

# PRODUCT HIGHLIGHTS SHEET

## MUAMALAT INVEST ISLAMIC SUKUK FUND 1

**DATE OF ISSUANCE**  
**15 SEPTEMBER 2023**

### RESPONSIBILITY STATEMENT

This Product Highlights Sheet has been reviewed and approved by the directors and/or authorised committee and/or persons approved by the Board of Directors of Muamalat Invest Sdn Bhd ("MISB") and they have collectively and individually accepted full responsibility for the accuracy of the information. Having made all reasonable inquiries, they confirm to the best of their knowledge and belief, 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 relevant information and document in relation to the Muamalat Invest Islamic Sukuk Fund 1, including a copy of this Product Highlights Sheet has been lodged with the Securities Commission Malaysia under the Lodge and Launch Framework.

The lodgement of the relevant information and documents in relation to the Muamalat Invest Islamic Sukuk Fund 1, including this Product Highlights Sheet should not be taken to indicate that the Securities Commission Malaysia recommends the Muamalat Invest Islamic Sukuk Fund 1 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 Muamalat Invest Sdn. Bhd. responsible for the Muamalat Invest Islamic Sukuk Fund 1 and takes no responsibility for the contents of this Product Highlights Sheet. The Securities Commission Malaysia makes no representation on the accuracy or completeness of this Product Highlights Sheet, and expressly disclaims any liability whatsoever arising from, or in reliance upon, the whole or any part of its contents.

**This Product Highlights Sheet (“PHS”) 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 Information Memorandum for Muamalat Invest Islamic Sukuk Fund 1 (the “Fund”) dated 19 February 2021 and its First Supplementary Information Memorandum dated 15 September 2023. Investors are advised to request, read and understand the Information Memorandum and the First Supplementary Information Memorandum before deciding to invest.**

#### FUND INFORMATION

Name of Fund	Muamalat Invest Islamic Sukuk Fund 1
Fund Category	Wholesale Sukuk Fund
Fund Type	Income
Launch Date	19 February 2021
Financial Year End	30 April

#### PRODUCT SUITABILITY

The Fund is suitable for Sophisticated Investors who:

- want a portfolio of investments that adhere to Shariah principles;
- have medium to long-term investment horizon; and
- have low to medium risk tolerance.

#### INVESTMENT OBJECTIVE

The Fund aims to generate regular income\* for Unit Holders.

*Note: \*Income can be distributed either in the form of cash or Units.*

#### INVESTMENT POLICY & STRATEGY

The Fund seeks to achieve its objective by investing up to 100% of the NAV in sukuk issued by the Government of Malaysia and/or Malaysian corporates with maximum average portfolio remaining maturity of 7 years. The Fund may also invest up to 20% of the NAV in Islamic money market instruments, cash/cash equivalents and other permitted Shariah-compliant investments.

The Manager may also take temporary defensive measures (for up to 6 months) that may be inconsistent with the Fund’s principal strategy in attempting to respond to adverse market conditions, economic, political or any other conditions which the Manager deem detrimental to the Fund. This includes any event that requires large creation of units in the Fund – to allow the Manager more time to find suitable sukuk papers to invest in in order to comply with the Fund’s asset allocation. The defensive measures that the Manager may undertake are in no way to deviate from the Fund’s objective mandates or breaching any laws and regulations.

The Fund’s strategies in yield enhancement for the portfolio will also be balanced with other investment needs of the Fund, such as liquidity and risk management. On liquidity management, the Fund will maintain sufficient amount of liquidity to accommodate redemption by unit holders. As for risk management, the portfolio duration is kept at optimal level, subject to the maximum remaining maturity period, where yield enhancement can be optimised on risk-adjusted basis, and at the same time, balanced with the need for managing the portfolio’s volatility.

*Note: Please note that the Fund is neither a capital guaranteed nor a capital protected fund.*

### PERFORMANCE BENCHMARK

The benchmark for the Fund is based on the 12-months Maybank Islamic Bank Berhad General Investment Account (GIA) rate.

*Note: The risk profile of the Fund is different than the risk profile of the Benchmark.*

### TRANSACTION INFORMATION

Minimum Initial Investment	RM100,000.00
Minimum Additional Investment	RM100,000.00
Minimum Holding	Not applicable.
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 100,000.00 units or such other amount as MISB may from time to time decide.
Transfer Facility	Not applicable.

### FEES AND CHARGES

Sales Charge	The Manager does not intend to impose any sales charge.
Repurchase Charge	A repurchase charge of up to 2.5% of the NAV per Unit will be imposed for all repurchase made within 365 days from the date of investment. No repurchase charge will be charged during the Initial Offer Period and after 365 days from the date of investment. The repurchase charge may be waived or lowered at the discretion of the Manager. The repurchase charge imposed will be for the benefit of the Unit Holders of the Fund.  <i>Note: Investors may negotiate for a lower Repurchase Charge.</i>
Transfer Fee	Not applicable.
Switching Fee	A switching fee will be imposed on Unit Holders switching between funds under management (that allow switching). A switching fee of RM25.00 will be imposed and deducted from the redemption amount of the units to be switched for a switch between funds that impose a similar sales charge or a switch to a fund that impose a 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.
Annual Management Fee	The Fund pays an annual management fee of up to 0.5% per annum of the NAV of the Fund to the Manager for managing the Fund. The management fee is calculated and accrued on a daily basis, payable monthly to the Manager.
Annual Trustee Fee	The Fund pays an annual trustee fee of 0.04% per annum of the NAV of the Fund. The trustee fee is calculated and accrued on a daily basis, payable monthly to the Trustee.

*Note: The fees and charges quoted are exclusive of tax and duties.*

### GENERAL RISKS OF INVESTING IN THE FUND

- (a) **Market Risk** – Market risk is a risk which generally affects all types of investments. The Fund will be affected by the fluctuation in the performance of the financial markets, caused by changing conditions as a result of global, regional or domestic economic conditions, political developments, and/or governmental policies which will in turn affect the value of the Fund.
- (b) **Financing/Loan Risk** - This risk occurs when the Unit Holder obtains financing/loan to invest in the Fund. Unit Holders should be aware of inherent risk by investing using financed/borrowed money such as inability to service the payment/repayment and/or increase in payment/repayment amount, if profit/interest rate increases. In the case of Unit Holders who provides units as collateral, the Unit Holder may be required to provide additional collateral should the Fund's unit price fall beyond certain level.
- (c) **Risk of Non-Compliance** – This risk arises from non-compliance with laws, rules, regulations, prescribed practices and internal policies and procedures by the Manager. This risk may also occur indirectly due to the amendment to the relevant regulatory frameworks, laws, rules and other prescribed practices affecting the Fund. The risk may also occur due to internal factors, for example, the Manager failing to comply with internal control procedures due to the fund manager's oversight, human error and/or system error. The magnitude of such risk and its impact on the Fund and/or Unit Holders are dependent on the nature and severity of the non-compliance. As an example, non-compliance may adversely affect the returns of the Fund especially if the investment of the Fund has to be disposed at an undesirable price to rectify the non-compliance. The Manager has put in place internal controls to ensure that comprehensive and timely compliance monitoring is undertaken.
- (d) **Shariah Non-Compliance Risk** - This refers to the risk of the Fund not conforming to Shariah Investment Guidelines due to investment in Shariah non-compliant instrument or reclassification of Shariah status. In the event that the Manager is required to rectify any Shariah non-compliance by disposing the related instrument, any losses from disposal due to investment in Shariah non-compliant instrument will be borne by the Manager whereas any losses from disposal due to reclassification of Shariah status will be borne by the Fund. In any circumstances, gain received from disposal shall be channeled to baitulmal and/or charitable bodies as approved by the Shariah Adviser.

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## SPECIFIC RISKS OF INVESTING IN THE FUND

### (a) Credit/Default Risk

Credit/default risk arises when the issuer is unable to make timely payments of profit and/or principal. In the event that the issuer of a sukuk defaults in the payment of profit and/or principal, the value of the Fund may be adversely affected. We intend to mitigate this risk by investing in sukuk with a minimum long term credit rating of AA3/AA- and above or a minimum short term rating of P1/MARC-1 as assigned respectively by RAM or MARC, or its equivalent. In addition, the Manager may invest in unrated sukuk, of which the creditworthiness of the issuers is not affirmed by any independent rating agency. To mitigate these risks, the Manager will conduct a credit valuation process and analysis or obtain secondary credit research encompassing credit analysis and valuation to ascertain the creditworthiness of the issuer of an unrated sukuk.

### (b) Profit/Interest Rate Risk

Profit/Interest rate movements will have an impact on the management of a fund. This risk refers to the effect of profit/interest rate changes on the market value of Islamic money market instruments, Islamic deposit placements and sukuk.

For investment in sukuk and Shariah-compliant Malaysian government securities generally the profit/interest rate has an inverse relationship with its price. Hence, when the profit/interest rate increases, the price may decrease.

As profit/interest rates offered by the financial institutions will fluctuate according to the Overnight Policy Rate (OPR) determined by Bank Negara Malaysia, this has indirect correlation with Islamic deposits. The movement of profit/interest rates may affect the Fund's performance.

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

### (c) Liquidity Risk

The ability of the Fund to honour requests for redemption by unit holders in a timely manner is subject to the Fund's holding of adequate liquid assets and/or its ability to source financing on a temporary basis as permitted by the relevant laws. The Fund may seek an Islamic financing facility to meet the above requests. In the event there is insufficient liquid assets, the Manager may have to liquidate the Fund's investment at an unfavorable price.

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## PERFORMANCE

### Average Total Return

1-Year (30/4/22 – 30/4/23)	3-Year	5-Year	10-Year
4.02%	-	-	-

Source: Novagni Analytics and Advisory Sdn Bhd

### Annual Total Return

FY2023 (30/4/22 – 30/4/23)	FY2022 (19/2/21 <sup>^</sup> – 30/4/22)
4.02%	2.16%

Source: Novagni Analytics and Advisory Sdn Bhd

Commentary: In FY2023, the Fund generated a return of 4.02% compared to the benchmark return of 2.65%. The Fund had outperformed the benchmark by 137 basis points during the financial year under review. The Fund also had fulfilled its objective in providing steady income.

### Basis and Assumption

The performance figures are measured based on the Fund's NAV growth or decline for the stipulated period, inclusive of all distribution payable (if any).

### Income Distribution

Distribution	FY2023 (30/4/22 – 30/4/23)	FY2022 (19/2/21 <sup>^</sup> – 30/4/22)
Gross Distribution per Unit (sen)	3.6180	-
Net Distribution per Unit (sen)	3.6180	-

Source: Muamalat Invest Sdn Bhd

Commentary: During FY2023, the Fund has declared a net distribution of 3.6180 sen per unit on 29 December 2022.

### Portfolio Turnover Ratio

FY2023 (30/4/22 – 30/4/23)	FY2022 (19/2/21 <sup>^</sup> – 30/4/22)
0.02	0.51

Source: Muamalat Invest Sdn Bhd

Commentary: The Fund's portfolio turnover ratio for the FY2023 were lower compared with previous financial year due to lesser trading activities during FY2023.

Note:

FY – Financial Year

<sup>^</sup>Date of inception

PAST PERFORMANCE OF THE FUND IS NOT AN INDICATION OF ITS FUTURE PERFORMANCE

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### DISTRIBUTION POLICY AND MODE OF DISTRIBUTION

Subject to the availability of realized income received from the investment, the Fund will distribute income at least once a year.

All income distributions will be automatically reinvested into additional Units of the Fund based on the NAV per Unit at the end of the immediate next Business Day following the income distribution declaration date, unless written instructions to the contrary are communicated by the Unit Holder to the Manager. No sales charge will be imposed for the reinvestment.

### PARTIES INVOLVED

Manager	Muamalat Invest Sdn Bhd
Trustee	AmanahRaya Trustees Berhad
Shariah Adviser	Bank Muamalat Malaysia Bhd
Tax Adviser	PricewaterhouseCoopers Taxation Services Sdn Bhd
Auditor	PricewaterhouseCoopers
Principal Banker	Bank Muamalat Malaysia Bhd

### VALUATIONS OF ASSETS OF THE FUND

Investments in sukuk will be valued on a daily basis by reference to the fair value prices quoted by a bond pricing agency registered with the SC. Where no such quotations are available, such investments will be valued on a weekly basis or as and when appropriate, by reference to the average indicative yield quoted by three reputable financial institutions in over-the-counter markets at the close of trading. These institutions include investment banks and commercial banks dealing in investments under Section 5.8 of the Information Memorandum. However, in the absence of reliable quotations, such investments will be valued as determined in good faith by the Manager, based on the methods or bases approved by the Trustee.

The value of any investments in Islamic money market instruments shall be determined each day by reference to the principal value of such investments and the income accrued thereon for the relevant period as provided by the financial institutions that issues the instruments and verified by the Manager.

### EXITING FROM THE FUND

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

Redemption proceeds will be paid within seven (7) business days of the date on which the written redemption request is received by the Manager PROVIDED that the written redemption request is received in good and proper form by the Manager before the cut-off time on that day.

The repurchase charge of 2.5% of the NAV per Unit is only applicable if the repurchase application is made within 365 days from the date of purchase transaction.

## 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	Tel. No. : 03-2615 8400
4 <sup>th</sup> Floor, Menara Bumiputra	Fax No. : 03-2070 0157
No. 21 Jalan Melaka	Email : misb@muamalat.com.my
50100 Kuala Lumpur	Website : www.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 Center (SIDREC):

Securities Industry Dispute Resolution Center (SIDREC)	Tel. No. : 03-2282 2280
Unit A-9-1, Level 9, Tower A	Fax No. : 03-2282 3855
Menara UOA Bangsar	Email : info@sidrec.com.my
No. 5, Jalan Bangsar Utama 1	
59000 Kuala Lumpur	

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 and Investor Office:

Consumer & Investor Office	Tel. No. : 03-6204 8999
Securities Commission Malaysia	Fax No. : 03-6204 8991
No. 3 Persiaran Bukit Kiara	Email : aduan@seccom.com.my
Bukit Kiara	Online complaint form is available at:
50490 Kuala Lumpur	www.sc.com.my

4. Or alternatively to Federation of Investment Managers Malaysia's Complaints Bureau:

Legal, Secretarial & Regulatory Affairs	Tel. No. : 03-2092 3800
Federation of Investment Managers Malaysia	Fax No. : 03-2093 2700
19-06-1, 6 <sup>th</sup> Floor, Wisma Tune	Email : complaints@fimm.com.my
No. 19, Lorong Dungun Damansara Heights	Online complaint form available at:
50490 Kuala Lumpur	www.fimm.com.my

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## 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.

“CMSA” means Capital Markets & Services Act 2007 as originally enacted and amended or modified from time to time.

“Islamic money market instruments” may include short-term Islamic deposits, short-term Islamic investment accounts, short-term Islamic negotiable instruments (INIs), short-term Islamic repurchase agreement (REPO) and short-term Islamic commercial papers.

“Long-term” means a period of more than five years.

“Medium-term” means a period of more than one year and less than five 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.

“SACSC” means Shariah Advisory Council of the Securities Commission Malaysia.

“Sophisticated Investors” means any person who:

- (a) falls within any of the category of investors set out in Part I, Schedule 6 and 7 of the CMSA; or
- (b) acquires the unlisted capital market product where the consideration is not less than two hundred and fifty thousand ringgit or its equivalent in foreign currencies for each transaction whether such amount is paid for in cash or otherwise.

“Sukuk” means certificates of equal value which evidence undivided ownership or investment in the assets using Shariah principles and concepts endorsed by the SACSC.

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