

# INFORMATION MEMORANDUM

## PERFORMA CORE GROWTH AND INCOME FUND

*(constituted by way of Deed on 30th September 2021)*

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| <b>Manager</b>  |
| Cross Light Capital Sdn Bhd<br>Registration No.: 201901034174 (1343504-X) |
| <b>Trustee</b>  |
| Pacific Trustees Berhad<br>Registration No.: 199401031319 (317001-A)      |

**This Information Memorandum is dated 8 October 2021.**

*(the date of the information memorandum is also the launch date of the Fund)*

THE FUND IS A HEDGE FUND. AN INVESTMENT IN THE FUND CARRIES RISKS OF A DIFFERENT NATURE FROM OTHER TYPES OF COLLECTIVE INVESTMENT SCHEMES WHICH INVESTS IN LISTED SECURITIES, SECURITIES-BASED DERIVATIVES OR UNITS IN A COLLECTIVE INVESTMENT SCHEME AND DO NOT ENGAGE IN SHORT SELLING AND LEVERAGE; HENCE, AN INVESTMENT IN THE FUND MAY NOT BE SUITABLE FOR PERSONS AVERSE TO SUCH RISKS. THE FUND IS NOT CAPITAL GUARANTEED OR CAPITAL PROTECTED AND INVESTORS MAY LOSE ALL OR A LARGE PART OF THEIR INVESTMENT. AN INVESTMENT IN THE FUND IS NOT INTENDED TO BE A COMPLETE INVESTMENT PROGRAMME FOR ANY INVESTOR AND PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER WHETHER AN INVESTMENT IN THE FUND IS SUITABLE FOR THEM IN LIGHT OF THEIR OWN CIRCUMSTANCES, FINANCIAL RESOURCES AND ENTIRE INVESTMENT PROGRAMME. INVESTORS MAY ONLY REDEEM FROM THE FUND ON A QUARTERLY BASIS OR AS DETERMINED BY THE MANAGER AT ITS DISCRETION.

INVESTORS ARE ADVISED TO READ THIS INFORMATION MEMORANDUM AND OBTAIN PROFESSIONAL ADVICE BEFORE SUBSCRIBING TO THE FUND.

UNITS OF THE FUND CAN ONLY BE SOLD TO SOPHISTICATED INVESTORS.

### **Responsibility Statement**

This Information Memorandum has been seen and approved by the directors of Cross Light Capital Sdn Bhd and they collectively and individually accept full responsibility for the accuracy of all information contained herein and confirm, having made all enquiries which are reasonable in the circumstances, that to the best of their knowledge and belief, there are no other facts omitted which would make any statement herein misleading.

### **Statements of Disclaimer**

The Securities Commission Malaysia will not be liable for any non-disclosure on the part of Cross Light Capital Sdn Bhd and takes no responsibility for the contents of this Information Memorandum, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from, or in reliance upon the whole or any part of the content of this Information Memorandum.

**INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, INVESTORS WHO ARE IN DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT THEIR PROFESSIONAL ADVISERS IMMEDIATELY.**

### **Additional Statements**

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

The Fund will not be offered for sale in the United States of America, its territories or possessions and all areas subject to its jurisdiction, or to any U.S. Person(s). Accordingly, investors may be required to certify that they are not U.S. Person(s) before making an investment in the Fund.

### **Foreign Account Tax Compliance Act (FATCA)**

In managing the Fund, the Manager is obliged to comply with the provisions of the Foreign Account Tax Compliance Act ("FATCA") which generally requires the Manager to report certain information in respect of certain investors' accounts, as required by FATCA, to the US Internal Revenue Service (the "IRS"). In the event that the Manager fails to comply with requirements of FATCA, a 30% withholding tax may apply to certain US source income (including, among other types of income, dividends and interest). As the Manager is treated as a foreign financial institution ("FFI") under the provisions of the FATCA, the Manager will register itself and the Fund with the IRS and will be obliged to report on its direct and indirect investors' US Person status and account information to the IRS. In complying with the provisions of the FATCA, the Manager may be required to withhold 30% of certain payments to its Unit Holders if such Unit Holders do not comply with the provisions of the FATCA.

On 30 June 2014, the Malaysian government has reached an agreement in substance on a Model 1 intergovernmental agreement ("IGA") with the US government to implement the FATCA.

Accordingly, Malaysia has been included in the US Department of Treasury's list of jurisdictions that are treated as having an IGA in effect with the US. In compliance with the provisions of the FATCA, the Manager is obliged to provide the required information of US Persons to the Inland Revenue Board of Malaysia ("IRB"), which in turn will provide such required information to the IRS. The Manager may also require additional information from its Unit Holders to comply with its obligations under the FATCA as the non-provision of such information may result in the Manager having to report such Unit Holders to the IRB or the Unit Holders being subject to other action deemed appropriate by the Manager. As such, prospective investors should consult their tax advisers on the requirements under FATCA applicable to them before investing in the Fund.

#### **Common Reporting Standard ("CRS")**

The Organisation for Economic Co-operation and Development ("OECD") received a mandate from the G8/G20 countries to develop a common reporting standard ("CRS") to achieve a comprehensive and multilateral automatic exchange of information in the future on a global basis. The CRS requires financial institutions to identify financial account holders and establish their tax residence, and report financial account information relating to certain accounts to the local tax authority, which will thereafter automatically be transferred to the relevant competent foreign tax authorities on a yearly basis.

Section 132B of the Income Tax Act, 1967 ("ITA") provides for mutual administrative assistance arrangements that will allow the Minister of Finance, by statutory order, to declare arrangements be made to give effect to the CRS. Regulations implementing the CRS in Malaysia has been introduced with effect from 1 January 2017.

The Manager would be obliged to report the identity and tax residence of certain Unit Holders (including certain entities and their controlling persons) to the local tax authorities who will share such information with the other relevant tax authorities. As such, investors that purchase Units in the Fund are required to complete a self-certification to confirm their tax residence or tax residencies. Investors are also required to notify the Manager of any relevant change in circumstances such as an amendment to the tax residency or tax residencies.

**UNIT HOLDERS SHOULD CONSULT THEIR PROFESSIONAL ADVISERS ON THE POSSIBLE TAX AND OTHER CONSEQUENCES WITH RESPECT TO THE IMPLEMENTATION OF THE CRS.**

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**CHAPTER 1    CORPORATE DIRECTORY**

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| <b>MANAGER</b>                               | Cross Light Capital Sdn Bhd<br>Registration No.: 201901034174 (1343504-X)  |
| <b>REGISTERED OFFICE</b>                     | Unit 1110, Block A, Pusat Dagangan Phileo Damansara 2<br>15, Jalan 16/11, Off Jalan Damasara,<br>46350 Petaling Jaya, Selangor   |
| <b>BUSINESS OFFICE</b>                       | Level 33, Ilham Tower<br>No. 8 Jalan Binjai<br>50450 Kuala Lumpur  |
| <b>TELEPHONE NUMBER</b>                      | 03-2117 5150   |
| <b>EMAIL ADDRESS</b>                         | info@crosslightcapital.com   |
| <b>WEBSITE</b>                               | www.crosslightcapital.com  |
|  |  |
| <b>TRUSTEE</b>                               | Pacific Trustees Berhad<br>Registration No.: 199401031319 (317001-A)   |
| <b>REGISTERED OFFICE AND BUSINESS OFFICE</b> | Unit A-11-8, 11 <sup>th</sup> Floor, Megan Avenue 1<br>No. 189, Jalan Tun Razak<br>Off Persiaran Hampshire<br>50400 Kuala Lumpur |
| <b>TELEPHONE NUMBER</b>                      | 03-2166 8830   |
| <b>FACSIMILE NUMBER</b>                      | 03-2166 3830   |
| <b>EMAIL ADDRESS</b>                         | ptb@pacifictrustees.com  |
| <b>WEBSITE</b>                               | www.pacifictrustees.com  |

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## CHAPTER 2    DEFINITIONS

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In this Information Memorandum, the following abbreviations or words shall have the following meanings unless otherwise stated:

|                         |  |
|-------------------------|--|
| Bursa Malaysia          | Means the stock exchange managed and operated by Bursa Malaysia Securities Berhad (Registration No.: 200301033577 (635998-W)) and includes any changes to the name or the operator of the Malaysian stock exchange.  |
| Business Day            | <p>Means a day on which banks in Kuala Lumpur are open for business, unless otherwise declared by the Manager to be a non-Business Day when one or more of the foreign markets in which the Fund is invested therein is closed for trading.</p> <p>Notwithstanding the above, the Manager may, at its sole discretion and in consultation with the Trustee, declare certain non-Business Day as a Business Day when one or more of the foreign markets in which the Fund is invested therein are open for trading.</p> |
| CMSA                    | Means the Capital Markets and Services Act 2007 as may be amended from time to time.   |
| Deed                    | Means the deed in respect of the Fund and any other supplemental deed that may be entered into between the Manager and the Trustee.  |
| ETF                     | Means exchange-traded fund.  |
| Fund                    | Means Perma Core Growth and Income Fund.   |
| Guidelines              | Means the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by the SC and any other relevant guidelines issued by the SC.   |
| High Water Mark ("HWM") | <p>Means:</p> <p>(a) where the Fund is subject to performance fee at the end of the previous Performance Period, the NAV per Unit (after deducting the performance fee) on the last Valuation Day of the previous Performance Period; or</p> <p>(b) where the Fund is not subject to performance fee at the end of the previous Performance Period, the HWM for the previous Performance Period,</p>   |

|                         |  |
|-------------------------|--|
|                         | and is the minimum NAV per Unit that the Fund must achieve before the Manager is entitled to charge a performance fee. At launch, the HWM will be the initial offer price net of sales charge.   |
| Information Memorandum  | Refers to the information memorandum of this Fund and any supplemental or replacement information memorandum.  |
| Manager                 | Refers to Cross Light Capital Sdn Bhd.   |
| medium to long term     | Means a period of 7 years or more.   |
| MYR                     | Means Ringgit Malaysia.  |
| NAV of the Fund         | Means the value of all the Fund's assets minus its liabilities at the valuation point.   |
| 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.   |
| OTC                     | Means over-the-counter.  |
| Performance Period      | Means a period of 3 months ending on the Valuation Day of March, June, September and December in a financial year of the Fund.   |
| Redemption Date         | <p>Means a day on which Units will be redeemed pursuant to the redemption requests received by the Manager before the cut-off time and will be on the Valuation Day of January, February, March, April, May, June, July, August, September, October, November and December of each year.</p> <p>In the event, the abovementioned date is not a Business Day, the redemption request will have to be received by the Manager on or before the cut-off time of 1:00 p.m. on the Business Day immediately preceding the Valuation Day.</p> <p>Notwithstanding the above, the Manager may, at its sole discretion and in consultation with the Trustee, change the frequency in relation to the Redemption Date.</p> |
| SC                      | Refers to the Securities Commission Malaysia.  |
| Sophisticated Investors | <p>Refers to –</p> <p>(a) an individual whose total net personal assets, or total net joint assets with his or her spouse, exceeding MYR 3 million or its equivalent in foreign currencies, excluding the value of the individual's primary residence;</p> <p>(b) an individual who has a gross annual income exceeding MYR 300,000 or its equivalent in foreign currencies in the</p>   |

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|                    | <p>preceding 12 months;</p> <p>(c) an individual who, jointly with his or her spouse, has a gross annual income exceeding MYR 400,000 or its equivalent in foreign currencies in the preceding 12 months;</p> <p>(d) an individual whose total net personal investment portfolio or total net joint investment portfolio with his or her spouse, in any capital market products exceeding RM1 million or its equivalent in foreign currencies;</p> <p>(e) a company that is registered as a trust company under the Trust Companies Act 1949 and has assets under its management exceeding RM10 million or its equivalent in foreign currencies;</p> <p>(f) a corporation that is a public company under the Companies Act 2016 which is approved by the SC to be a trustee under the CMSA and has assets under its management, exceeding RM10 million or its equivalent in foreign currencies;</p> <p>(g) a corporation that is carrying on the regulated activity of fund management solely for the benefit of its related corporations and has assets under its management exceeding RM10 million or its equivalent in foreign currencies;</p> <p>(h) a corporation with total net assets exceeding MYR 10 million or its equivalent in foreign currencies based on the last audited accounts;</p> <p>(i) a partnership with total net assets exceeding MYR 10 million or its equivalent in foreign currencies;</p> <p>(j) a statutory body established under any laws unless otherwise determined by the SC;</p> <p>(k) a pension fund approved by the Director General of Inland Revenue under the Income Tax Act 1967</p> <p>(l) a unit trust scheme, private retirement scheme or prescribed investment scheme;</p> <p>(m) Bank Negara Malaysia;</p> <p>(n) a licensed person or a registered person;</p> <p>(o) an exchange holding company, a stock exchange, a derivatives exchange, an approved clearing house, a central depository or a recognized market operator;</p> <p>(p) a corporation that is licensed, registered or approved to carry on any regulated activity or capital market services by an authority in Labuan or outside Malaysia which exercises functions corresponding to the functions of the SC;</p> <p>(q) a bank licensee or an insurance licensee as defined under the Labuan Financial Services and Securities Act 2010;</p> <p>(r) an Islamic bank licensee or a takaful licensee as defined under the Labuan Islamic Financial Services and Securities Act 2010;</p> <p>(s) a chief executive officer or a director of any person referred to in paragraphs (n) to (r);</p> <p>(t) a closed-end fund approved by the SC; or</p> <p>(u) such other investor(s) as may be permitted by the SC from time to time and/or under the relevant guidelines for wholesale funds.</p> |
| Special Resolution | <p>Means a resolution passed at a meeting of Unit Holders duly convened in accordance with the Deed and carried by a majority of not less than three-fourths of the Unit Holders present and voting at the meeting in person or by proxy; for the avoidance of doubt, “three-fourths of the Unit Holders present and voting” means three-fourths of the votes cast by the Unit Holders present and voting; for the purposes of terminating the Fund, “Special</p>   |



|   |   |
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|   | Resolution” means a resolution passed at a meeting of Unit Holders duly convened in accordance with the Deed by a majority in number representing at least three-fourths of the value of the Units held by the Unit Holders present and voting at the meeting in person or by proxy.  |
| Subscription Date                         | <p>Means a day on which Units will be created pursuant to the purchase application received by the Manager before the cut-off time and will be on the Valuation Day of January, February, March, April, May, June, July, August, September, October, November and December of each year.</p> <p>In the event, the abovementioned date is not a Business Day, the purchase application will have to be received by the Manager on or before the cut-off time of 1:00 p.m. on the last Business Day immediately preceding the Valuation Day.</p> <p>Notwithstanding the above, the Manager may, at its sole discretion and in consultation with the Trustee, change the frequency in relation to the Subscription Date.</p>   |
| Trustee                                   | Refers to Pacific Trustees Berhad.  |
| Unit                                      | Refers to a measurement of the right or interest of a Unit Holder in the Fund and means a unit of the Fund.   |
| Unit Holder(s)                            | Means a Sophisticated Investor for the time being who is registered pursuant to the Deed as a holder of Units of the Fund.  |
| U.S. or United States                     | Means the United States of America.   |
| USD                                       | Means United States Dollar.   |
| U.S. (United States of America) Person(s) | <p>Means:</p> <ul style="list-style-type: none"> <li>(a) a U.S. citizen (including those who hold dual citizenship or a greencard holder);</li> <li>(b) a U.S. resident alien for tax purposes;</li> <li>(c) a U.S. partnership;</li> <li>(d) a U.S. corporation;</li> <li>(e) any estate other than a non-U.S. estate;</li> <li>(f) any trust if: <ul style="list-style-type: none"> <li>(i) a court within the U.S. is able to exercise primary supervision over the administration of the trust; and</li> <li>(ii) one or more U.S. Persons have the authority to control all substantial decisions of the trust;</li> </ul> </li> <li>(g) any other person that is not a non-U.S. Person; or</li> <li>(h) any definition as may be prescribed under the Foreign Account Tax Compliance Act, as may be amended from time to time.</li> </ul> |

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| Valuation Day | Means the last day of each calendar month on which banks in New York are open for business. |
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**CHAPTER 3      FUND INFORMATION**

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**INVESTORS SHOULD TAKE NOTE THAT THE FUND IS A HIGH RISK FUND AND MAY NOT BE SUITABLE FOR ALL INVESTORS. IT IS POSSIBLE THAT THE ENTIRE VALUE OF THE INVESTORS' INVESTMENT COULD BE LOST AND THE RETURNS OF THE FUND ARE LIKELY TO BE HIGHLY VOLATILE. INVESTORS SHOULD UNDERSTAND THE USE OF LEVERAGE BEFORE INVESTING IN THE FUND.**

| <b>FUND DETAILS</b>                     |   |
|---|---|
| <b>Name of the Fund</b>                 | Performa Core Growth and Income Fund  |
| <b>Fund Category</b>                    | Hedge fund (mixed assets)   |
| <b>Fund Type</b>                        | Income and Growth   |
| <b>Base Currency</b>                    | USD   |
| <b>Initial Offer Period</b>             | 60 days from the date of this Information Memorandum.<br><i>Note: The initial offer period may be shortened if the Manager determines that it is in your best interest.</i>   |
| <b>Initial Offer Price</b>              | USD 0.5000  |
| <b>Commencement Date</b>                | Within ten (10) Business Days after the end of the Initial Offer Period.  |
| <b>Investors' Profile</b>               | The Fund is suitable for a Sophisticated Investor who: <ul style="list-style-type: none"> <li>• has moderate to high risk tolerance;</li> <li>• seeks capital growth and income distribution; and</li> <li>• has medium to long term investment horizon.</li> </ul>   |
| <b>Investment Objective</b>             | The Fund aims to achieve medium to long term capital growth and distribution of income from absolute returns.<br><i>Any material change to the investment objective would require Unit Holders' approval.</i>   |
| <b>Investment Strategy and Approach</b> | To meet the Fund's objective, the Manager may invest in equities and/or equity-related securities, fixed income securities, money market instruments, deposits, collective investment schemes, structured products, financial derivative instruments and/or listed/unlisted securities depending on prevailing market conditions.<br><br>The Manager may invest in collective investment schemes, listed and/or unlisted securities to gain a diversified exposure in multiple global asset classes and investment strategies, including but not limited to equities, fixed income, real estate and infrastructure assets, natural resources, precious metals, multiple asset class volatility, currencies, private equity replication strategies, absolute return or liquid alternative hedge fund strategies and digital assets.<br><br>At any one time, the investments of the Fund may comprise of one or all of the above securities and/or instruments. |

### **Investment Strategy**

The Fund's investment strategy involves employing a global multiple asset or cross-asset and strategic asset allocation framework, combined with tactical asset allocation overlays to enable a more active or dynamic asset allocation strategy, with the aim to generate: (1) higher risk adjusted returns, (2) lower correlation to equity markets and (3) greater diversification benefits than a passive asset allocation (and less active asset allocation) strategies and/or other funds with less or no exposures to global multiple assets and investment strategies.

The Manager may employ the use of time series and cross sectional data including data across multiple asset and macro-economic and bottom-up industry and company datasets analyses to arrive at fundamental, quantitative, discretionary and/or systematic tactical investment and asset allocation decisions.

### **Investment Approach**

#### **(i) Multiple asset or cross-asset approach**

The multiple asset or cross-asset investment strategy approach aims to deliver improved diversification benefits for the Fund and increase risk adjusted returns as the global multiple asset classes invested by the Fund may produce returns which are less correlated than single asset class and/or multiple asset class funds which do not have an allocation to additional asset classes and investment strategies.

#### **(ii) Strategic asset allocation framework**

The strategic asset allocation framework employed by the Fund is based on leading United States university endowment funds such as Yale and Harvard universities which are characterized by relatively lower allocation to traditional asset classes (equities, fixed income instruments and cash) and a relatively higher allocation to a large number of alternative investment classes including hedge fund, absolute return strategies, private equity and other asset classes such as natural resources and real assets like real estate and infrastructure assets. The fundamental justification for asset allocation (or modern portfolio theory) is the notion that different asset classes offer returns that are not perfectly correlated, hence diversification reduces the overall risk in terms of the variability of returns for a given level of expected return.

#### **(iii) Tactical asset allocation overlays and dynamic asset allocation**

The Fund may employ dynamic asset allocation within the above mentioned cross assets and investment strategies, with the goal of adapting to the highest risk adjusted asset allocation in the current market and economic regime as assessed by the Manager. Dynamic asset allocations refer to a portfolio management strategy or tactical asset allocation strategy, that frequently adjusts the multiple asset classes and investment strategies to suit the current market conditions. Adjustments may involve, but are not limited to, reducing positions in the worst-performing asset classes while increasing positions in the best-performing assets. Investing in the

best performing asset classes may expose the Fund to higher exposure to the factor risk premia of momentum and reap returns if the trend continues. In addition, the use of dynamic asset allocation may reduce asset classes that are trending lower to help minimize potential losses if the down trend continues.

(iv) Long-short approach

The Manager may implement a multiple asset long-short approach with the use of leverage\* by investing in collective investment schemes, listed and/or unlisted securities to enable the Fund to gain exposure into multiple global asset classes and investment strategies, which may include but are not limited to:

1. equities,
2. fixed income,
3. real estate and infrastructure assets,
4. natural resources,
5. precious metals,
6. multiple asset class volatility,
7. currencies, cross currencies, foreign exchange related instruments and/or cash,
8. private equity replication strategies,
9. absolute return or liquid alternative hedge fund strategies,
10. digital assets, and

and their related instruments and derivatives.

The long-short approach may result in the Manager employing significant net short exposures (i.e. the total value of instruments purchased is less than the total value of short selling instruments), which may include the short selling\*\* of securities and/or instruments with the intention of hedging the other securities and/or instruments with long exposure and/or profit from a decline in value of the said short sold security and/or instrument.

*\*The Manager may also employ the use of leverage and/or portfolio and/or securities margin financing facilities to increase the Fund's exposures in the aforesaid multiple asset classes and investment strategies with the goal of amplifying the Fund's returns. With respect to the use of leverage, the Fund may have an exposure of -75% of the NAV or zero point seven five times (0.75x) of NAV net short and +200% of the NAV or two times (2x) of NAV net long for a duration which the Manager expects to be consistent with the investment objective of the Fund, with such leverage being both secured and/or unsecured. The Manager may utilise quantitative and fundamental discretionary approaches to monitor the use of such leverage.*

*\*\* Short selling of a security involves selling a borrowed security with the expectation that the value of that security will decline and/or underperform another instrument, so that the security may be purchased at a lower price when returning the borrowed security.*

| <b>Asset Allocation by Instruments Invested (not by exposures and not by leverage)</b> | <table border="1"> <thead> <tr> <th data-bbox="571 141 1082 230">Instruments</th> <th data-bbox="1090 141 1278 230">% of the Fund's NAV</th> </tr> </thead> <tbody> <tr> <td data-bbox="571 237 1082 282">Equities and/or equity-related securities</td> <td data-bbox="1090 237 1278 282">0% - 100%</td> </tr> <tr> <td data-bbox="571 288 1082 333">Listed and/or unlisted securities</td> <td data-bbox="1090 288 1278 333">0% - 100%</td> </tr> <tr> <td data-bbox="571 340 1082 385">Collective investment schemes</td> <td data-bbox="1090 340 1278 385">0% - 100%</td> </tr> <tr> <td data-bbox="571 392 1082 481">Fixed income securities, money market instruments and/or deposits</td> <td data-bbox="1090 392 1278 481">0% - 100%</td> </tr> <tr> <td data-bbox="571 488 1082 577">Structured products and/or financial derivative instruments</td> <td data-bbox="1090 488 1278 577">0% - 100%</td> </tr> </tbody> </table>   | Instruments | % of the Fund's NAV | Equities and/or equity-related securities | 0% - 100% | Listed and/or unlisted securities | 0% - 100% | Collective investment schemes | 0% - 100% | Fixed income securities, money market instruments and/or deposits | 0% - 100% | Structured products and/or financial derivative instruments | 0% - 100% |
|--|---|-------------|---------------------|---|-----------|-----------------------------------|-----------|-------------------------------|-----------|---|-----------|---|-----------|
| Instruments  | % of the Fund's NAV   |             |                     |   |           |                                   |           |                               |           |   |           |   |           |
| Equities and/or equity-related securities  | 0% - 100%   |             |                     |   |           |                                   |           |                               |           |   |           |   |           |
| Listed and/or unlisted securities  | 0% - 100%   |             |                     |   |           |                                   |           |                               |           |   |           |   |           |
| Collective investment schemes  | 0% - 100%   |             |                     |   |           |                                   |           |                               |           |   |           |   |           |
| Fixed income securities, money market instruments and/or deposits                      | 0% - 100%   |             |                     |   |           |                                   |           |                               |           |   |           |   |           |
| Structured products and/or financial derivative instruments                            | 0% - 100%   |             |                     |   |           |                                   |           |                               |           |   |           |   |           |
| <b>Benchmark</b>   | <p>One half of the total returns (the returns net of dividends distributed and fees where applicable) of an equally weighted portfolio of the iShares Core Growth Allocation ETF (AOR), Standard &amp; Poor Depositary Receipts S&amp;P 500 ETF (SPY) and IQ Hedge Multi-Strategy Tracker ETF (QAI) rebalanced daily at zero trading cost:</p> $R_{\text{Benchmark}} = 1/2 \times (1/3 R_{\text{AOR}} + 1/3 R_{\text{SPY}} + 1/3 R_{\text{QAI}})$ <p>where "R" denotes total returns and "x" denotes "multiplied" or "times".</p> <p>Investors should note that the Manager's investment objective is capital growth and income distribution through absolute returns and is not managing the Fund with the objective of outperforming the reference benchmark or any benchmark. The Manager's investment philosophy is that the Fund is to be managed free from benchmarks from the perspective of the investment objective as the Manager is not seeking to outperform the referenced benchmark.</p> <p>Information on the benchmark is available upon request from the Manager. The risk profile of the Fund is not the same as the risk profile of the benchmark.</p> |             |                     |   |           |                                   |           |                               |           |   |           |   |           |
| <b>Permitted Investments</b>   | <p>Unless otherwise prohibited by the relevant authorities or any relevant laws and provided always that there is no inconsistency with the investment objective of the Fund, the Fund may invest in the following:</p> <ul style="list-style-type: none"> <li>● equities and/or equity-related securities;</li> <li>● listed and/or unlisted securities;</li> <li>● collective investment schemes;</li> <li>● fixed income securities;</li> <li>● money market instruments;</li> <li>● deposits with financial institutions;</li> <li>● financial derivative instruments;</li> <li>● structured products; and/or</li> </ul>  |             |                     |   |           |                                   |           |                               |           |   |           |   |           |

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|   | <ul style="list-style-type: none"> <li>any other investments which are in line with the Fund's objective.</li> </ul>  |
| <b>Investment Restrictions and Limits</b> | The Fund is not subject to any investment restrictions and limits.  |
| <b>Financial Year End</b>                 | <p>31<sup>st</sup> December.</p> <p>The first financial year of the Fund shall commence on the launch date of the Fund and end on a date which shall not exceed 18 months from the launch date of the Fund.</p> <p><i>Note: The launch date of the Fund is the date on which sale of Units of the Fund may first be made.</i></p>   |
| <b>Deed</b>                               | 30 September 2021   |
| <b>Distribution Policy</b>                | The Fund may make income distributions and income distributions may be accrued from prior income to paid in a later period.   |
| <b>Valuation Point</b>                    | <p>The Fund will be valued on the last day of each calendar month on which banks in New York are open for business ("Valuation Day") after the close of the market in which the portfolio of the Fund is invested for the relevant Valuation Day but not later than the end of the tenth (10<sup>th</sup>) Business Day from the Valuation Day except during the Initial Offer Period.</p> <p>For currency translation of foreign investments to the Fund's base currency (USD), the valuation shall be based on Bloomberg or Reuters at United Kingdom time 4.00 p.m. which is equivalent to 11:00 p.m or 12:00 midnight (Malaysian time) on the same day, or such other time as may be prescribed from time to time by the Federation of Investment Managers Malaysia or any relevant laws. If the market outside the United States in which the Fund is invested in is closed for business, we will value the investments based on the latest available price as at the day the particular market was last opened for business.</p> <p>For valuation purposes of the Fund, the Manager shall convert all expenses and income of the Fund denominated in currencies other than USD into the Fund's base currency, USD. For currency translation of non USD expenses and revenues to the Fund's base currency (USD), the valuation shall be based on the last available exchange rates quoted and published by Bank Negara Malaysia which is available at <a href="https://www.bnm.gov.my/exchange-rates">https://www.bnm.gov.my/exchange-rates</a>.</p> |
| <b>Valuation of Assets</b>                | <p><b>Listed securities, listed equities, listed equity-related securities, listed fixed income securities and/or listed collective investment schemes ("listed investments")</b> will be valued based on the market closing price. However, if:-</p> <p>(a) a valuation based on the market price does not represent the fair value of the listed investments, for example during abnormal market conditions; or</p> <p>(b) no market price is available, including in the event of a suspension in the quotation of listed investments for a period exceeding fourteen (14) days, or such shorter period as agreed by the Trustee,</p>  |

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|  | <p>then the listed investments will 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.</p> <p><b>Unlisted securities</b> will be valued based on fair value as determined in good faith by the Manager, based on methods or bases which have been verified by the auditor of the Fund and approved by the Trustee.</p> <p><b>Unlisted fixed income securities</b> will be valued based on fair value by reference to the average indicative yield quoted by 3 independent and reputable institutions as determined in good faith by us.</p> <p><b>Deposits</b> placed with financial institutions will be valued by reference to the principal value of the deposits and the interests accrued thereon for the relevant period. Cash held on hand will be valued based on its carrying value.</p> <p><b>Money market instruments</b> will be valued based on the accretion of discount or amortisation of premium on a yield to maturity basis.</p> <p><b>Structured products and financial derivative instruments</b> will be valued based on marked-to-market price.</p> <p><b>Unlisted collective investment schemes</b> will be valued based on the last published repurchase price.</p> <p><b>Any other investment</b> will be valued at 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.</p> |
| <p><b>Securities Financing Transaction</b></p> | <p>The Fund may participate in securities lending and securities borrowing<sup>^</sup> (“securities financing transactions”) to meet the investment objective of the Fund and/or as part of efficient portfolio management.</p> <p><sup>^</sup> <i>“securities lending” or “securities borrowing” means a transaction by which a counterparty transfers securities subject to a commitment that the borrower will return equivalent securities on a future date or when requested to do so by the transferor, that transaction being considered as securities lending for the counterparty transferring the securities and being considered as securities borrowing for the counterparty to which they are transferred.</i></p> <p>The Fund shall appoint a borrowing and lending agent to facilitate the activities in relation to the securities financing transactions. The securities may be borrowed to or lent out through the Fund’s appointed borrowing and lending agents, with processes and procedures as well as terms that are acceptable to the Trustee on the advice of the Manager. The borrowing and lending agent shall be authorised to perform the following functions such as but not limited to:</p> <ul style="list-style-type: none"> <li>(a) negotiate borrowing fees with lender and lending fees with borrowers;</li> <li>(b) collect and hold the cash collateral pledged by the borrowers in custody; and/or</li> </ul>  |



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|  | <p>(c) collect or arrange for the collection of any interest, dividends, other distributions / payments on the loaned securities and pay the same to the Fund.</p> <p>The functions of the borrowing and lending agent shall be reviewed and agreed by the Trustee, in consultation with the Manager and shall be governed by the securities borrowing and lending agency agreement.</p> <p>The maximum proportion of the NAV of the Fund that can be subject to securities financing transactions will be such value as may be agreed upon by the Trustee on the advice of the Manager. The securities that may be subject to securities financing transactions include secured and unsecured securities for a fixed term, open or at call.</p> <p>The loaned securities may be recalled by the Fund at any point in time, and are required to be secured at all times by a cash collateral equivalent to a minimum of 102% of the market value of the loaned securities or as determined by the securities borrowing and lending agent and/or the relevant regulatory body. The market value of the loaned securities is determined at the close of each day on which banks in New York are open for business. In the event of market fluctuation, the cash collateral received by the lending agent on behalf of the Fund would be required to be increased.</p> <p>The Fund will be entitled to securities lending income, represented by the lending fees earned from the borrower, less cost incurred. These costs may include, but will not be limited to, fees due to the lending agent, as well as operational costs incurred by the Manager in relation to the lending activities of the Fund.</p> <p>During the term of the loan, the Fund is also entitled to all distributions made on, or in respect of the loaned securities, along with all other economic benefits due to the owner of the loaned securities.</p> <p>Please refer to Section 4.2 for details on the securities lending and borrowing risk.</p> |
| <b>TRANSACTION DETAILS</b>   |   |
| <b><i>Investors in Malaysia intending to invest in foreign currencies are required to have a foreign currency account with any financial institution in Malaysia as all transactions relating to the foreign currencies will be made by way of electronic transfers.</i></b> |   |
| <b>Minimum Initial Investment<sup>^</sup></b>  | <p>USD 25,000</p> <p>The Manager reserves the right to waive or reduce the minimum initial investment at its absolute discretion.</p>   |
| <b>Minimum Additional Investment<sup>^</sup></b>   | <p>USD 10,000</p>   |
| <b>Minimum Holding of Units to Maintain an Account<sup>^</sup></b>   | <p>25,000 Units</p> <p>The Manager reserves the right to waive or reduce the minimum holding of Units at its absolute discretion.</p>   |

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| <b>Minimum Units for Redemption<sup>^</sup></b>  | <p>1,000 Units</p> <p><i>Note: If a repurchase request results in you holding less than the applicable minimum holdings requirements of the Fund, the Manager has the discretion to repurchase all the remaining Units held by you in the Fund and pay the redemption proceeds to you.</i></p>   |
| <p><sup>^</sup> or such other amount or number of Units as may be determined by the Manager at its discretion.</p> |  |
| <b>Subscription of Units</b>   | <p>Unit Holders must be a Sophisticated Investor to invest in this Fund. Please refer to the “Definitions” chapter of this Information Memorandum for the details.</p> <p>Purchase applications can only be made on a monthly basis on the Valuation Day of January, February, March, April, May, June, July, August, September, October, November and December of each year or as determined by the Manager at its discretion (“Subscription Date”).</p> <p>For any purchase application received by the Manager (via email or physical delivery of purchase application) as well as cleared funds received <b>on or before the cut-off time of 1:00 p.m.</b> on the Subscription Date, the Units would be created based on the NAV per Unit on the Subscription Date after the application for purchase of Units is received and accepted by the Manager. Any purchase application received after this cut-off time would be considered as being transacted on the following quarter and the Units would be purchased on the next Subscription Date.</p> <p>In the event the Valuation Day is not a Business Day, the application for purchase of Units will have to be received by the Manager on or before the cut-off time on the last Business Day immediately preceding the Valuation Day.</p> <p><i>Note: Please refer to the Manager on the relevant forms and supporting documents which Unit Holders are required to provide to the Manager and on how to make payment for the purchase applications.</i></p> |
| <b>Redemption of Units</b>   | <p>Redemption requests can only be made on a monthly basis on the Valuation Day of January, February, March, April, May, June, July, August, September, October, November and December of each year or as determined by the Manager at its discretion (“Redemption Date”).</p> <p>For any redemption request received by the Manager (via email or physical delivery of redemption request) <b>on or before the cut-off time of 1:00 p.m.</b> on the Redemption Date, the Units would be redeemed based on the NAV per Unit on the Redemption Date after the request for redemption of Units is received and accepted by the Manager. Any redemption request received after this cut-off time would be considered as being transacted on the following quarter and the Units would be redeemed on the next Redemption Date.</p> <p>In the event the Valuation Day is not a Business Day, the redemption request will have to be received by the Manager on or</p>  |

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|   | <p>before the cut-off time on the last Business Day immediately preceding the Valuation Day.</p> <p>Redemption proceeds will be paid out within fifteen (15) Business Days from the Redemption Date provided that all documentations are completed and verifiable. The redemption proceeds will be transferred to the Unit Holder's banking account.</p> <p>Transaction costs such as charges for electronic transfers, if any, will be borne by the Unit Holders and set-off against the redemption proceeds.</p> |
| <b>Transfer Facility</b>  | Not available.   |
| <b>Switching Facility</b>   | Not available.   |
| <b>FEES AND CHARGES</b>   |  |
| <i>This table describes the fees and charges that you may directly incur when you purchase or redeem Units of the Fund.</i> |  |
| <b>Sales Charge</b>   | <p>Up to 5.00% of the NAV per Unit.</p> <p>The Manager reserves the right to waive or reduce the sales charge at its absolute discretion.</p>  |
| <b>Withdrawal Charge</b>  | Nil  |
| <b>Switching Fee</b>  | Not applicable.  |
| <b>Transfer Fee</b>   | Not applicable.  |
| <b>Other Charges</b>  | All charges, for instance bank charges (including, but not limited to Financial Process Exchange ("FPX") and direct debit), telegraphic transfer charges and courier charges in connection with the execution of transactions on your behalf will be borne by you.   |
| <i>This table describes the fees and charges that you may indirectly incur when you invest in the Fund.</i>                 |  |
| <b>Management Fee</b>   | 0% per annum of the NAV of the Fund.   |
| <b>Trustee Fee</b>  | Up to 0.08% per annum of the NAV of the Fund (excluding foreign custodian fees and charges) subject to a minimum fee of RM12,000 per annum, whichever is higher; no minimum fee will be charged in the first 2 years of the Fund.  |
| <b>Performance Fee</b>  | <p>25% on the appreciation in the NAV per Unit (before deducting performance fee) over and above the HWM during a particular Performance Period.</p> <p>Please refer to Section 5.8 for further information.</p>   |
| <b>Fund Expenses</b>  | Only fees and expenses that are directly related and necessary to the operation and administration of the Fund may be charged to the Fund as stated in the Deed.   |
| <b>OTHER INFORMATION</b>  |  |
| <b>Communication with Unit Holders</b>  | <p><b>Statement of Accounts</b></p> <p>A Unit Holder's statement showing details of the amount invested in the Fund shall be made available to the Unit Holders on a monthly basis.</p>  |

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|                      | <p><b>Unit Price</b></p> <p>Unit Holders will be able to obtain the monthly price of a Unit from the Manager’s website at <b>www.crosslightcapital.com</b> after <b>3:00 p.m.</b> ten (10) Business Days after the Fund’s Valuation Day. The price of a Unit would also be made available upon request by the Unit Holders.</p> <p>The Manager reserves the right to change the abovementioned manner of communication at its absolute discretion.</p> <p><b>Financial Reports</b></p> <p>The Manager will provide Unit Holders with an annual report within two (2) months of the Fund’s financial year-end and quarterly reports within two (2) months of the end of the period covered. A financial statement audited by the Fund’s appointed auditors will be included in the annual report.</p> |
| New classes of Units | <p>The Fund may create new classes of Units including but not limited to classes with different currency denominations, fees and/or charges in the future. Unit Holders will be notified in writing of the launch of the new classes of Units and prospective investors will be notified of the same by way of a supplemental or replacement information memorandum.</p>   |

**Prospective Unit Holders should read and understand the contents of the Information Memorandum and, if necessary, consult their adviser(s).**

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

**It is important to note that an investment in the Fund carries risks and the list of risks set out herein may not be exhaustive. While every care will be taken by the Manager to mitigate the risk, investors are advised that it is not always possible to protect investments against all risks. As such, investors are advised to read the whole Information Memorandum to assess the risks of the Fund and obtain professional advice before subscribing to the Fund.**

#### **4.1      General risks of investing in the Fund**

##### **Returns not guaranteed**

The investment of the Fund is subject to market fluctuations and its inherent risk. There is **NO GUARANTEE** on the investment returns, nor any assurance that the Fund's investment objective will be achieved.

##### **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.

##### **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 the investors' purchasing power even though the value of the investment in monetary terms has increased.

##### **Currency risk**

The Fund is denominated in USD hence if the investor's home currency is not USD, then a depreciation of the USD versus the investor's home currency may negatively affect the value of the Fund for the investor relative to his/her home currency assuming the underlying NAV of the Fund is unchanged.

##### **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 Fund. 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.

##### **Risk of non-compliance**

This refers to the risk where the Manager does not comply with the applicable rules, laws, regulations or the Deed. Although not every non-compliance will necessarily result in some losses to the Fund, there is always a risk that losses may be suffered by the Fund. For example, if the Manager is forced to dispose of any investments of the Fund at loss to resolve the non-compliance. Notwithstanding that, the Manager has imposed stringent internal compliance controls to mitigate this risk.

### **Operational risk**

This risk refers to the possibility of a breakdown in the Manager's internal controls and policies. The breakdown may be a result of human error, system failure or fraud where employees of the Manager collude with one another. This risk may cause monetary loss and/or inconvenience to Unit Holders. The Manager will regularly review its internal policies and system capability to mitigate this risk. Additionally, the Manager maintains a strict segregation of duties to mitigate instances of fraudulent practices amongst employees of the Manager.

### **Cyber risk and technology operational risk**

With the use of technology more prevalent in the fund management business, the Fund has become potentially more susceptible to operational risks through breaches of cybersecurity. A breach of cyber security refers to intentional and unintentional events that may cause the Manager and/or the Fund to lose proprietary information, suffer data corruption or lose operational capacity. This in turn could cause the Manager and/or the Fund to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective actions and/or financial loss. Investors should be aware that technology plays an important role in the operation capacity, and is particularly important given the investment objective of the Fund and the strategy employed by the Manager.

### **Loan financing risk**

This refers to the risk of Unit Holders investing in the Fund with borrowed money and is not able to service the loan repayments. In the event Units are used as collateral, Unit Holders may be required to top-up existing instalments if the prices of Units fall below a certain level due to market conditions. Failing which, the Units may be sold at lower NAV per Unit as compared to the NAV per Unit at the point of purchase towards settling the loan. Investors are reminded that the Fund may use leverage in implementing its investment strategy, hence the use of borrowed money to invest in the Fund is likely to lead to **additional** leverage and investors should seek independent financial advice.

## **4.2 Specific Risks Associated with the Investments of the Fund**

### **Multi asset class investing risks using long-short approach with the use of leverage**

Investors should also be aware that the Manager may invest either directly or indirectly, long and/or short, including the use of leverage, into investments with exposure to multiple asset classes, including but not limited, to equities, fixed income or fixed income-like instruments (including money market instruments and deposits), multiple asset implied and realized volatility as an asset class (including but not limited, to Chicago Board Options Exchange's volatility index ("VIX") futures or equity implied volatility), commodities, real estate and infrastructure assets (including but not limited, to real estate investment trusts and real estate and infrastructure related exchange-traded funds and other financial instruments), derivatives, foreign currency exposures, equity factor risk premia exposures (including but not limited to size, value, quality and thematic factors), digital assets and related instrument. These multi asset classes have varying degrees of risk and some exposures both long and short can be extremely volatile and considered high risk depending on the asset allocation decisions made by the Manager. For example, investing both long and short in implied volatility via VIX futures contracts as the underlying instrument; these contracts can be extremely volatile most notably during extreme market stress events like the 1987 October equity market crash. In those cases, a short position with exposure to implied volatility can result in sudden and large losses. The Fund may employ exposure to momentum and value factor risk premia and other factor risk premia across multiple asset classes. There may be periods when the returns of exposure to such factor risk premia results in negative returns for the Fund. For example in year 2007, many systematic hedge funds experienced sharp and unexpected losses which has become known as the Quant Meltdown. Some reasons cited include the economic and financial turmoil that had been developing within certain asset classes, an over-reliance on statistical models and the ex-ante unobserved

common factors. The abovementioned asset class risk includes and may be related to the following risks including but not limited to emerging market risk, risk of investing in smaller companies, volatility risk, liquidity risk, concentration risk, credit risk, fixed income securities risk, credit rating risk, interest rate risk, sovereign debt risk, real estate and real estate investment trust related risk, custody and settlement risk. The Manager may employ the aforementioned multiple asset class exposures that can result in large and unexpected losses with losses resulting from: (1) a decrease in the value of investments with long exposures and; (2) an increase in the value of investments with short exposure. The use of leverage exposures in the abovementioned long and short exposures can increase the potential losses to the Fund. Investors should note that these above mentioned risks may differ from other types of collective investment schemes.

#### **Stock specific equity and equity-related securities risk**

The Fund may invest directly or indirectly in equity securities and equity-related securities with exposures into individual stocks, equity sectors and thematic equity investments, equity factor risk premia (including but not limited to value, size, momentum and quality factors), emerging and global equities asset classes and associated investments. Any adverse price movements of such stock and asset class exposures including correlation between exposures both long and short, may have an adverse effect to the Fund's NAV.

Investing in equity securities may offer a higher rate of return than investing in fixed income securities. However, the risks associated with investments in equity securities may also be higher and the investment performance of equity securities depend on factors which are difficult to predict. As a result, the market value of the invested equity securities may go down and up, resulting in losses for the Fund. Factors affecting the equity securities are dynamic and numerous, including but not limited to changes in the perceived risk premium affected by financial performance, news of a possible merger or loss of key personnel of a company, sentiment, political environment, economic environment and business, social, geo-political and environmental conditions in the local and global marketplace. Securities exchanges typically have the right to suspend or limit trading in any security traded in the relevant exchange; a suspension will render it impossible to buy and/or sell positions which can expose the Fund to losses. The Fund may also invest in equity-related securities equivalent to shares such as warrants and options. For example, the price of warrants is typically linked to the underlying stocks. However, the price and performance of such warrants will generally fluctuate more than the underlying stocks because of the greater volatility of the warrants market. Generally, as the warrants have a limited life, they will depreciate in value as they approach their maturity date, assuming that all other factors remain unchanged. Warrants that are not exercised at maturity will become worthless and will negatively affect the NAV of the Fund.

#### **Commodities-related and concentrated and large precious metals and other commodity exposure risk**

Where the Fund invests in commodities through, for example, equities, fixed income securities, units or shares of collective investment schemes or financial derivative instruments, investors should note that the price of commodities and the returns from investing in commodity markets are sensitive to various factors including, but not limited to, supply, industrial and consumer demand, interest rates, inflation, tariffs and weather conditions. If the Fund invests indirectly in commodity markets through derivative markets, investment returns may also be affected by differences between the current market and forward prices of each commodity and the specific terms of the derivative contracts entered into. Investors should be aware that the Fund may employ very large and concentrated exposures into precious metals and other commodities such as gold, gold mining stocks and related investments; these concentrated exposures are likely to impede the diversification benefits of multiple asset strategy approach and increase concentration risks.

#### **High volatility investments**

The Fund may make long and short investments in securities which have exposures to instruments such as digital assets which are highly volatile. The prices of such investments can be extremely volatile depending on market conditions which may be sudden and unexpected. These price

movements are difficult to predict and are influenced by, among other things, speculation, changing supply and demand relationships, government trade, fiscal, monetary, regulatory, monetary and exchange control programs and policies, national and international political events, climate, changes in interest rates, and the inherent volatility of the market place. Digital assets are an emerging asset class and has very high expected volatility or risk as a result, are difficult to predict. If the Manager employs an inappropriate large position both long and short, it can result in significant losses due to the expected high volatility of such an emerging asset class. There are many potential risks with investing in digital assets. These risks include, but are not limited to where the Fund invests indirectly in digital assets through unlisted securities, for example OTC traded trust and/or financial instruments which may not be registered with relevant regulatory bodies and may trade at discounts or premium to the NAV of the Fund. Moreover, digital assets may be prone to cyber hacks and other criminal activity where security breaches could lead to sizable losses to investors. The Fund may also invest directly or indirectly into volatility related instruments which may include, but are not limited to VIX futures. Volatility related instruments can be highly volatile and the Fund may experience large losses from buying, selling or holding such investments with gains or losses, if any, and may be subject to significant and unexpected reversals. Investments in volatility instruments could potentially lose the full principal value as short as one day. Short exposure in such volatility instruments, in the event of a sudden market volatility change, or many traders with positions in volatility-related products will incur substantial unexpected losses causing short covering. These losses may cause the Fund to choose to close its positions. The losses may also result in margin deficits and subsequent liquidations of some or all positions. Such closing trades will add to the price movement of the Fund. Because of speculative interest in such instruments, there may be no precedent for what will happen if volatility moves quickly.

#### **Tactical asset allocation fund and quantitative model risk**

The Manager employs a tactical asset allocation strategy which shifts the asset mix both long and short of the Fund between securities, equities, equity-related securities, collective investment schemes, fixed income instruments, money market instruments, deposits, structured products and financial derivative instruments, and/or the exposures of the Fund within the multiple asset investment exposures depending on the prevailing strategy of the Manager. The Manager's investment decision on the asset allocation may adversely affect the Fund's returns if the strategy executed by the Manager results in negative returns from the tactical asset allocation. The Manager employs a strategy of high portfolio turnover for tactical asset allocation. Higher portfolio turnover and trading may result in higher transaction costs including but not limited to higher broker commissions for execution, market impact and bid-ask spread costs. Moreover, higher trading related risks such as risks relating to the potential for trading errors and/or incorrect assessments by the Manager in terms of tactical asset allocation can adversely affect the Fund's performance. Investors should be aware that the Manager may employ significant and large net short exposures which would result in losses for the Fund if the short related investments were to adversely change in value. The success of the Fund's investment strategy may depend upon the effectiveness of the Manager's quantitative model. A quantitative model, such as the risk and other models used by the Manager requires adherence to a systematic, disciplined process. The Managers' ability to monitor and, if necessary, adjust their quantitative models could be adversely affected by various factors including incorrect or outdated market and other data inputs. Factors that affect the value of securities can change over time, and these changes may not be reflected in a quantitative model used in respect of the Fund that invests in such securities. In addition, factors used in quantitative analysis and the weight placed on those factors may not be predictive of a security's value.

#### **Leverage and short exposures risk**

The Manager may employ the use of leverage and/or short exposures on the investments of the Fund depending on the prevailing strategy of the Manager. The Manager's investment decision on the use of leverage and/or short exposures may adversely affect the Fund's NAV if the strategy executed by the Manager results in negative returns from the strategy employed and related exposures.



The use of leverage may be employed through the use of leveraged instruments and/or at a portfolio financing margin and/or instrument financing margin facilities. Investments in the Fund using leverage through the use of instrument and/or portfolio margin financing may increase the negative returns due to the increase in investment exposures and related risks such as margin calls or adverse movements in such investments. The Manager may use margin financing facilities which require minimum margin requirement. Risks include, but are not limited to, a sudden and unexpected change with limited notice and/or limited advance warnings, requiring the Fund to post higher minimum margin requirements, and increasing the risks of forced liquidations as a result of the Fund's inability to post such required minimum margin and potential losses in the event of liquidation of such investments in the Fund. These risks may increase in adverse market conditions with higher illiquidity risks. Investors should be aware that the Manager may employ large and significant use of leverage to increase net long exposures (and short exposures) in investments in the Fund; the Fund's NAV would decline in value if the aforementioned exposures related investments were adversely affected.

Moreover, the Manager may employ short exposures in investments which can also increase in value resulting in a decrease in the NAV of the Fund, e.g., short squeeze and borrow related risks. Short exposure can increase the risks related to securities borrowing such as, but not limited to, unavailability of stock to cover short positions and related risks of potential short squeeze and related settlement risks. Securities borrowing can also lead to higher costs related to stock borrow costs (which may be partially offset by securities lending but can also lead to risks including but not limited to the inability of the borrower to return the stock lent). Short exposure can also lead to unlimited exposure to losses for the Fund.

To the extent that the Fund uses leverage, the NAV of the Fund will tend to increase or decrease at a greater rate than if no leverage were employed. The use of leverage by the Fund in a market that moves adversely for the Fund's investment could result in a substantial loss to the Fund which would be greater than if the Fund were not leveraged. As a result of the use of leverage and/or short exposures, if the Fund's losses were to exceed the amount of capital invested, the Fund could lose its entire investment.

#### **Securities lending and borrowing risk**

The Fund may lend its securities and/or borrow securities to and from brokers, dealers and financial institutions. The Fund would be entitled to payments equal to the interest and dividends on the loaned security and could receive a premium for lending the securities. Lending securities would result in income to the Fund, but could also involve certain risks in the event of the delay of return of the securities loaned or the default or insolvency of the borrower and cash collateral reinvestment risk. Borrower default risk is the risk that the counterparty fails to return the borrowed security back to the lender. Lenders can also call back securities on loan at any time which is a source of borrowing risk with short exposure. This may lead to settlement related risks and short squeeze related risks in the event that the borrower and/or lender is unable to deliver the said instrument. How the lending agent invests the cash collateral is a source of risk for stock lending as if reinvested too aggressively and the risk-taking results in losses, then the Fund may suffer losses. This exact scenario is what resulted in securities lending related losses among some funds during the financial crisis in year 2008. Parties that participated in securities lending were stuck with the losses from reinvesting cash collateral after their lending agents had reaped their cut of the revenue.

#### **Financial derivative instruments and structured products risk**

The Fund may employ large and concentrated exposure into financial derivative instruments. The Fund may use and invest directly and/or indirectly in various financial derivative instruments, including but not limited to futures, options, forward contracts, swaps and other financial derivative instruments which may be volatile and speculative. Certain positions may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses. Use of financial derivative instruments presents various risks, including the following:

*Tracking* – When used for hedging purposes and for investment purposes, an imperfect or variable degree of correlation between price movements of the financial derivative instrument and the underlying investment sought to be hedged and/or invested may prevent the Manager from achieving the intended hedging effect or expose the Fund to the risk of loss.

*Liquidity* – Financial derivative instruments, especially when traded in large amounts, may not be liquid in all circumstances, so that in volatile markets the Fund may not be able to close out a position without incurring a loss. In addition, daily limits on price fluctuations and speculative positions limits on exchanges on which the Fund may conduct its transactions in certain financial derivative instruments may prevent prompt liquidation of positions, subjecting the Fund to the potential of greater losses.

*Leverage* – Trading in financial derivative instruments can result in large amounts of leverage. Thus, the leverage offered by trading in financial derivative instruments may magnify the gains and losses experienced by the Fund and could cause the Fund's NAV to be subject to wider fluctuations than would be the case if the Fund did not use the leverage feature in financial derivative instruments.

*OTC Trading* – Financial derivative instruments that may be purchased or sold for the Fund may include instruments not traded on an exchange. OTC options, unlike exchange-traded options, are two-party contracts with price and other terms negotiated between the buyer and the seller. The risk of non-performance by the seller on such an instrument may be greater and the ease with which the Fund can dispose of or enter into closing transactions with respect to such an instrument may be less than in the case of an exchange-traded instrument. In addition, significant disparities may exist between "bid" and "asked" prices for financial derivative instruments that are not traded on an exchange. Financial derivative instruments not traded on exchanges are also not subject to the same type of government regulation as exchange-traded instruments, and many of the protections afforded to participants in a regulated environment may not be available in connection with such OTC transactions. For the avoidance of doubt, the Fund may invest in fixed income instruments, collective investment schemes and/or securities that are traded OTC and hence would be subjected to the abovementioned risks.

#### **Credit and default risk**

Credit risk relates to the creditworthiness of the issuers of the fixed income securities 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 fixed income securities. Default risk refers to the possibility that the issuer of the fixed income security is unable to make timely or full payments of interest and/or principal when due. In the event of a default in payment of principal and/or interest, this may cause a reduction in the value of the Fund. The Manager will endeavour to take the necessary steps to deal with the investments in the best interest of the Unit Holders including to dispose of the defaulted investments within a time frame deemed reasonable by the Manager.

#### **Counterparty risk and settlement risk**

Due to the nature of some of the investments which the Fund may make, the Fund may rely on the ability of the counterparty to a transaction to perform its obligations. In the event that any such counterparty fails to complete its obligations for any reason, the Fund may suffer losses. The Fund will therefore be exposed to a credit risk on the counterparties with which it trades. The Fund will also bear the risk of settlement default by clearing houses and exchanges. Any default by a counterparty or on settlement could have a material adverse effect on the Fund. Counterparty risk is the risk associated with the other party to, including but not limited, financial derivative instrument, structured product and/or OTC instruments not meeting its respective obligations. If the counterparty to the financial derivative instrument, structured product and/or OTC instrument is unable to meet or otherwise defaults on its respective obligations (for example, due to bankruptcy or other financial difficulties), the Fund may be exposed to significant losses greater than the cost of the financial derivative instrument, structured product and/or OTC instrument. The risk of default of a

counterparty is directly linked to the creditworthiness of that counterparty. Should there be a downgrade in the credit rating of the financial derivative instruments', structured products' and/or OTC instruments' counterparty, the Manager will evaluate the situation and reassess the creditworthiness of the counterparty. The Manager will take the necessary steps in the best interest of the Fund.

#### **Currency risk**

As the investments of the Fund may be denominated in currencies other than the base currency of the Fund, any fluctuation in the exchange rate between the base currency of the Fund and the currencies in which the investments are denominated may have an impact on the value of these investments. Investors should be aware that if the currencies in which the investments are denominated depreciate against the base currency of the Fund, this will have an adverse effect on the NAV of the Fund in the base currency of the Fund and vice versa. Investors should note that any gains or losses arising from the fluctuation in the exchange rate may further increase or decrease the returns of the investment.

#### **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 NAV of the Fund or prices of Units to fall.

#### **Illiquid investments and adverse market conditions risk**

The Fund may make investments which as a result of adverse market conditions, changes in legal and/or regulatory conditions, being subject to legal or other restrictions on transfer or for which no liquid or lower liquidity in the market for the investments than the Manager had expected when initially making the investments and/or any other unforeseen event or circumstance by the Manager. The market prices, if any, of such investments may be more volatile and the Fund may not be able to sell them when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. The Fund may encounter substantial delays in attempting to sell any type of securities.

#### **Limited diversification and concentration risk**

No minimum level of capital is required to be maintained by the Fund. As a result of subsequent losses or redemptions, the Fund may not have sufficient funds to diversify its investments to the extent desired or currently contemplated. More generally, the Fund is not required to diversify its portfolio over various asset classes. No standards have been established to limit the concentration of the Fund's portfolio. The degree of the market risk to which the Fund is exposed will be inversely proportional to the degree to which the Fund's portfolio is diversified.

#### **Limited Performance Record or Operating History; Past Performance**

The Fund has a limited operating history upon which prospective investors may base an evaluation of an investment in the Fund. The past investment performance of the Manager, or the entities and individuals with which the Manager has been associated, should not be construed as an indication of the future results of an investment in the Fund. The Fund's investment strategy should be evaluated on the basis that there can be no assurance that the Manager's assessment of the short-term or long-term prospects of investments will prove accurate or that the Fund will achieve its investment objective.

### **4.3 Risk Management Strategy and Technique**

The Manager's investment and portfolio related risk management philosophy is based on: (1) combining both discretionary traders and quantitative analysts in active risk management, (2) the belief that risk reduction through lowering of gross exposure is often the optimal risk management

action, rather than increasing hedging and increasing gross exposures during risk off periods in markets and (3) during loss making periods for the Fund, the optimal risk management decision is often, although not always, to reduce gross exposure or risk reduction. The Manager employs a performance and correlation system that enables the Manager to review the performance of the Fund. Quantitative tools may be used to assess risk using a market-risk management platform that measures risk exposures across multiple asset classes globally. When deemed appropriate by the Manager, risk reduction strategies may be employed for individual stock exposures, asset class and strategy exposures, sectors exposures, country exposures, risk premia factor exposures and overall Fund level exposures. The Manager seeks to mitigate the identified risks associated with the Fund by imposing internal controls, compliance monitoring, and by virtue of its experience, skills, governance and diligence. In the day to day management of the Fund, the Manager employs a proactive risk management approach to manage both investment related risks and operational risks. The board of directors of the Manager has oversight over risk management to ensure that the risk management process is in place and functioning. The Manager has established policies and procedures with respect to internal controls, systems and potential conflicts of interests to reduce risks that may affect the performance of the Fund, returns of the Fund and/or the interest of Unit Holders.

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## CHAPTER 5 FEES, CHARGES AND EXPENSES

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

You should be aware that all fees, charges and expenses referred to or quoted in this Information Memorandum (including any supplemental information memorandum) are referred to or quoted as being exclusive of any tax. We (including the Trustee and other service providers) will charge the applicable tax (if any) on the fees, charges and expenses in accordance with the relevant laws. As a result of changes in any rule, regulation, directive, notice and/or law issued by the government or relevant authority, there may be additional cost to the fees, expenses, charges and/or taxes payable to and/or by the Fund or you as disclosed or illustrated in this Information Memorandum and/or any relevant document shown to you. We have the discretion to amend the amount, rate and/or terms and conditions for the fees, charges and expenses from time to time, subject to the requirements stipulated in the Deed. Where necessary, we will notify the Trustee and communicate to you or seek your approval on the amendments to the fees and charges.

### **Fees and charges that you may directly incur when you purchase or redeem Units of the Fund:**

#### **5.1 Sales Charge**

Up to 5.00% of the NAV per Unit.

The Manager reserves the right to waive or reduce the sales charge at its absolute discretion. All sales charge will be rounded down to two (2) decimal places and will be retained by the Manager.

#### **5.2 Withdrawal Charge**

Nil

#### **5.3 Switching Fee**

Not applicable.

#### **5.4 Transfer Fee**

Not applicable.

#### **5.5 Other Charges**

All charges, for instance bank charges (including, but not limited to Financial Process Exchange ("FPX") and direct debit), telegraphic transfer charges and courier charges in connection with the execution of transactions on your behalf will be borne by you.

### **Fees and expenses that you may indirectly incur when you invest in the Fund.**

#### **5.6 Management Fee**

0% per annum of the NAV of the Fund.

### 5.7 Trustee Fee

Up to 0.08% per annum of the NAV of the Fund (excluding foreign custodian fees and charges) subject to a minimum fee of RM12,000 per annum, whichever is higher; no minimum fee will be charged in the first 2 years of the Fund.

Please note that the example below is for illustration only:

Assuming that the NAV of the Fund is USD 100 million for the Valuation Day, the monthly trustee fee that would be charged to the Fund on the Valuation Day would be:

$$\frac{\text{USD 100 million} \times 0.08\%}{365 \text{ days}} \times 30 \text{ days} = \text{USD 6,575.34 per month}$$

The trustee fee is calculated and payable to the Trustee on a monthly basis.

### 5.8 Performance Fee

25% on the appreciation in the NAV per Unit (before deducting performance fee) over and above the HWM during a particular Performance Period.

The performance fee is calculated and adjusted on a monthly basis. Although the calculation is on a monthly basis, the performance fee is only payable to the Manager on a quarterly basis at the end of each Performance Period. If there is an appreciation in the NAV per Unit (before deducting the performance fee) over and above the HWM at the end of the particular Performance Period, the performance fee will be deducted from the NAV of the Fund. No performance fee is charged to the Fund if the NAV per Unit (before deducting the performance fee) does not exceed the HWM at the end of the Performance Period. For the avoidance of doubt, any unpaid performance fees due (if any) to the Manager will be paid upon any redemption; for example where a redemption is made in a month outside of the quarterly end of the Performance Period, any unpaid performance fees due will be paid to the Manager.

#### Determining the High Water Mark (“HWM”)

The HWM will be determined at the beginning of each Performance Period based on the following conditions:

- (i) where the Fund is not subject to performance fee at the end of the previous Performance Period, the HWM of the previous Performance Period will be used as the HWM; or
- (ii) where the Fund is subject to performance fee at the end of the previous Performance Period, the NAV per Unit (after deducting the performance fee) on the last Valuation Day of the previous Performance Period will be used as the HWM.

#### Calculation of Performance Fee

Below is an illustration on how the performance fee is calculated:

|  |  |  |  |  |  |
|--|--|--|--|--|--|
| <b>In the 1st financial year<br/>of the Fund</b> |  | <b>1<sup>st</sup><br/>Performance<br/>Period</b> | <b>2<sup>nd</sup><br/>Performance<br/>Period</b> | <b>3<sup>rd</sup><br/>Performance<br/>Period</b> | <b>4<sup>th</sup><br/>Performance<br/>Period</b> |
|--|--|--|--|--|--|

|   |                 |            |             |             |             |
|---|-----------------|------------|-------------|-------------|-------------|
| Initial Offer Price   |                 | USD 0.5000 | -           | -           | -           |
| HWM   | (a)             | USD 0.5000 | USD 0.6500  | USD 0.6500  | USD 0.6500  |
| NAV per Unit (before deducting the performance fee) on the last Valuation Day of the Performance Period | (b)             | USD 0.7000 | USD 0.4000  | USD 0.5000  | USD 0.6000  |
| Excess NAV  | (c) = (b) – (a) | USD 0.2000 | USD -0.2500 | USD -0.1500 | USD -0.0500 |
| Performance Fee (25% of the Excess NAV)   | (d) = 25% x (c) | USD 0.0500 | USD 0.0000  | USD 0.0000  | USD 0.0000  |
| NAV per Unit (after deducting the performance fee)  | (e) = (b) – (d) | USD 0.6500 | USD 0.4000  | USD 0.5000  | USD 0.6000  |

| In the 2nd financial year of the Fund   |                 | 1 <sup>st</sup><br>Performance<br>Period | 2 <sup>nd</sup><br>Performance<br>Period | 3 <sup>rd</sup><br>Performance<br>Period | 4 <sup>th</sup><br>Performance<br>Period |
|---|-----------------|--|--|--|--|
| HWM   | (a)             | USD 0.6500                               | USD 0.7625                               | USD 0.7625                               | USD 0.7906                               |
| NAV per Unit (before deducting the performance fee) on the last Valuation Day of the Performance Period | (b)             | USD 0.8000                               | USD 0.5500                               | USD 0.8000                               | USD 1.1000                               |
| Excess NAV  | (c) = (b) – (a) | USD 0.1500                               | USD -0.2125                              | USD 0.0375                               | USD 0.3094                               |
| Performance Fee (25% of the Excess NAV)   | (d) = 25% x (c) | USD 0.0375                               | USD 0.0000                               | USD 0.009375                             | USD 0.0774                               |
| NAV per Unit (after deducting the performance fee)  | (e) = (b) – (d) | USD 0.7625                               | USD 0.5500                               | USD 0.7906                               | USD 1.0226                               |

Based on the above example, assuming there are 10,000,000 Units in circulation at the end of the 4<sup>th</sup> Performance Period for Year 2.

Performance fee = The difference between the NAV per Unit (before deducting the performance fee) and the HWM x 25% x total number of Units in circulation  
= (USD 1.1000 – USD 0.7906) x 25% x 10,000,000 Units  
= USD 0.3094 x 25% x 10,000,000 Units  
= USD 773,500

**Where there is a purchase application by a Unit Holder during the Performance Period, the chargeable performance fee (if any) on the Subscription Date will be reflected in the NAV per Unit (after performance fee)**

Illustration is based on the last Valuation Day of the 1<sup>st</sup> Performance Period for Year 1 figures in the illustration above:-

HWM = USD 0.5000  
NAV per Unit (before performance fee) = USD 0.7000  
NAV per Unit (after performance fee) = USD 0.6500

The NAV per Unit payable by the Unit Holder would be USD 0.6500, i.e. Selling Price.

**Where there is a redemption request by a Unit Holder during the Performance Period, the chargeable performance fee (if any) on the Redemption Date will be calculated as follows:**

Illustration is based on last Valuation Day of the 1<sup>st</sup> Performance Period for Year 1 figures in the illustration above:

|  |                |
|--|----------------|
| Number of Units repurchased by Unit Holder     | = 10,000 Units |
| HWM for the 1 <sup>st</sup> Performance Period | = USD 0.5000   |
| NAV per Unit (before performance fee)          | = USD 0.7000   |

The redemption request is received by the Manager on the last Valuation Day of the 1<sup>st</sup> Performance Period for Year 1 where the NAV per Unit is higher than the HWM of the Performance Period. As such, a performance fee is due to the Manager based on the calculation below:

The difference between the NAV per Unit on the Valuation Day when the redemption occurred and the HWM) x 25% x total number of Units redeemed  
= (USD 0.7000 – USD 0.5000) x 25% x 10,000 Units  
= USD 0.2000 x 25% x 10,000 Units  
= USD 500.00\*

*\* Such amount will be paid to the Manager at the end of the 1<sup>st</sup> Performance Period for Year 1.*

## **5.9 Fund Expenses**

Only fees and expenses that are directly related and necessary to the operation and administration of the Fund may be charged to the Fund, which include but are not limited to the following:

- commissions or fees including but not limited to soft dollar related expenses paid to brokers or dealers in effecting dealings in the investments of the Fund, shown on the contract notes or confirmation notes;
- taxes and other duties charged on the Fund by the government and/or other authorities;
- costs, fees and expenses properly incurred by the auditor of the Fund;
- 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;
- 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;
- (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;
- 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;
- costs, fees and expenses incurred by the registrar and transfer agency in relation to the Fund;
- costs, fees and expenses incurred for the fund valuation and accounting of the Fund; and
- any other fees and expenses permitted by the Deed.

## **5.10 Rebates and Soft Commission**

The Manager, its delegate, the Trustee or the Trustee's delegate will not retain any rebate from, or otherwise share in any commission with, any broker or dealer in consideration for directing dealings in the Fund's assets. Any rebate or shared commission will be directed to the account of the Fund.

However, soft commissions may be retained by the Manager if:



- (i) the goods and services are of demonstrable benefit to Unit Holders and in the form of research and advisory services that assist in the decision making process relating to the Fund's investments; and
- (ii) any dealing by the broker or dealer is executed on terms which are the most favourable for the Fund.

**The Manager may, for any reason and at any time, reduce or waive the amount of any fees (except for the trustee fee) or other charges payable by the Unit Holder in respect of the Fund, either generally (for all Unit Holders) or specifically (for any particular Unit Holder) and for any period of time at its absolute discretion.**

**6.1      Pricing Policy**

Single Pricing Regime

We adopt a **single pricing regime** in calculating your investments into the Fund and redemption of Units. This means that all purchases and redemptions are transacted on a single price (i.e. NAV per Unit). You would therefore purchase and redeem Units at NAV per Unit. The selling price per Unit and redemption price per Unit are based on forward pricing.

Selling Price of Units

The selling price of a Unit of the Fund is the NAV per Unit at the next valuation point after the purchase application is received by us (forward pricing). The sales charge applicable to the Fund is payable by you in addition to the selling price for the Units purchased.

Calculation of Selling Price

**Illustration – Sale of Units**

If you wish to invest USD 10,000.00 in the Fund before 1:00 p.m. on a Subscription Date, and if the sales charge is 5.00% of the NAV per Unit, the total amount to be paid by you and the number of Units issued to you will be as follows:

$$\begin{aligned}
 \text{Sales charge incurred} &= \frac{\text{Investment amount}}{1 + \text{sales charge (\%)}} \times \text{sales charge (\%)} \\
 &= \frac{\text{USD } 10,000.00}{1 + 5.00\%} \times 5.00\% \\
 &= \text{USD } 476.19 \\
 \\
 \text{Net investment amount} &= \text{Investment amount} - \text{sales charge} \\
 &= \text{USD } 10,000.00 - \text{USD } 476.19 \\
 &= \text{USD } 9,523.81 \\
 \\
 \text{Units credited to investor} &= \text{Net investment amount} / \text{NAV per Unit} \\
 &= \text{USD } 9,523.81 / \text{USD } 0.5000 \\
 &= 19,047.62 \text{ Units}
 \end{aligned}$$

For the avoidance of doubt the sales charge will be rounded down to two decimal places.

**You are advised not to make payment in cash when purchasing Units of the Fund via any individual agent.**

Redemption Price of Units

The redemption price of a Unit of the Fund is the NAV per Unit at the next valuation point after the redemption request is received by us (forward pricing).

**6.2      Computation of NAV and NAV per Unit**

***illustration on computation of NAV and NAV per Unit for a particular Valuation Day:-***

|             |                    |
|-------------|--------------------|
| Investments | USD 100,000,000.00 |
|-------------|--------------------|

|  |  |                    |
|--|--|--------------------|
| Add: Other assets  |  | USD 50,000,000.00  |
| Total assets   |  | USD 150,000,000.00 |
| Less: Liabilities  |  | USD 30,000,000.00  |
|  |  |                    |
| NAV of the Fund<br>(before deduction of management fee and trustee fee)                                    |  | USD 120,000,000.00 |
| Less:  |  |                    |
| Management fee for the month<br>$0\% \times \text{USD } 120,000,000.00 \times 30 \text{ days}$<br>365 days |  | USD 0              |
| Trustee fee for the month<br>$0.08\% \times \text{USD } 120,000,000.00 \times 30 \text{ days}$<br>365 days |  | USD 7,890.41       |
| Performance fee calculation for the Valuation Day  |  |                    |
| NAV of the Fund before performance fee<br>(after deduction of management fee and trustee fee)              |  | USD 119,992,109.59 |
| Total Units in circulation for that Valuation Day  |  | 200,000,000 Units  |
| NAV per Unit before performance fee  |  | USD 0.59996        |
| Excess NAV<br>(NAV per Unit before performance fee – HWM)<br>HWM = USD 0.5000                              |  | USD 0.099996       |
| Performance fee per Unit   |  | USD 0.024999       |
| Performance fee for the Valuation Day  |  | USD 4,999,800      |
| NAV of the Fund<br>(after deduction of performance fee, management fee and trustee fee)                    |  | USD 114,992,210.59 |
|  |  | USD 0.574961       |
| <b>NAV per Unit after performance fee (in USD)</b>   |  |                    |
| <b>NAV per Unit after performance fee (rounded to 4 decimal points)</b>                                    |  | USD 0.5750         |

**Note:** The Manager's rounding policy is four (4) decimal points for the purposes of publication of the NAV per Unit. However, the rounding policy will not apply when calculating the sales charge and withdrawal charge payable by investors.

## **7.1    Manager**

### Background and Experience

Cross Light Capital Sdn. Bhd. (“CLC”) is a licensed fund manager under the Capital Markets & Services Act 2007.

CLC is a fund management company focused on delivering superior risk adjusted absolute returns. The company manages alternative investment strategies for a client base of sophisticated investors. CLC’s investment philosophy is that applying real world discretionary trading strategies to the rigor of a quantitative process can significantly improve risk adjusted returns. CLC investment focus is on delivering absolute returns free from benchmarks which may differ from traditional fund managers who focus on outperforming a particular benchmark. Moreover, CLC’s investment strategies may use both long and short exposures across global asset classes with a disciplined risk management approach and prudent use of leverage. CLC’s core values are to act at all times in the best interest of its client investors by pursuing excellence in all aspects through integrity, teamwork and strong alignment of interests.

CLC is led by Jason Lee CFA who is a hedge fund manager with over 25 years of investment and trading experience with GIC Private Limited, formerly known as Government of Singapore Investment Corporation, (sovereign wealth) in Singapore and London, Oxburgh Partners (equity long short) in London and J Safra Sarasin group (Swiss based private bank and fund manager) in London.

CLC’s investment edge is derived from a hybrid approach between “human” and “machine” where real world investment experience and trading strategies are combined with quantitative insights extracted from big data applying state-of-the-art artificial intelligence and machine learning techniques. CLC believes that there is no “silver bullet” or “miracle algorithm” but a diversified system with smaller incremental “wins” that together can lead to superior risk adjusted returns.

In terms of risk management philosophy, CLC believes risk management is enhanced by combining discretionary traders and quantitative analysts in active risk management and that risk reduction through lowering of gross exposure is often the optimal risk management action, rather than increasing hedging and increasing gross exposures during risk off periods in markets.

### Duties and Responsibilities of the Manager

The Manager is responsible for the operation and administration of the Fund, investment management and marketing of the Fund, servicing Unit Holders’ needs, keeping proper administration records of Unit Holders and accounting records of the Fund, ensuring that the Units are correctly priced, ensuring compliance with stringent internal procedures and guidelines of relevant authorities and relevant laws.

### Designated Fund Manager for the Fund

#### **Jason Lee CFA**

Jason Lee CFA is the designated fund manager for the Fund. Mr Lee is a hedge fund manager with over 25 years of investment and trading experience with GIC Private Limited, formerly known as Government of Singapore Investment Corporation, (sovereign wealth) in Singapore and London,

Oxburgh Partners (equity long short) in London and J Safra Sarasin group (Swiss based private bank and fund manager) in London. His experience includes long short equity investment track record and risk management of absolute return strategies including the use of leverage. Mr Lee has 20 years of investment and trading experience and a 10 year fully audited investment track record managing absolute return mandates. Mr Lee was born in Kuala Lumpur, Malaysia.

Mr Lee is a Capital Market Services Representative License holder.

## **7.2 Trustee**

### Background and Experience of the Trustee

Pacific Trustees Berhad (“PTB”) was incorporated on 21 September 1994 under the Companies Act 1965 (now known as Companies Act 2016) and is registered as a trust company under the Trust Companies Act 1949 on 29 September 1995 with its registered address at Unit A-11-8, 11th Floor, Megan Avenue 1, No.189, Jalan Tun Razak, Off Persiaran Hampshire, 50400 Kuala Lumpur. PTB had registered with the SC to act as trustee for unit trust funds since 11 May 2005.

PTB is managed by a team of professionals with relevant experiences and qualifications with over 27 years of experience as trustee in providing a wide range of trust services which includes acting as bond trustees, security trustees and share trustees for private debt securities (PDS), asset-backed securitisation, trustees for collective investment schemes including real estate investment trusts (REITs), escrow agent, custodian, e-money, trustees for clubs (golf and non-golf), timesharing schemes, sharefarming schemes, memorial parks, wills writing, administration of private and charitable trust, and others.

### Duties and Responsibilities of the Trustee

The Trustee’s main role and responsibility is to act as trustee to safeguard the interests of the Unit Holders, in accordance with the provisions of the Deed, CMSA, SC’s guidelines and other relevant laws and also act as custodian by holding the assets of the Fund in favour of the Unit Holders.

Among other things, the Trustee is required to:-

- monitor the administration of the Fund by the Manager to ensure that it is in accordance with the Deed, SC’s guidelines, CMSA and securities law;
- ensure that proper records are kept for all transactions, distribution, interests and income received and distributed in respect of the Fund;
- require the Manager to keep it fully informed as to the details of the Manager’s policies on investments and changes thereof;
- ensure that the accounts be audited at least annually and that the Manager forwards to Unit Holders a copy of those accounts within two (2) months from the end of the financial year;
- be responsible for the collection and periodical distribution of income earned from the investment portfolio to the Unit Holders (subject to such duty being delegated to the Manager); and
- report to the SC if it considers that the Manager has not acted in the Unit Holders’ interests or in accordance with the provisions of the Deed or has not complied with the Guidelines.

### Trustee’s Statement of Responsibility

PTB has been appointed as the trustee of the Fund. The Trustee will act as trustee and custodian of the assets of the Fund and safeguard the interests of the Unit Holders. In performing its duties, the Trustee shall exercise all due care and vigilance in conducting its functions and duties in accordance with the provisions of the Deed, Guidelines, CMSA and other relevant laws. The Trustee is also

responsible to ensure that the Manager performs its duties in accordance with the Deed, Guidelines and CMSA.

Trustee's Delegate (custodian)

The Trustee has appointed Interactive Brokers LLC ("IB") as the custodian of the assets of the Fund. IB acts as an agency only, offering its clients direct market access broker that provides execution, clearance, settlement and prime brokerage for customers. Their business encompasses securities and commodities brokerage and they do not engage in proprietary trading. As a registered Futures Commission Merchant ("FCM"), IB is subject to the Commodity Exchange Act and rules promulgated by the Commodity Futures Trading Commission ("CFTC"), the National Futures Association ("NFA") and the various commodity exchanges of which they are members. As a registered U.S. broker dealer, IB is also subject to the rules and regulations of the Securities Exchange Act of 1934 (the "Exchange Act") and other rules promulgated by the Securities and Exchange Commission ("SEC"), the Financial Industry Regulatory Authority ("FINRA") and the rules of various securities exchanges of which they are members.

All investments of the Fund are registered in the name of the trustee for the Fund, or where the custodial function is delegated, in the name of the custodian, to the order of the trustee for the Fund. As custodian, IB shall act only in accordance with instructions from the Trustee.

### **8.1     Rights of the Unit Holders**

A Unit Holder has the right, amongst others:

- (a) to participate in any increase in the value of the Units;
- (b) to call for Unit Holders' meetings, and to vote for the removal of the Manager or the Trustee through Special Resolution;
- (c) to receive annual and quarterly reports of the Fund; and
- (d) to enjoy such other rights and privileges as set out in the Deed.

No Unit Holder shall be entitled to require the transfer to him of any of the Fund's assets or be entitled to interfere with or question the exercise by the Trustee, or the Manager on the Trustee's behalf, of the rights of the Trustee as the registered owner of such assets.

### **8.2     Liabilities of Unit Holders**

No Unit Holder shall be liable for any amount in excess of the purchase price paid for the Units as determined in accordance to the Deed at the time the Units were purchased and any charges payable in relation thereto.

A Unit Holder shall not be under any obligation to indemnify the Manager and/or the Trustee in the event that the liabilities incurred by the Manager and/or the Trustee in the name of or on behalf of the Fund pursuant to and/or in the performance of the provisions of the Deed exceed the value of the Fund's assets, and any right of indemnity of the Manager and/or the Trustee pursuant to this clause shall be limited to recourse to the Fund.

### **8.3     Termination of the Fund**

The Fund may be terminated should a Special Resolution be passed at a Unit Holders' meeting to terminate the Fund.

### **8.4     Power to call for a Meeting by Unit Holders**

A Unit Holders' meeting may be called by the Manager, Trustee and/or Unit Holders. Any such meeting must be convened in accordance with the Deed.

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

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

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

Every question arising at any Unit Holders' meeting shall be decided in the first instance by a show of hands unless a poll is demanded or, if it be a question which under the Deed requires a Special Resolution a poll shall be taken. On a voting by show of hands every Unit Holder who is present in person or by proxy shall have one (1) vote.

The quorum required for a meeting of the Unit Holders shall be five (5) Unit Holders, whether present in person or by proxy, provided that if the Fund has five (5) or less Unit Holders, the quorum required for a meeting of the Unit Holders shall be two (2) Unit Holders, whether present in person or by proxy. If the meeting has been convened for the purpose of voting on a Special Resolution, the Unit Holders present in person or by proxy must hold in aggregate at least twenty five per cent (25%) of the Units in circulation of the Fund at the time of the meeting.