interest income derived from Malaysia, pursuant to Paragraph 35A of Schedule 6 of the ITA. Pursuant to the Finance Act 2021, with effect from 1 January 2022, distributions by a retail money market fund from such tax exempt interest income, to a unit holder other than an individual, will no longer be exempt from tax. The distribution to Unit Holders other than individuals will be subject to withholding tax at 24%. This would be a final tax for non-residents. Malaysian residents are required to include the distributions in their tax returns and claim a credit in respect of the withholding tax suffered. Individuals will continue to be exempt from tax on such distributions.

## Rates of tax

The Malaysian income tax chargeable on the Unit Holders would depend on their tax residence status and whether they are individuals, corporations or trust bodies. The relevant income tax rates are as follows:

Unit holders	Malaysian income tax rates
<p>Malaysian tax resident:</p> <ul style="list-style-type: none"> <li>Individual and non-corporate Unit Holders (such as associations and societies)</li> <li>Co-operatives<sup>7</sup></li> <li>Trust bodies</li> <li>Corporate Unit Holders                             <ul style="list-style-type: none"> <li>(i) A company with paid-up capital in respect of ordinary shares of not more than RM2.5 million (at the beginning of the basis period for the year of assessment) and gross income from a source or sources consisting of a business not exceeding RM50 million for the basis period for the year of assessment<sup>8 9</sup></li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Progressive tax rates ranging from 0% to 30%</li> <li>Progressive tax rates ranging from 0% to 24%</li> <li>24%</li> <li>First RM150,000 of chargeable income @ 15%<sup>10</sup></li> <li>Next RM450,000 of chargeable income @ 17%</li> <li>Chargeable income in excess of RM600,000 @ 24%</li> </ul>

<sup>7</sup> Pursuant to Paragraph 12(1), Schedule 6 of the MITA, the income of any co-operative society—

- in respect of a period of five years commencing from the date of registration of such co-operative society; and
- thereafter where the members' funds [as defined in Paragraph 12(2)] of such co-operative society as at the first day of the basis period for the year of assessment is less than seven hundred and fifty thousand ringgit,

is exempt from tax.

<sup>8</sup> A company would not be eligible for the concessionary tax rate on the first RM600,000 of chargeable income if:-

- more than 50% of the paid-up capital in respect of the ordinary shares of the company is directly or indirectly owned by a related company which has paid-up capital in respect of ordinary shares of more than RM2.5 million at the beginning of a basis period for a year of assessment;
- the company owns directly or indirectly more than 50% of the paid-up capital in respect of the ordinary shares of a related company which has paid-up capital in respect of ordinary shares of more than RM2.5 million at the beginning of a basis period for a year of assessment;
- more than 50% of the paid-up capital in respect of the ordinary shares of the company and a related company which has a paid-up capital in respect of ordinary shares of more than RM2.5 million at the beginning of a basis period for a year of assessment is directly or indirectly owned by another company.
- Pursuant to the Finance Act 2023, effective from the year of assessment 2024, in order for a company to qualify for the concessionary tax rates not more than 20% of the paid-up capital in respect of the ordinary shares of the company at the beginning of a basis period for a year of

Unit holders	Malaysian income tax rates
(ii) Companies other than (i) above	<ul style="list-style-type: none"> <li>• 24%</li> </ul>
Non-Malaysian tax resident (Note 1): <ul style="list-style-type: none"> <li>• Individual and non-corporate Unit Holders</li> <li>• Corporate Unit Holders and trust bodies</li> </ul>	<ul style="list-style-type: none"> <li>• 30%</li> <li>• 24%</li> </ul>

**Note 1:**

Non-resident Unit Holders may be subject to tax in their respective countries depending on the provisions of the tax legislation in the respective countries and any existing double taxation arrangements with Malaysia.

## Gains from sale of units

Gains arising from the realisation of investments will generally not be subject to income tax in the hands of Unit Holders unless they are insurance companies, financial institutions or traders / dealers in securities.

## Unit splits and reinvestment of distributions

Unit holders may also receive new units as a result of unit splits or may choose to reinvest their distributions. The income tax implications of these are as follows:

- Unit splits – new units issued by the Fund pursuant to a unit split will not be subject to income tax in the hands of the Unit Holders.
- Reinvestment of distributions – Unit Holders may choose to reinvest their income distribution in new units by informing the Manager. In this event, the unit holder will be deemed to have received the distribution and reinvested it with the Fund.

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assessment can be directly or indirectly owned by one or more companies incorporated outside Malaysia or by individuals who are not citizens of Malaysia.

<sup>9</sup> The above excludes a business trust and a company which is established for the issuance of asset-backed securities in a securitization transaction approved by the Securities Commission.

<sup>10</sup> Pursuant to the Finance Act 2023, effective from the year of assessment 2023, the concessionary tax rate is reduced from 17% to 15% for the first RM150,000 of chargeable income.



We hereby confirm that, as at the date of this letter, the statements made in this letter correctly reflect our understanding of the tax position under current Malaysian tax legislation and the related interpretation and practice thereof, all of which are subject to change, possibly on a retrospective basis. We have not been retained (unless specifically instructed hereafter), nor are we obligated to monitor or update the statements for future conditions that may affect these statements.

The statements made in this letter are not intended to be a complete analysis of the tax consequences relating to an investor in the Fund. As the particular circumstances of each investor may differ, we recommend that investors obtain independent advice on the tax issues associated with an investment in the Fund.

Yours faithfully

**Ernst & Young Tax Consultants Sdn Bhd**

Linda Kuang  
Partner

Ernst & Young Tax Consultants Sdn Bhd has given its consent to the inclusion of the Taxation Adviser's Letter in the form and context in which it appears in this Prospectus and has not withdrawn such consent before the date of issue of this Prospectus.

## 10.0 EXPERTS' REPORT

There is no Experts' Report in respect of the Fund as no experts (i.e. any party providing advice to the Manager) apart from the Tax Adviser were appointed for the Fund.

## 11.0 CONSENT

The Trustee, External Fund Manager, Internal Auditor, Custodians, Auditor & Reporting Accountants, Principal Bankers and Solicitors have given their consent for the inclusion of their names and statements in the form and context in which they appear in the Prospectus and have not withdrawn such consent.

The Tax Adviser has given its consent for the inclusion of its name and tax adviser's letter in the form and context in which they appear in this Prospectus and has not withdrawn such consent.

## 12.0 ADDITIONAL INFORMATION

### 12.1 INFORMATION ON THE FUND AND NET ASSET VALUE (PER UNIT)

The Net Asset Value per unit of the Fund is published daily in the local and national newspaper. Other information on the Fund including its Interim and Annual Report can be found on the website of Saham Sabah Berhad at [www.sahamsabah.com.my](http://www.sahamsabah.com.my).

### 12.2 CUSTOMER SERVICE

Unit Holders can seek assistance from the customer service personnel at Saham Sabah Berhad, *Suite 1-9-W2, W3 & W4, 9<sup>th</sup> Floor, CPS Tower, Centre Point Sabah, No. 1, Jalan Centre Point, 88000 Kota Kinabalu, Sabah* from 9.00 a.m. to 3.30 p.m. during any business day.

### 12.3 DEED OF THE FUND

All Unit Holders will be entitled to the benefit of, be bound by and be deemed to have notice of the provisions of the Deed. Copies of the Deed may be obtained from the Manager at a cost of RM15.00 each or may be inspected free of charge during normal working hours at the office of the Manager.

### 12.4 REPORTS TO UNIT HOLDERS

The financial year end of the Fund is 31<sup>st</sup> December and the Manager will provide the Unit Holders with an Annual Report within two (2) months of the Fund's financial year-end which will include an audited income statement. The Fund's Interim Report will be sent to the Unit Holders within two (2) months of the half-year end which will include an unaudited income statement. These reports will comprise a statement of the net assets of the Fund, a report by the Manager and information on the portfolio's investments.

## 13.0 DOCUMENTS AVAILABLE FOR INSPECTION

For a period of at least 12 months from the date of issue of this Prospectus, a copy of the following documents may be inspected without charge at the registered office of the Manager and the Trustee:-

- a. The Deed of the Fund;
- b. The prevailing Prospectus and Supplemental Prospectus if any;
- c. The latest annual and interim reports of the Fund;
- d. Any material contract or document referred to in this Prospectus;
- e. The audited financial statements of the Fund and the Manager for the current financial year and the last three financial years;
- f. All reports, letters or other documents, valuations and statements by any expert, any part of which is extracted or referred to in this Prospectus;
- g. Writ and relevant cause papers for all material litigation and arbitration disclosed in the Prospectus; and
- h. Any consent given by experts or persons disclosed in the Prospectus.

*The Fund's annual report is available upon request.*

## **SAHAM SABAH BERHAD**

**199401017740 (303418-V)**

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