

**Date of Issuance: 3 May 2021**

# **PHILLIP WHOLESALE ISLAMIC INCOME FUND ("the Fund")**

## **RESPONSIBILITY STATEMENT**

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

## **DISCLAIMER STATEMENT**

The relevant information and document in relation to the Phillip Wholesale Islamic Income Fund, 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 document in relation to the Phillip Wholesale Islamic Income Fund, including this Product Highlights Sheet, should not be taken to indicate that the Securities Commission Malaysia recommends the Phillip Wholesale Islamic Income 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 Phillip Capital Management Sdn Bhd responsible for the Phillip Wholesale Islamic Income 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.

This Product Highlights Sheet only highlights the key features and risks of the Phillip Wholesale Income Fund. Investors are advised to request for, read and understand the disclosure documents before deciding to invest.

## PRODUCT HIGHLIGHTS SHEET

### PHILLIP WHOLESALE ISLAMIC INCOME FUND

#### BRIEF INFORMATION OF THE PRODUCT

##### 1. What is Phillip Wholesale Income Fund?

The Fund is a wholesale Islamic fixed income fund that invests in Islamic fixed income securities, Islamic deposits and Islamic money market instruments.

#### PRODUCT SUITABILITY

##### 2. Fund Suitability

The Fund is suitable for sophisticated investors who:

- are conservative and have low risk tolerance
- prefer a short to medium term\* investment horizon
- seek regular Shariah-compliant income

\*short to medium term means a period of one to three years.

#### KEY PRODUCT FEATURES

##### 3. What am I investing in?

<b>Fund Type</b>	Income
<b>Fund Category</b>	Fixed Income (Islamic)
<b>Launch Date</b>	3 May 2021
<b>Initial Offer Period</b>	One day, from the date of the Information Memorandum
<b>Initial Offer Price</b>	RM1.00
<b>Minimum Initial Investment</b>	RM100,000.00 or such lower amount at the Manager's discretion
<b>Minimum Additional Investment</b>	RM10,000.00 or such lower amount at the Manager's discretion
<b>Asset Allocation</b>	Minimum 0% to maximum of 100% of the Fund's NAV will be invested in Islamic fixed income securities, Islamic deposits and Islamic money market instruments.
<b>Investment Objective</b>	The Fund aims to provide regular income by investing in Shariah-compliant investments.
<b>Performance Benchmark</b>	Maybank's 1-month General Investment Account-i (GIA-i) rate (Source: <a href="http://www.maybank2u.com.my">www.maybank2u.com.my</a> )
<b>Distribution Policy</b>	Subject to availability of income, the Fund intends to distribute its income on a monthly basis whenever possible or at least quarterly.  If the distribution available is too small or insignificant, the Manager may choose not to distribute the income as the distribution may not be beneficial to the Unit Holders as the total cost to be incurred in such distribution may be higher than the amount available for distribution. The Manager has the discretion to decide on the amount to be distributed to the Unit Holders.

#### 4. Who am I investing with?

<b>Manager</b>	Phillip Capital Management Sdn Bhd Registration No.: 199501004372 (333567-D)
<b>Trustee</b>	PB Trustee Services Berhad Registration No.: 196801000374 (7968-T)
<b>Auditors &amp; Reporting Accountants</b>	Deloitte PLT
<b>Tax Adviser</b>	Deloitte Tax Services Sdn Bhd
<b>Shariah Adviser</b>	Amanie Advisors Sdn Bhd

#### 5. What are the possible outcomes of my investment?

The Fund seeks to achieve its objective by investing primarily in Islamic fixed income securities, Islamic deposits and Islamic money market instruments. The Fund will be actively managed and the strategy is to provide Unit Holders with liquidity access to their investments and returns higher than savings and investment accounts that will depend on the general market condition, market outlook, changes in interest rates, yield curve changes and other various factors.

The Fund's investments will follow a stringent selection process. As such, the Shariah-compliant instruments invested by the Fund will carry at least an investment grade credit rating of "A3" or "P2" as rated by RAM Rating Services Berhad, or its equivalent rating by Malaysian Rating Corporation Berhad. Should the credit rating of the Shariah-compliant instruments of the Fund be downgraded to lower than "A3" or "P2", the Manager reserves the right to deal with the said investment in the best interest of the Unit Holders including to withdraw the invested Shariah-compliant instruments within a reasonable time frame.

## KEY RISKS

#### 6. What are the key risks associated with this product?

Specific risks subject to the characteristics of the type of securities that the Fund invests in:

##### Liquidity Risk

Liquidity risk refers to the ease of liquidating an investment depending on the investment's volume traded in the market. If the Fund holds sukuk that are illiquid, or are difficult to dispose of, the value of the Fund may be negatively affected when it has to sell such sukuk at an unfavourable price.

##### Interest Rate Risk

Interest rate risk refers to the impact of interest rate changes on the valuation of sukuk and/or Islamic money market instruments. When interest rates rise, sukuk and/or Islamic money market instruments prices generally decline and this may lower the market value of the Fund's investment in sukuk and/or Islamic money market instruments. The reverse may apply when interest rates fall. Meanwhile, sukuk and/or Islamic money market instruments with longer maturities and lower profit rates are more sensitive to interest rate changes.

In addition, the Fund's placement in Islamic deposits will also be affected by interest rate changes. In the event of a decreasing interest rate environment, banks may offer Islamic deposits with lower profit rates, effectively reducing the potential returns of Islamic deposits. Profit rates offered by the financial institutions will fluctuate according to the overnight policy rate ("OPR") determined by Bank Negara Malaysia and this has direct correlation with the Fund's placement in Islamic deposits. The Fund will benefit from the higher profit income when interest rates rise and vice versa. Upon the revision of the OPR, rates for pre-existing Islamic deposit placements will remain unchanged. The change in the OPR will only affect new placements made after such change.

The above interest rate is a general indicator that will have an impact on the management of the Fund regardless whether it is a Shariah-compliant fund or otherwise. It does not in any way suggest that a Shariah-compliant fund will invest in conventional financial instruments.

##### Credit/Default Risk

Credit risk relates to the creditworthiness of the issuers of sukuk, Islamic money market instruments and/or the financial institutions where the Islamic deposits are placed and their expected ability to make timely payment of profit and/or principal. Any adverse situations faced by the issuer of the sukuk, Islamic money market instruments and/or the financial institutions where the Islamic deposits are placed may impact the value as well as liquidity of the sukuk, Islamic money market instruments and/or Islamic deposits. In the case of rated sukuk, Islamic money market instruments and financial institutions,

this may lead to a credit downgrade.

Default risk relates to the risk that an issuer of a sukuk, Islamic money market instrument or a financial institution where the Islamic deposits are placed either defaulting on payments or failing to make payments in a timely manner which will in turn adversely affect the value of the sukuk, Islamic money market instruments and Islamic deposits. This could adversely affect the NAV of the Fund.

#### Counterparty Risk

Counterparty risk refers to a risk that relates to the credit standing of counterparties when over-the-counter transactions (such as that of sukuk or Islamic money market instruments) are carried out and is generally not applicable to transactions performed through exchanges. In the event where counterparties of a contract fail to live up to its contractual obligations, the Fund will suffer from financial losses. The Manager may mitigate this risk by performing fundamental credit research and analysis to determine the creditworthiness of the counterparties, prior to commencement of the investment.

*For more details, please refer to section 5 in the information memorandum for the risk factors of investing in the Fund.*

## FEES AND CHARGES

### 7. What are the fees and charges involved?

<b>Sales Charge</b>	Up to 1.00% of the NAV per Unit
<b>Redemption Charge</b>	Nil
<b>Switching Fee</b>	Switching of Units from the Fund to a fund to be switched into will be processed based on the respective fund's net asset value per unit calculated at the end of the Business Day, and a switching fee equal to the sales charge of the fund to be switched into.
<b>Transfer Fee</b>	Nil
<b>Annual Management Fee</b>	Up to 1.00% per annum of the NAV of the Fund.
<b>Annual Trustee Fee</b>	0.015% per annum of the NAV of the Fund (excluding foreign sub-custodian fees and charges), subject to a minimum of RM12,000 per annum
<b>Expenses related to the Funds</b>	<ul style="list-style-type: none"> <li>• commissions or fees paid to brokers or dealers in effecting dealings in the investments of the Fund, shown on the contract notes or confirmation notes (if any);</li> <li>• taxes and other duties charged on the Fund by the government and/or other authorities;</li> <li>• costs, fees and expenses properly incurred by the auditor;</li> <li>• costs, fees and expenses incurred for the valuation of any Shariah-compliant investment of the Fund by independent valuers for the benefit of the Fund;</li> <li>• costs, fees and expenses incurred for any modification of the Deed save where such modification is for the benefit of the Manager and/or the Trustee;</li> <li>• costs, fees and expenses incurred for any meeting of the Unit Holders save where such meeting is convened for the benefit of the Manager and/or the Trustee;</li> <li>• costs, commissions, fees and expenses of the sale, purchase, takaful and any other dealing of any asset of the Fund;</li> <li>• costs, fees and expenses incurred in engaging any specialist approved by the Trustee for investigating or evaluating any proposed Shariah-compliant investment of the Fund;</li> <li>• costs, fees and expenses incurred in engaging any adviser for the benefit of</li> </ul>

	<p>the Fund;</p> <ul style="list-style-type: none"> <li>• costs, fees and expenses incurred in the preparation and audit of the taxation, returns and accounts of the Fund;</li> <li>• costs, fees and expenses incurred in the termination of the Fund or the removal of the Trustee or the Manager and the appointment of a new trustee or management company;</li> <li>• costs, fees and expenses incurred in relation to any arbitration or other proceedings concerning the Fund or any asset of the Fund, including proceedings against the Trustee or the Manager by the other for the benefit of the Fund (save to the extent that legal costs incurred for the defence of either of them are ordered by the court not to be reimbursed by the Fund);</li> <li>• costs, fees and expenses deemed by the Manager to have been incurred in connection with any change or the need to comply with any change or introduction of any law, regulation or requirement (whether or not having the force of law) of any governmental or regulatory authority;</li> <li>• (where the custodial function is delegated by the Trustee) charges and fees paid to sub-custodians taking into custody any foreign assets of the Fund;</li> <li>• expenses and charges incurred in connection with the printing and postage for the annual or quarterly report, tax certificates and other services associated with the administration of the Fund;</li> <li>• all costs and expenses associated with the distributions declared pursuant to the Deed and the payment of such distribution including without limitation fees, costs and/or expenses for the revalidation or reissuance of any distribution cheque or warrant or telegraphic transfer; and</li> <li>• any tax now or hereafter imposed by law or required to be paid in connection with any costs, fees and expenses incurred above.</li> </ul>
<p><b>Other Charges incurred indirectly (if any)</b></p>	<p>In executing transactions upon Unit Holders request, certain charges may be incurred, for instance bank charges on remittance of money. Investors shall bear these transaction charges.</p>

## VALUATIONS AND EXITING FROM INVESTMENT

### 8. How often are valuations available?

The Fund will be valued at least once every Business Day. The valuation of the Fund will be carried out in a fair and accurate manner.

#### **Valuation of Assets**

The Manager will ensure that the assets of the Fund are valued fairly and appropriately.

Sukuk will be valued based on the last done prices as at the close of the Business Day of the respective markets on the same calendar day.

However, if:

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

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

Investments in Sukuk which are not listed on any recognised stock exchange will be valued on each Business Day by reference to the fair value prices quoted by BPA.

In a case where the Manager is of the view that the price quoted by BPA for a specific unlisted sukuk differs from our view of the market price by more than twenty (20) basis points, we may use the market price for valuation, provided that the Manager record its basis for using such price, obtains the necessary internal approvals to use such price and keeps an audit trail of all decisions and basis for adopting such price.

Islamic deposits placed with financial institutions, valuation will be performed by reference to the principal value provided by the financial institution that issues or provides such investments including profit accrued thereon for the relevant period, if any.

Islamic money market instruments are valued each day at cost, adjusted for amortisation of premium or accretion of discount over their par value at the time of acquisition, less provision for any diminution in value.

For investments in Government Investment Issue (GII), it will be amortised under the effective interest rate method.

Units or shares in Islamic collective investment schemes will be valued based on the last published redemption price per unit or share of such Islamic collective investment scheme at the valuation point.

Any other investments will be valued based on fair value as determined in good faith by the Manager, on methods or bases which have been verified by the auditor of the Fund and approved by the Trustee.

**9. How can I exit from this investment and what are the risks and costs involved?**

<b>Submission of Redemption Request</b>	A redemption request must be received by the Manager before the cut-off time of 9.45 a.m. on any Business Day. Any redemption request received after 9.45 a.m. will be taken as a redemption request made on the next Business Day.
<b>Redemption Settlement</b>	For the first RM30 million or below, redemption proceeds shall be paid to Unit Holders no later than 5 Business Days after the redemption request is received by the Manager. For amount above RM30 million, the payment of the redemption proceeds shall not be later than 30 Business Days after the redemption request is received by the Manager. Redemption proceeds shall be payable via online transfer or Interbank GIRO (IBG) to the primary registered account holders or by cheque and posted to the address registered with the Manager or self-collected by the registered account holders. Payment to third party is not allowed. For amount above RM10,000.00, the investor may request to receive payment via telegraphic transfer or RENTAS. All bank charges will be borne by Unit Holders. The charges will be deducted from the redemption amount before being paid to the Unit Holders' relevant bank account.

**CONTACT INFORMATION**

**10. Who should I contact for further information or to lodge a complaint?**

1. For internal dispute resolution, you may contact the Customer Service Hotline:
  - (a) Tel : 03-2783 0300
  - (b) Fax : 03-2166 6417 / 03-2711 3036
  - (c) Email : pcm@poems.com.my
  - (d) Website : www.phillipcapital.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):
  - (a) via phone to : 03-2282 2280
  - (b) via fax to : 03-2282 3855
  - (c) via e-mail to : info@sidrec.com.my
  - (d) via letter to : Securities Industry Dispute Resolution Center (SIDREC)  
Unit A-9-1, Level 9, Tower A  
Menara UOA Bangsar  
No.5, Jalan Bangsar Utama 1  
59000 Kuala Lumpur

3. You can also direct your complaint to the Securities Commission Malaysia even if you have initiated a dispute resolution process with SIDREC. To make a complaint, please contact the SC's Consumer & Investor Office:
- (a) via phone to the Aduan Hotline at : 03-6204 8999
  - (b) via fax to : 03-6204 8991
  - (c) via e-mail to : aduan@seccom.com.my
  - (d) via online complaint form available at [www.sc.com.my](http://www.sc.com.my)
  - (e) via letter to : Consumer & Investor Office  
Securities Commission Malaysia  
No 3 Persiaran Bukit Kiara  
Bukit Kiara  
50490 Kuala Lumpur
4. Federation of Investment Managers Malaysia (FIMM)'s Complaints Bureau:
- (a) via phone to the Aduan Hotline at : 03-2092 3800
  - (b) via fax to : 03-2093 2700
  - (c) via e-mail to : complaints@fimm.com.my
  - (d) via online complaint form available at [www.fimm.com.my](http://www.fimm.com.my)
  - (e) via letter to : Legal, Secretarial & Regulatory Affairs  
Federation of Investment Managers Malaysia  
19-06-1, 6<sup>th</sup> Floor Wisma Tune  
No.19, Lorong Dungun  
Damansara Heights  
50490 Kuala Lumpur

## APPENDIX: GLOSSARY

<b>Bursa Malaysia</b>	means the stock exchange managed and operated by Bursa Malaysia Securities Berhad (Registration No.: 200301033577 (635998-W)).
<b>Business Day</b>	means a day on which Bursa Malaysia is open for trading.
<b>Deed</b>	means the deed dated 10 February 2020 relating to the Fund entered into between the Manager and the Trustee and any supplemental deed(s) thereto.
<b>Fund</b>	means Phillip Wholesale Islamic Income Fund.
<b>NAV</b>	means net asset value, the value of all the Fund's assets minus its liabilities at the valuation point.
<b>NAV per Unit</b>	means the NAV of the Fund at a particular valuation point divided by the total number of Units of the Fund in circulation at the same valuation point.
<b>SC</b>	Securities Commission Malaysia established under the Securities Commission Malaysia Act 1993.
<b>Unit</b>	means an undivided share in the beneficial interest and/or right in the Fund and a measurement of the interest and/or right of a Unit Holder in the Fund and means a unit of the Fund.
<b>Unit Holder(s)</b>	means the person or persons for the time being who is registered pursuant to the Deed as holder/holders of the Fund.