



## MUAMALAT INVEST ISLAMIC EQUITY FUND

**Date of Issuance : 3 September 2019**

### RESPONSIBILITY STATEMENT

This Product Highlights Sheet has been reviewed and approved by the directors or authorised committee or persons approved by the directors of Muamalat Invest Sdn Bhd ("MISB") and they collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable inquiries, they confirm to the best of their knowledge and belief, that there are no false or misleading statements or omission of other facts which would make any statement in the Product Highlights Sheet false or misleading.

### STATEMENT OF DISCLAIMER

The Securities Commission Malaysia has authorised/recognised the issuance of Muamalat Invest Islamic Equity Fund and a copy of this Product Highlights Sheet has been lodged with the Securities Commission Malaysia.

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

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

## PRODUCT HIGHLIGHTS SHEET

This Product Highlights Sheet only highlights the key features and risks of this unlisted capital market product. We recommend that you read this Product Highlights Sheet together with the Prospectus for Muamalat Invest Islamic Equity Fund dated 3 September 2019 and its supplementary prospectus (if any). You are advised to request, read and understand the Prospectus before deciding to invest.

## MUAMALAT INVEST SDN BHD

**Product:**  
Muamalat Invest Islamic Equity Fund

**Date:**  
3 September 2019

<b>Name of Fund</b>	Muamalat Invest Islamic Equity Fund
<b>Fund Category</b>	Equity (Shariah Compliant)
<b>Fund Type</b>	Growth
<b>Launch Date</b>	3 September 2019
<b>Financial Year End</b>	30 June

## PRODUCT SUITABILITY

The Fund is suitable for investors who:

- seek medium to long term capital appreciation;
- have a medium to long term investment horizon; and
- have a high risk tolerance.

## INVESTMENT OBJECTIVE

The Fund seeks to achieve capital appreciation over medium to long term period.

## INVESTMENT POLICY & STRATEGY

The Fund targets an allocation of up to 95% of the Fund's NAV in Shariah-compliant equities and Shariah-compliant equity-related instruments, and a maximum of 30% of the Fund's NAV invested in Islamic money market instruments, Sukuk and/or Islamic liquid assets. The selection of Shariah-compliant equity investments of the Fund will be in line with those in the list of Shariah-compliant securities issued by SAC.

The portfolio construction process is research driven – combining bottom-up fundamental analysis with top down economic and sector analysis. In identifying investable listed companies, the Manager relies on fundamental research where track records, prospects, business operation and management of the companies are considered. In addition, prospects for the economies and sectors in which the companies operate are also assessed.

Analysis is also made on revenue growth, profit margins, sustainability of earnings and/or dividend pay-out, balance sheet and cash flow. In view of its investment objective, the designated fund manager will trade the securities depending on the securities market conditions.

The selection of Sukuk and Islamic money market instruments will depend largely on its credit quality where the respective issuers of Sukuk and Islamic money market instruments are required to possess strong ability to meet their financial obligations and offer highest safety for timely payment of profit and principal.

## PERFORMANCE BENCHMARK

The benchmark for the Fund is based on the FTSE Bursa Malaysia EMAS Shariah Index.

## TRANSACTION INFORMATION

- Minimum Initial Investment : RM1,000.00
- Minimum Additional Investment : RM100.00
- Minimum Holding : 1,000 Units
- Switching Facility : Switching is a facility which enables you to convert units of a particular fund for the units of other funds managed by MISB, subject to a minimum units for switching of 1,000 units or such other amount as MISB may from time to time decide.
- Transfer Facility : A transfer involves the change of ownership of Units from one Unit Holder to another person which is subject to the discretion of MISB.
- Cooling-off Period : If you change your mind about an investment that you have made in the Fund, you may request for a refund of your investment within six (6) Business Days from the date of your application for Units accepted by us. A cooling-off right is only available to an individual investor who is investing for the first time in any of the unit trust funds managed by us. Our staff and a person, who is registered with a body approved by the SC to deal in unit trust funds are not entitled to a cooling-off right.

## FEES AND CHARGES

- Sales Charge : Up to 5.50% of the NAV per Unit
- Redemption Charge : Nil
- Transfer Fee : Up to RM50.00 per transfer
- Switching Fee : RM25.00\*
- Annual Management Fee : Up to 1.65% p.a. of the NAV of the Fund calculated and accrued on a daily basis
- Annual Trustee Fee : 0.08% p.a. of the NAV of the Fund, subject to a minimum of RM18,000 per annum, calculated and accrued on a daily basis (excluding foreign custodian fees and charges, if any)

*Note:*

*The fees and charges quoted are exclusive of tax and duties. Sales charge are negotiable.*

*\*Only applicable for a switch between funds that impose a similar or lower sales charge. Unit Holders switching to a fund that imposes a higher sales charge will pay the difference in sales charge which is deductible from the redemption amount of the Units to be switched.*

### **General Risks**

**Fund management risk** - This risk refers to the day-to-day management of the Fund by MISB which will impact the performance of the Fund.

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

**Liquidity risk** - Liquidity risk 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.

**Performance risk** – There is no guarantee in relation to the investment returns of the Fund.

**Inflation Risk** - This is the risk that investors' investment in the Fund may not grow or generate income at a rate that keeps pace with inflation. This would reduce investors' purchasing power even though the value of the investment in monetary terms has increased.

**Loan financing risk** - This risk occurs when investors take a financing to finance their investment. The inherent risk of investing includes investors being unable to service the financing payments. In the event units are used as collateral, an investor may be required to top-up the investors' existing instalment if the prices of units fall below a certain level due to market conditions. Failing which, the units may be sold at a lower net asset value per unit as compared to the net asset value per unit at the point of purchase towards settling the financing.

**Non-Compliance risk** - The risk that a management company and other parties associated with a unit trust fund inadvertently fails to comply with the rules set out in the Fund's deed, or the law that governs the Fund, or act fraudulently or dishonestly. It also includes the risk of a management company failing to comply with internal control procedures due to an oversight. The non-compliance may expose the Fund to higher risks that may result in a fall in the value of the Fund.

### Specific Risks

- (a) **Stock Specific Risk** – Prices of a particular Shariah-compliant stock or Shariah-compliant securities may fluctuate in response to the circumstances affecting individual companies such as adverse financial performance, news of a possible merger or loss of key personnel of a company. Any adverse price movements of such Shariah-compliant stock will adversely affect the Fund's NAV. The Manager aims to mitigate this risk through diversification.
- (b) **Risk Associated with Investments in Warrants** – The market price of Shariah-compliant warrants held by the Fund may be affected by changes in market price of the underlying Shariah-compliant securities as well as the exercise price and expiry date of the Shariah-compliant warrants. Any adverse movements in the market price of the Shariah-compliant warrants may impact the Fund's NAV and price of Units.
- (c) **Equity-related Instruments Risk** – The value of the Shariah-compliant equity-related securities depends on the value of the underlying Shariah-compliant equities that the securities are related to. Any downward movement in the value of the underlying Shariah-compliant equities may result in a downward movement of the value of the respective Shariah-compliant equity-related securities and may impact the Fund's NAV and price of Units.
- (d) **Credit and Default Risk** – Credit and default risk relates to the creditworthiness of the issuers of the sukuk and their expected ability to make timely payment of profit income and/or principal. Any adverse situations faced by the issuer may impact the value as well as liquidity of the sukuk. In the case of rated sukuk, this may lead to a credit downgrade. Default risk relates to the risk that an issuer of sukuk either defaulting on payments or failing to make payments in a timely manner which will in turn adversely affect the value of the sukuk. This could adversely affect the value of the Fund.
- (e) **Interest Rate Risk** – Interest rate risk refers to the impact of interest rate changes on the valuation of a sukuk portfolio. When interest rates rise, valuation for sukuk will generally decline and this may lower the market value of the Fund's investment in a sukuk portfolio. The reverse may apply when interest rates fall. The risk will be mitigated via the management of the duration structure of the sukuk portfolio.

The above-mentioned interest rate movement is a general indicator that may have an impact on the management and performance of the Fund. It does not in any way suggest that this Fund will invest in conventional financial instruments.

- (f) **Reclassification of Shariah Status Risk** – The risk that the currently held Shariah-compliant securities in the portfolio of Islamic Fund may be reclassified as Shariah non-compliant in the periodic review of the securities by

the SAC. If this occurs, the Manager will take the necessary steps to dispose of such Shariah non-compliant securities. There may be opportunity loss to the Fund from not being allowed to retain the excess capital gains derived from the disposal of the Shariah non-compliant securities. The value of the Fund may also be adversely affected in the event of a disposal of Shariah non-compliant securities at a price lower than the investment cost.

### DISTRIBUTION POLICY

The Fund is not expected to make distribution. However, incidental distribution may be declared whenever is appropriate – subject to the availability of realized income.

### MODE OF INCOME DISTRIBUTION

All income distribution proceeds, if any, will be automatically reinvested as additional Units at the NAV per Unit within three (3) Business Days following the income distribution declaration date at no charge, unless otherwise requested by Unit Holders.

### PARTIES INVOLVED

<b>Manager</b>	Muamalat Invest Sdn Bhd
<b>Trustee</b>	Maybank Trustees Berhad
<b>Shariah Adviser</b>	Bank Muamalat Malaysia Berhad
<b>Tax Adviser</b>	PricewaterhouseCoopers Taxation Services Sdn Bhd
<b>Auditor</b>	PricewaterhouseCoopers
<b>Principal Banker</b>	Bank Muamalat Malaysia Berhad

### VALUATIONS AND EXITING FROM THE FUND

#### Valuation of Assets of the Fund

The Manager will ensure that all the Shariah-compliant investments of the Fund will be valued at fair value and at all times be in compliance with the Guidelines and all relevant laws.

The valuation point for the Fund is at 5.00 p.m. of every Business Day.

- Shariah-compliant securities listed on Bursa Malaysia – valuation will be based on the last done market price or the market price of the Shariah-compliant securities which is the price at the end of a particular Business Day. In the case of newly subscribed issues e.g. rights and warrants which have not yet been traded, valuation shall be at cost.
- Unlisted Shariah-compliant securities – valuation will be based at book cost or at a valuation verified by the auditor of the Fund and approved by the Trustee.
- Unlisted sukuk and Islamic commercial papers denominated in Ringgit Malaysia – valued on a daily basis using fair value prices quoted by a bond pricing agency registered with the SC. However, if the Manager is of the view that the price quoted by the bond pricing agency differs from the market price by more than 20 basis points, the Manager may use the market price provided the Manager adheres to the requirements stipulated by the SC.
- Cash or Islamic deposits - the valuation of such investments which are Islamic deposits placed with licensed financial institutions and bank bills shall be determined each day by reference to their nominal values and the accrued profit thereon for the relevant period.
- Islamic money market instruments – valuation will be performed on daily basis by reference to the value of such investment as provided by the bank or the financial institution that issues the investment.
- Units in Islamic collective investment scheme – valuation will be based on the last published repurchase price.

- Suspended Shariah-compliant securities – valued at their price at the end of the trading day prior to suspension unless there is conclusive evidence to indicate that the value of such shares have gone below the suspended price or where the quotation of the Shariah-compliant securities has been suspended for a period exceeding 14 days, then the Shariah-compliant securities shall be valued at fair value as determined in good faith by the Manager based on the methods or bases approved by the Trustee after appropriate technical consultation.

### **Exiting from the Fund**

Unit Holders may redeem their investments in the Fund at any point in time by completing the prescribed redemption request form and returning it to the Manager on any Business Day. Redemption can be made either in terms of Units or in Ringgit Malaysia (RM) values. The amount to be received by the Unit Holder for redemption of Units will be calculated by either multiplying the number of Units redeemed by the Manager's Redemption Price or dividing the Ringgit Malaysia (RM) amount with the prevailing NAV per Unit to determine the total Units to redeem.

However, there is no redemption charge payable for this Fund.

The cut-off time for a repurchase transaction is 4.00 p.m. on a Business Day. Any repurchase request received after 4.00 p.m. will be considered as received on the next Business Day. Such repurchase requests are deemed received and shall be irrevocable only if all documents and forms received by the Manager are duly and correctly completed.

## **ASSISTANCE AND DISPUTE**

Muamalat Invest Sdn Bhd strives to provide investors with high quality information services to assist investors to make well-informed investment decisions in relation to the Fund. Muamalat Invest Sdn Bhd's personnel are available to investors at 03-2615 8400 during normal office hours Monday – Friday from 9.00 a.m. – 5.00 p.m. to provide assistance for enquiries on their investments.

### **Dispute Resolution**

1. For internal dispute resolution, you may contact us at:

Muamalat Invest Sdn Bhd  
4th Floor, Menara Bumiputra  
No. 21 Jalan Melaka  
50100 Kuala Lumpur

Tel. No. : 03-2615 8400  
Fax No. : 03-2070 0157  
Email : [misb@muamalat.com.my](mailto:misb@muamalat.com.my)

2. If you are dissatisfied with the outcome of the internal dispute resolution process, please refer your dispute to the Securities Industry Dispute Resolution Corporation (SIDREC):

Securities Industry Dispute Resolution Center (SIDREC)  
Unit A-9-1, Level 9, Tower A  
Menara UOA Bangsar  
No. 5, Jalan Bangsar Utama 1  
59000 Kuala Lumpur

Tel. No. : 03-2282 2280  
Fax No. : 03-2282 3855  
Email : [info@sidrec.com.my](mailto:info@sidrec.com.my)

3. You can also direct your complaint to the Securities Commission Malaysia (“SC”) even if you have initiated a dispute resolution process with SIDREC. To make a complaint, please contact the SC’s Consumer & Investor Office:

Consumer & Investor Office  
Securities Commission Malaysia  
No 3 Persiaran Bukit Kiara  
Bukit Kiara  
50490 Kuala Lumpur

Tel. No. : 03-6204 8999  
Fax No. : 03-6204 8991  
Email : [aduan@seccom.com.my](mailto:aduan@seccom.com.my)  
Online complaint form available at [www.sc.com.my](http://www.sc.com.my)

4. Federation of Investment Managers Malaysia’s Complaints Bureau:

Legal, Secretarial & Regulatory Affairs  
Federation of Investment Managers Malaysia  
19-06-1, 6th Floor, Wisma Tune  
No. 19, Lorong Dungun Damansara Heights, 50490 Kuala Lumpur

Tel. No. : 03-2092 3800  
Fax No. : 03-2093 2700  
Email : [complaints@fimm.com.my](mailto:complaints@fimm.com.my)  
Online complaint form available at [www.fimm.com.my](http://www.fimm.com.my)

## APPENDIX : GLOSSARY

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

“Business Day” means a day on which Bursa Malaysia is open for trading and/or banks in Kuala Lumpur are open;

“Islamic liquid assets” means cash and Islamic deposits;

“Islamic money market instruments” means Islamic Investment Accounts, Islamic Negotiable Instruments, Islamic repurchase agreement and Islamic Commercial Papers;

“Long-term” means a period of more than 5 years;

“Medium-term” means a period between 3 to 5 years;

“Net Asset Value (NAV)” means the value of all assets of the Fund less the value of all the liabilities of the Fund at the valuation point; solely 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 the trustee fee for the relevant day;

“NAV per Unit” means the NAV of the Fund at a particular valuation point divided by the number of Units in circulation at the same valuation point.