

# INFORMATION MEMORANDUM

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## FORTRESS FOCUS SELECT ASIA FUND

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(Constituted by way of Deed on 5 May 2016)

**Manager**

Fortress Capital Asset Management (M) Sdn Bhd  
(599035-W)

**Trustee**

CIMB Commerce Trustee Berhad  
(313031-A)

**Launch Date:** 18 May 2016

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

**UNITS OF THE FORTRESS FOCUS SELECT ASIA FUND CAN ONLY BE SOLD TO SOPHISTICATED INVESTORS.**

## **Responsibility Statements**

This Info Memo has been seen and approved by the directors of Fortress Capital Asset Management (M) 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 the Manager and takes no responsibility for the contents of this Info Memo, 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 Info Memo.

**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 Info Memo that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the Info Memo 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.

## TABLE OF CONTENTS

<b>1. CORPORATE DIRECTORY .....</b>	<b>1</b>
<b>2. DEFINITIONS.....</b>	<b>3</b>
<b>4. INVESTMENT OBJECTIVE.....</b>	<b>11</b>
<b>5. INVESTMENT STRATEGY .....</b>	<b>11</b>
5.1 Investment Strategy .....	11
5.2 Asset Allocation.....	12
<b>6. PERMITTED INVESTMENTS .....</b>	<b>13</b>
<b>7. INVESTMENT RESTRICTIONS AND LIMITS.....</b>	<b>13</b>
<b>8. GENERAL RISKS AND SPECIFIC RISKS OF THE FUND.....</b>	<b>13</b>
8.1 General Risks of Investing in the Fund .....	13
8.2 Specific Risks of the Fund.....	14
8.3 Risk Management Strategy and Technique .....	14
<b>9. PRICING POLICY .....</b>	<b>15</b>
<b>10. VALUATION OF ASSETS.....</b>	<b>18</b>
<b>11. COMPUTATION OF NAV AND NAV PER UNIT .....</b>	<b>18</b>
<b>12. PARTIES TO THE FUND.....</b>	<b>20</b>
12.1 Manager .....	20
12.1.1 Board of Directors.....	21
12.1.2 Functions and key personnel of the Manager .....	21
12.1.3 Fund Management Team And Designated Fund Manager.....	22
12.2 Investment Advisor .....	22
12.2.1 Functions of Investment Advisor .....	22
12.2.2 Background of IND-X .....	22
12.2.3 Board of Directors.....	22
12.2.4 Designated Investment Advisor .....	23
12.3 Manager's delegates.....	23
12.4 Trustee .....	23
12.3.1 Experience in Trustee Business .....	24
12.3.2 Board of Directors.....	24
12.3.3 Profile of Key Personnel .....	25
12.3.4 Duties and Responsibilities of the Trustee .....	25
12.3.5 Trustee's Statement of Responsibility .....	26
12.5 Trustee's Delegate .....	26
<b>13. SALIENT TERMS OF THE DEED.....</b>	<b>26</b>
13.1 Rights of the Unit Holders .....	26
13.2 Liabilities of Unit Holders .....	26
13.3 Termination of the Fund.....	27
13.4 Termination of a Class of Units .....	27
13.5 Power to call for a Meeting by Unit Holders .....	27
<b>14. ANTI-MONEY LAUNDERING POLICY .....</b>	<b>27</b>
<b>15. GOODS AND SERVICES TAX ACT 2014.....</b>	<b>28</b>
<b>16. TAX ADVISER'S LETTER.....</b>	<b>29</b>



## 1. CORPORATE DIRECTORY

<b>MANAGER</b>	Fortress Capital Asset Management (M) Sdn Bhd (599035-W)
<b>REGISTERED OFFICE</b>	No. 177-3, Floor 3, Jalan Sarjana, Taman Connaught, Cheras, 56000 Kuala Lumpur.
<b>BUSINESS OFFICE</b>	Unit 19.08 Plaza 138 No. 138, Jalan Ampang 50450 Kuala Lumpur Tel No.: 03 - 2162 1622 Fax No.: 03 - 2166 1622
<b>BOARD OF DIRECTORS</b>	Loo Kok Yuen Yong Peng Tak Geoffrey Ng Ching Fung
<b>COMPANY SECRETARY</b>	Tan Yoke May
<b>INVESTMENT ADVISOR</b>	IND-X Advisors Limited
<b>REGISTERED OFFICE</b>	801-04 Kinwick Centre 32 Hollywood Road Central, Hong Kong
<b>BUSINESS OFFICE</b>	801-04 Kinwick Centre 32 Hollywood Road Central, Hong Kong
<b>MANAGER'S DELEGATE</b>	CIMB Bank Berhad (13491-P) <i>(for registrar and transfer agency function)</i>
<b>REGISTERED OFFICE</b>	Level 13, Menara CIMB Jalan Stesen Sentral 2, Kuala Lumpur Sentral 50470 Kuala Lumpur Tel : 03 – 2261 8888 Fax: 03 – 2261 8889
<b>BUSINESS OFFICE</b>	Level 21, Menara CIMB Jalan Stesen Sentral 2, Kuala Lumpur Sentral 50470 Kuala Lumpur Tel : 03 – 2261 8888 Fax : 03 – 2261 9892
<b>MANAGER'S DELEGATE</b>	CIMB Commerce Trustee Berhad (313031-A) <i>(for fund valuation &amp; accounting function)</i>
<b>REGISTERED OFFICE</b>	Level 13, Menara CIMB Jalan Stesen Sentral 2, Kuala Lumpur Sentral

	50470 Kuala Lumpur Tel : 03 – 2261 8888 Fax : 03 – 2261 0099
<b>BUSINESS OFFICE</b>	Level 21, Menara CIMB Jalan Stesen Sentral 2, Kuala Lumpur Sentral 50470 Kuala Lumpur Tel : 03 – 2261 8888 Fax : 03 – 2261 9886
<b>TRUSTEE</b>	CIMB Commerce Trustee Berhad (313031-A)
<b>REGISTERED OFFICE</b>	Level 13, Menara CIMB Jalan Stesen Sentral 2, Kuala Lumpur Sentral 50470 Kuala Lumpur Tel : 03 – 2261 8888 Fax : 03 – 2261 0099
<b>BUSINESS OFFICE</b>	Level 21, Menara CIMB Jalan Stesen Sentral 2, Kuala Lumpur Sentral 50470 Kuala Lumpur Tel : 03 – 2261 8888 Fax: 03 – 2261 9889
<b>TRUSTEE’S DELEGATE</b>	CIMB Bank Berhad (13491-P)
<b>REGISTERED OFFICE</b>	Level 13, Menara CIMB Jalan Stesen Sentral 2, Kuala Lumpur Sentral 50470 Kuala Lumpur Tel : 03- 2261 8888 Fax : 03 – 2261 8889
<b>BUSINESS OFFICE</b>	Level 21, Menara CIMB Jalan Stesen Sentral 2, Kuala Lumpur Sentral 50470 Kuala Lumpur Tel : 03 – 2261 8888Fax : 03 – 2261 9892
<b>AUDITORS</b>	BDO (AF 0206) Chartered Accountants Level 8, BDO @ Menara Centara, 360 Jalan Tuanku Abdul Rahman, 50100 Kuala Lumpur.
<b>TAX ADVISER</b>	BDO Tax Services Sdn Bhd Level 9, BDO @ Menara Centara, 360 Jalan Tuanku Abdul Rahman, 50100 Kuala Lumpur.
<b>SOLICITORS</b>	Wei Chien & Partners Level 29, Tower A, Vertical Business Suite, Avenue 3 Bangsar South, No. 8 Jln Kerinchi, 59200 Kuala Lumpur

## 2. DEFINITIONS

In this Info Memo, the following abbreviations or words shall have the following meanings unless otherwise stated:

Act	means the Capital Markets And Services Act 2007 as may be amended from time to time.
Bursa Malaysia	means the stock exchange managed and operated by Bursa Malaysia Securities Berhad (635998-W).
Business Day	means a day on which Bursa Malaysia is open for trading. The Manager may also declare certain Business Days as non-Business Days when one or more of the foreign markets in which the Fund is invested therein is closed for trading.
Class(es)	means any class of Units in the Fund representing similar interest in the assets of the Fund and "Class" means any one class of Units.
Class A USD	represents a Class which is denominated in USD with no performance fee.
Class A MYR	represents a Class which is denominated in MYR with no performance fee.
Class A SGD	represents a Class which is denominated in SGD with no performance fee.
Class B USD	represents a Class which is denominated in USD with performance fee.
Class B MYR	represents a Class which is denominated in MYR with performance fee.
Class B SGD	represents a Class which is denominated in SGD with performance fee.
Class C USD	represents a Class which is denominated in USD with performance fee and higher minimum initial investment amount.
Class C MYR	represents a Class which is denominated in MYR with performance fee and higher minimum initial investment amount.
Class C SGD	represents a Class which is denominated in SGD with performance fee and higher minimum initial investment amount.
Cooling-off Period	means a period of six (6) Business Days from the date the purchase request from the Unit Holder, who is qualified for the Cooling-off Right, is received by the Manager.

Cooling-off Right	<p>refers to the right of the Unit Holder to obtain a refund of his investment in the Fund if the Unit Holder so requests within the Cooling-off Period. This right is available if you are investing in any funds managed by the Manager for the first time. This right is NOT applicable to you, if you are:</p> <ul style="list-style-type: none"> <li>(i) A corporation or an institution;</li> <li>(ii) A staff of the Manager; and</li> <li>(iii) Persons registered with a body approved by the SC to deal in unit trusts.</li> </ul> <p>The Unit Holder shall be refunded within ten (10) days from the receipt of the cooling-off application.</p>
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.
Deposits	has the same meaning as defined in the Financial Services Act 2013.
Fund	means Fortress Focus Select Asia Fund.
GST	means goods and services tax.
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.
Info Memo	refers to the information memorandum of this Fund.
Initial Offer Period (IOP)	Twenty-one (21) days from the launch date of this Info Memo.
Initial NAV Per Unit	means the NAV per Unit during the IOP for the first year and the NAV per Unit on the first day of the financial year for each subsequent year.
Liquid Assets	means current deposits and/or fixed deposits placed with financial institutions and/or money market instruments, all of which have maturity of less than one (1) year at the time of holding.
LPD	means latest practicable date as at 31 March 2016.
Manager/ Fortress Capital	refers to Fortress Capital Asset Management (M) Sdn Bhd (599035-W).
Medium to Long Term	means a period of 3 years and above.
NAV	means net asset value of the Fund.
NAV of the Fund	means the value of all the Fund's assets minus its liabilities at the valuation point. For the purpose of computing the annual management fee and annual trustee fee, it should include the management fee and the trustee fee for the relevant day; where the Fund has more



than one Class, there shall be a NAV of the Fund attributable to each Class.

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; where the Fund has more than one Class, there shall be a NAV per Unit for each Class; the NAV per Unit of a Class at a particular valuation point shall be the NAV of the Fund attributable to that Class divided by the number of Units in circulation of that Class at the same valuation point.
Non-Financial Companies	means all companies that are in, but not limited to, the consumer discretionary, consumer staples, energy, health care, industrials, information technology, materials, real estate, telecommunications and utilities sectors. For the avoidance of doubt, this excludes all companies within the financial sector such as banks, securities brokers, diversified financials (holding companies of various financial service companies) or insurance companies.
Performance Period	means a period of 12 months beginning from 1 July to 30 June every year to coincide with the start and the end of the Fund's financial year. However, the Fund's financial year may be more or less than 12 months, depending on when the Fund is launched. The Manager only calculates the performance fee on a Business Day.
MYR	means Ringgit Malaysia.
SC	refers to the Securities Commission Malaysia.
SGD	means Singapore Dollar.
Sophisticated Investors	means any person who comes within any of the categories of investors set out in Part 1, Schedules 6 and 7 of the Act.
Special Resolution	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 at the meeting in person or by proxy" means three-fourths of the votes cast by the Unit Holders present and voting.
Trustee	refers to CIMB Commerce Trustee Berhad (313031-A).
Unit	refers to a measurement of the right or interest of a Unit Holder in the Fund and means a unit of the Fund and if the Fund has more than one Class, it means a unit issued for each Class.
Unit Holder(s)	means the person for the time being who is registered pursuant to the Deed as a holder of Units of a Class, including a jointholder. In relation to the Fund, means all the unit holders of every Class in the Fund.

USD

means United States Dollar.

U.S. (United States)  
Person(s)

means:

- (a) a U.S. citizen (including those who hold dual citizenship or a greencard holder);
- (b) a U.S. resident alien for tax purposes;
- (c) a U.S. partnership;
- (d) a U.S. corporation;
- (e) any estate other than a non-U.S. estate;
- (f) any trust if:
  - (i) a court within the U.S. is able to exercise primary supervision over the administration of the trust; and
  - (ii) one or more U.S. Persons have the authority to control all substantial decisions of the trust;
- (g) any other person that is not a non-U.S. Person; or
- (h) any definition as may be prescribed under the Foreign Account Tax Compliance Act, as may be amended from time to time.

### 3. KEY DATA

<b>INFORMATION ON THE FUND</b>			
<b>The Fund</b>	Fortress Focus Select Asia Fund.		
<b>Classes of Units</b>	Class A USD	Class B USD	Class C USD
	Class A MYR	Class B MYR	Class C MYR
	Class A SGD	Class B SGD	Class C SGD
<b>Initial Offer Period (IOP)</b>	Twenty-one (21) days from the launch date of this Info Memo.		
<b>Commencement Date</b>	The next Business Day after the end of the Initial Offer Period.		
<b>Initial Offer Price</b>	Class A USD	USD0.50	
	Class A MYR	MYR0.50	
	Class A SGD	SGD0.50	
	Class B USD	USD0.50	
	Class B MYR	MYR0.50	
	Class B SGD	SGD0.50	
	Class C USD	USD0.50	
	Class C MYR	MYR0.50	
	Class C SGD	SGD0.50	
<b>Base Currency</b>	USD		
<b>Investment Objective</b>	The Fund aims to provide Medium to Long Term returns by investing in listed equities in Asia (excluding Japan and India).		
<b>Investment Strategy</b>	<p>The Fund aims to achieve its objective by investing a minimum of 70% of the NAV of the Fund in equities of listed Non-Financial Companies in Asia (excluding Japan and India). The remaining balance of the Fund's NAV will be invested in Liquid Assets.</p> <p><i>The investment strategy is further elaborated in Section 5.1 below.</i></p>		
<b>Asset Allocation</b>	<ul style="list-style-type: none"> <li>• A minimum of 70% of the NAV of the Fund will be invested in equities.</li> <li>• The remaining balance of the Fund's NAV will be invested in Liquid Assets.</li> </ul>		
<b>Reference Benchmark</b>	<p>MSCI Asia ex-Japan Index.</p> <p><i>(Source: Bloomberg).</i></p> <p><i>The risk profile of the Fund is different from the risk profile of the reference benchmark.</i></p>		
<b>Financial Year End</b>	Every 30 June of the calendar year.		
<b>Distribution Policy</b>	<p>Subject to availability of income, distribution will be made on an annual basis.</p> <p>The source of income, if any, for the purpose of distribution shall be derived from the realized income and/or gain.</p>		
<b>Distribution Mode</b>	Distribution, if any, would be re-invested by the Manager. There is no additional fee associated with the re-investment. The Manager will create such Units based on the NAV per Unit at the income payment date (which is within ten (10) Business Days from the ex-distribution date).		

<p><b>Communication with Unit Holders</b></p>	<p><b>Statement of Accounts</b> 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, within fifteen (15) Business Days at the end of every month.</p> <p><b>Unit Price</b> Unit Holders will be able to obtain the price of a Unit for a particular Business Day from <b>www.fortresscapital.com.my</b> after <b>2pm</b> two (2) Business Days after the Fund's valuation point. The price of a Unit would also be made available upon request by the Unit Holders.</p> <p><b>Financial Reports</b> 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. The Trustee will prepare a report to Unit Holders in the annual report stating its opinion on the conduct of the Manager, in particular whether the Manager had managed the Fund in accordance with the limitation on its investment powers as set out in the Deed and whether the Manager had acted in accordance with the Deed and the Guidelines.</p>
<b>TRANSACTION DETAILS</b>	
<b>Minimum Holdings</b>	20,000 Units (subject to change at the Manager's discretion).
<b>Minimum Redemption Amount</b>	20,000 Units (subject to change at the Manager's discretion). If the Unit holdings of a Unit Holder are, after a redemption request, below the minimum Unit holdings for the Fund, a request for full redemption is deemed to have been made.
<b>Transfer Facility</b>	Not allowed.
<b>Switching Facility</b>	Not allowed.
<b>Subscription of Units</b>	<p>Purchase requests/applications can be made on any Business Day.</p> <p>For any purchase application received via fax notification by the Manager as well as cleared funds received <b>on or before the cut-off time of 2pm</b>, the Units would be created based on the NAV per Unit as at the next valuation point after the request for purchase of Units is received and accepted by the Manager. Any application received or deemed to have been received after this cut-off time would be considered as being transacted on the following Business Day.</p>
<b>Redemption of Units and Payment of Redemption Proceeds</b>	<p>Redemption requests/applications can be made on any Business Day.</p> <p>For any redemption application received or deemed to have been received via fax notification by the Manager <b>on or before the cut-off time of 2pm</b> the Units would be cancelled based on the NAV per Unit as at the next valuation point after the request for redemption of Units is received and accepted by the Manager. Any redemption application received or deemed to have been received after this cut-off time would be considered as being transacted on the following Business Day.</p>

	<p>Redemption proceeds will be paid out within ten (10) Business Days to the Unit Holder's segregated personal or corporate banking account.</p> <p>Transaction costs such as charges for telegraphic transfers, if any, will be borne by the Unit Holders and set-off against the redemption proceeds.</p>								
<b>Cooling-off Period</b>	Means a period of six (6) Business Days from the date the purchase request from the Unit Holder, who is qualified for the Cooling-off Right, is received by the Manager.								
<b>FEES AND CHARGES</b>									
<i><b>This table describes the fees and charges that you may directly incur when you purchase or redeem Units of the Fund.</b></i>									
<b>Sales Charge</b>	<p>Up to 5.00% of the NAV per Unit of a Class.</p> <p>The Manager may at its absolute discretion reduce or waive the sales charge imposed on all investors from time to time.</p>								
<b>Holding Period and Penalty Charge</b>	<p>The Fund has a holding period of 1 year (365 days) from the purchase application date. A penalty in the form of a penalty charge may be levied upon, when the Unit Holder redeems Units in the Fund within the holding period.</p> <table border="1"> <thead> <tr> <th><b>Period from the purchase application</b></th> <th><b>Penalty charge</b></th> </tr> </thead> <tbody> <tr> <td>180 days and below</td> <td>0.50% of the NAV per Unit of the redeemed amount</td> </tr> <tr> <td>Between 181 – 365 days</td> <td>0.25% of the NAV per Unit of the redeemed amount</td> </tr> <tr> <td>366 days and above</td> <td>Nil</td> </tr> </tbody> </table> <p>All penalty charges paid by the Unit Holders will be retained as part of the assets of the Fund.</p> <p>The Manager has the discretion to waive or reduce the penalty charge from time to time.</p>	<b>Period from the purchase application</b>	<b>Penalty charge</b>	180 days and below	0.50% of the NAV per Unit of the redeemed amount	Between 181 – 365 days	0.25% of the NAV per Unit of the redeemed amount	366 days and above	Nil
<b>Period from the purchase application</b>	<b>Penalty charge</b>								
180 days and below	0.50% of the NAV per Unit of the redeemed amount								
Between 181 – 365 days	0.25% of the NAV per Unit of the redeemed amount								
366 days and above	Nil								
<b>Switching Fee</b>	Not applicable.								
<b>Transfer Fee</b>	Not applicable.								
<i><b>This table describes the fees and charges that you may indirectly incur when you purchase or redeem Units of the Fund.</b></i>									

<b>Annual Management Fee (per annum of the NAV of the Fund attributable to the Class)</b>	Class A USD	1.85%
	Class A MYR	1.85%
	Class A SGD	1.85%
	Class B USD	1.35%
	Class B MYR	1.35%
	Class B SGD	1.35%
	Class C USD	1.00%
	Class C MYR	1.00%
	Class C SGD	1.00%
<b>Annual Performance Fee (based on the cumulative appreciation in the NAV per Unit over and above the Initial NAV per Unit during a particular Performance Period)</b>	Class A USD	Not applicable
	Class A MYR	Not applicable
	Class A SGD	Not applicable
	Class B USD	8%
	Class B MYR	8%
	Class B SGD	8%
	Class C USD	5%
	Class C MYR	5%
	Class C SGD	5%
	<p>The performance fee is calculated and re-adjusted on a daily basis. Although calculation is on a daily basis, the performance fee is only payable to the Manager at the end of each Performance Period if there is a cumulative appreciation in the NAV per Unit at the end of the particular Performance Period over and above the Initial NAV per Unit. The initial cumulative appreciation would be equal to zero at the start of each Performance Period and the Initial NAV per Unit resets on the first day of each Performance Period. Please refer to Section 9 for further information.</p>	
<b>Annual Trustee Fee</b>	0.065% per annum of the NAV of the Fund, subject to a minimum fee of USD 4,500 per annum.	
<b>Fund Expenses</b>	Only fees and expenses that are directly related and necessary in operating and administering the Fund may be charged to the Fund as stated in and in accordance to the Deed.	
<b>TRANSACTION DETAILS</b>		
<i>Investors in Malaysia intending to invest in foreign currencies i.e. USD and SGD 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 telegraphic transfers.</i>		

<b>Minimum Initial Investment</b>	Class A USD	USD 10,000
	Class A MYR	MYR 30,000
	Class A SGD	SGD 15,000
	Class B USD	USD 10,000
	Class B MYR	MYR 30,000
	Class B SGD	SGD 15,000
	Class C USD	USD 1,000,000
	Class C MYR	MYR 3,000,000
	Class C SGD	SGD 1,500,000
<b>Minimum Additional Investment</b>	Class A USD	USD 5,000
	Class A MYR	MYR 10,000
	Class A SGD	SGD 5,000
	Class B USD	USD 5,000
	Class B MYR	MYR 10,000
	Class B SGD	SGD 5,000
	Class C USD	USD 50,000
	Class C MYR	MYR 100,000
	Class C SGD	SGD 50,000

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

**There are fees involved and investors are advised to consider the fees before investing in the Fund. The fees, charges and expenses stated herein are subject to GST, where applicable. Kindly refer to Clause 15 - Goods And Services Tax Act 2014 below for further details.**

**The Manager will not retain any rebate from, or otherwise share in any commission with, any broker/dealer in consideration for directing dealings in the investments of the Fund. Notwithstanding the aforesaid, the Manager may receive goods or services by way of soft commissions provided always that the goods and services are of demonstrable benefit to the Unit Holders.**

#### **4. INVESTMENT OBJECTIVE**

The Fund aims to provide Medium to Long Term returns by investing in listed equities in Asia (excluding Japan and India).

#### **5. INVESTMENT STRATEGY**

##### **5.1 Investment Strategy**

The Fund aims to achieve its objective by investing a minimum of 70% of the NAV of the Fund in equities of listed Non-Financial Companies in Asia (excluding Japan and India). The remaining balance of the Fund's NAV will be invested in Liquid Assets.

The Fund's stock selection process considers equities for inclusion based upon a bottom-up research process that focuses on specific fundamentals of a company, with its peers and within its industry. This systematic research approach focuses on the following factors during the Fund's selection process:

**Fundamentals** – bottom-up analysis of a company's operational, financial performance and competitive position.

**Valuations** – measures absolute and relative valuation of a company to determine its current worth in determining whether it is undervalued ("cheap") or overvalued ("expensive") relative to its peers in the sector.

**Momentum** – focuses on a company's earnings and stock price direction which help to indicate the likelihood of movement in price direction.

**Risk** – active risk monitoring by considering a company's potential to provide a stable return and/or high dividend, which contributes to overall long-term performance.

The Fund invests in Asia's equity markets including but not limited to both developed markets (Hong Kong, Korea, Singapore and Taiwan) and emerging markets (China, Indonesia, Philippines, Malaysia and Thailand), but excludes Japan and India.

Each quarter, the Manager reviews and re-evaluates the investible universe based on both volume of trading and size. The Fund's focus is on companies with more than USD1,000,000 in average daily turnover and USD250,000,000 market capitalization.

Save for the financial sectors, the Fund shall invest in, but not limited to, companies in the following sectors:

- consumer discretionary,
- consumer staples,
- energy,
- health care,
- industrials,
- information technology,
- materials,
- real estate,
- telecommunications and
- utilities sectors.

When investing in foreign markets which require prior permission or approval such as in the form of an investment license or investor code or investor registration, the Fund should obtain such necessary permission or approval in order to invest in such markets.

### **Temporary Defensive Positions**

The Manager may take temporary defensive positions that may be inconsistent with the Fund's investment strategy in attempting to respond to adverse market, political or economic conditions. Under such situations, the Fund may hold up to all of the Fund's NAV in Liquid Assets. The defensive positions may be adopted for a time period as the Manager considers appropriate in consultation with the Trustee.

## **5.2 Asset Allocation**



- A minimum of 70% of the NAV of the Fund will be invested in equities.
- The remaining balance of the Fund's NAV will be invested in Liquid Assets.

## **6. PERMITTED INVESTMENTS**

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 will invest in the following permitted investments:

- (1) Listed equities;
- (2) Money market instruments;
- (3) Deposits;
- (4) Collective investment schemes; and
- (5) Any other investments which are in line with the Fund's objective.

## **7. INVESTMENT RESTRICTIONS AND LIMITS**

The Fund is subject to the following investment restrictions and limits:

- The Fund shall only invest in Non-Financial Companies; and
- The Fund shall not invest more than 40% of its NAV in any one country or sector.

The above restrictions and limits must be complied with at all times based on the most up-to-date value of the Fund and value of the investments. However, a 5% allowance in excess of any limit or restriction is permitted where the limit or restriction is breached through the appreciation or depreciation of the Fund's NAV either as a result of an appreciation or depreciation in the value of the investments, or as a result of redemption of Units or payment made from the Fund. The Manager will not make any further acquisitions to which the relevant limit or restriction is breached. The Manager will take all the necessary steps and actions to rectify such breach within a reasonable period of not more than ninety (90) days from the date of the breach.

## **8. GENERAL RISKS AND SPECIFIC RISKS OF THE FUND**

### **8.1 General Risks of Investing in the Fund**

#### **(a) Market Risk**

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

#### **(b) 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.

#### **(c) Inflation Risk**

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

(d) **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.

## **8.2 Specific Risks of the Fund**

(a) **Stock Specific Risk**

Prices of a particular stock may fluctuate in response to the circumstances affecting individual companies such as adverse financial performance, news of a possible merger or loss of key personnel of a company. Any adverse price movements of such stock will adversely affect the Fund's NAV.

(b) **Currency Risk At The Fund's Portfolio Level**

The impact of the exchange rate movement between the base currency of the Fund and the currency of the underlying investments may result in a depreciation of the value of the investments as expressed in the base currency of the Fund.

(c) **Currency Risk At The Class Level**

The impact of the exchange rate movement between the base currency of the Fund and the currency of the respective Classes may result in a depreciation of the investor's holdings as expressed in the base currency of the Fund.

(d) **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.

## **8.3 Risk Management Strategy and Technique**

The Manager seeks to mitigate the risks associated with the Fund by imposing stringent internal controls, compliance monitoring, and by virtue of its experience, skills, governance and diligence.

**Investors are advised to read the Info Memo and obtain professional advice before subscribing to the Fund.**

**It is important to note that events affecting the investments cannot always be foreseen. Therefore, it is not always possible to protect your investment against all risks.**

**The investments of the Fund carry risks and we recommend that you read the whole Info Memo to assess the risks of the Fund.**

## **9. PRICING POLICY**

### **NAV**

The NAV of the Fund is determined by deducting the value of all the Fund's liabilities from the value of all the Fund's assets, as at the valuation point. For the purpose of computing the management fee and the trustee fee, the NAV of the Fund should be inclusive of the management fee and the trustee fee for the relevant day.

The NAV per Unit of a class of Units is the NAV of the Fund attributable to a Class divided by the number of Units in circulation for that particular Class, at the same valuation point.

### **Selling Price**

The selling price shall be equivalent to the NAV per Unit of the respective Class. Any applicable sales charge shall be payable separately from the selling price. During IOP, the selling price for all Classes is equivalent to the initial offer price of each Class. After IOP, forward pricing will be used to determine the selling price of the respective Class, which is the NAV per Unit of each Class as at the next valuation point after the purchase request is received by the Manager.

#### *Illustration – Calculation of selling price*

Units will be sold at the initial offer price during IOP and thereafter, the NAV per Unit of the respective Class. Any sales charge payable by the Unit Holder would be calculated as a percentage of the initial offer price during IOP and thereafter, of the NAV per Unit of the respective Class.

*The following illustration would be similar for a Class. For illustration purposes, we would assume the following during the IOP:*

Amount invested:	USD/MYR/SGD100,000.00
Sales charge:	5.00% of the initial offer price per Unit
Initial offer price per Unit: (of a Class)	USD/MYR/SGD0.50 (selling price)

The investment amount, number of Units purchased and sales charge payable by the Unit Holder are as follows:

<b>Items</b>	<b>Calculation</b>	<b>Amount</b>
Amount invested	-	USD/MYR/SGD100,000.00
Number of Units purchased (of a Class)	Amount invested divided by the initial offer price per Unit = USD/MYR/SGD100,000.00 ÷ USD/MYR/SGD0.50	200,000 Units

Sales charge of 5.00% on the initial offer price per Unit (of a Class)	Sales Charge x Initial offer price per Unit x No. of Units = 5.00% x USD/MYR/SGD0.50 x 200,000 Units	USD/MYR/SGD5,000.00
--	---	---------------------

Total amount invested	= USD/MYR/SGD 100,000.00
<u>Add</u> Sales Charge paid @ 5.00% of the initial offer price per Unit	= USD/MYR/SGD 5,000.00
<u>Add</u> GST (6% USD/MYR/SGD5,000.00)	= USD/MYR/SGD 300.00
<b>Total amount paid by Unit Holder</b>	<b>= USD/MYR/SGD 105,300.00</b>

**The same calculation shall be applicable after the IOP except that the selling price shall be the NAV per Unit of the respective Class.**

### Redemption Price

The redemption price shall be equivalent to the NAV per Unit of the respective Class. Any applicable penalty charge shall be payable separately from the redemption price. During IOP, the redemption price for all Classes is equivalent to the initial offer price of each Class. After IOP, forward pricing will be used to determine the redemption price of the respective Class, which is the NAV per Unit of each Class as at the next valuation point after the redemption request is received by the Manager.

#### *Illustration – Calculation of redemption price*

The redemption price of all Classes shall be the initial offer price during the IOP and thereafter, the NAV per Unit of the respective Class. Any penalty charge payable by the Unit Holder would be calculated as a percentage of the initial offer price during the IOP and thereafter, of the NAV per Unit of a Class.

*The following illustration would be similar for a Class. For illustration purposes, we would assume the following during the IOP:*

Total of Units to be redeemed:	200,000 Units
Penalty charge:	0.50%
NAV per Unit: (of a Class)	USD/MYR/SGD0.50 (redemption price)

The redemption proceeds payable to the Unit Holders are as follows:

Items	Calculation	Amount
Number of Units redeemed (of a Class)	-	200,000 Units
Amount redeemed	Total Units redeemed x NAV per Unit = 200,000 Units x USD/MYR/SGD0.50	USD/MYR/SGD 100,000.00
Penalty charge is 0.50% of the NAV per Unit (of a Class)	Penalty charge x amount redeemed = 0.50% x USD/MYR/SGD 100,000.00	USD/MYR/SGD 500.00

Total amount redeemed	=	USD/MYR/SGD100,000.00
<u>Less</u> penalty charge of 0.50% of NAV per Unit	=	USD/MYR/SGD500.00
-----		
<b>Total amount paid to Unit Holder</b>	<b>=</b>	<b>USD/MYR/SGD99,500.00</b>
=====		

### Performance Fee

For Class B USD, Class B MYR and Class B SGD, the Manager will earn a 8% performance fee on the cumulative appreciation in the NAV per Unit over and above the Initial NAV per Unit during a particular Performance Period. The performance fee is calculated and re-adjusted on a daily basis. Although calculation is on a daily basis, the performance fee is only payable to the Manager at the end of each Performance Period if there is a cumulative appreciation in the NAV per Unit at the end of the particular Performance Period over and above the Initial NAV per Unit. The initial cumulative appreciation would be equal to zero at the start of each Performance Period and the Initial NAV per Unit resets on the first day of each Performance Period.

For Class C USD, Class C MYR and Class C SGD, the Manager will earn a 5% performance fee on the cumulative appreciation in the NAV per Unit over and above the Initial NAV per Unit during a particular Performance Period. The performance fee is calculated and re-adjusted on a daily basis. Although calculation is on a daily basis, the performance fee is only payable to the Manager at the end of each Performance Period if there is a cumulative appreciation in the NAV per Unit at the end of the particular Performance Period over and above the Initial NAV per Unit. The initial cumulative appreciation would be equal to zero at the start of each Performance Period and the Initial NAV per Unit resets on the first day of each Performance Period.

#### Illustration:

Assuming there is no purchase or redemption request during the entire Performance Period, thus Units in circulation is the same throughout the entire Performance Period. The illustration below is applicable for Class C USD, Class C MYR and Class C SGD.

	No. of Units in circulation	NAV per Unit (before performance fee)	Daily investment value before performance fee (USD)	Above Initial NAV Per Unit (Yes/No)	5% on the appreciation in the daily NAV per Unit relative to the Initial NAV Per Unit (USD)	Performance Fee (USD)
Day 1	500,000	0.5000 (Initial NAV per Unit)	250,000.00	NA	NA	0
Day 2	500,000	0.5010	250,500.00	Yes	25	25
Day 3	500,000	0.5033	251,650.00	Yes	82.5	82.5
Day 4	500,000	0.5022	251,100.00	Yes	55	55
Day 5	500,000	0.5007	250,350.00	Yes	17.5	17.5
Day 6	500,000	0.4995	249,750.00	No	-12.5	0
Day 7	500,000	0.4945	247,250.00	No	-137.5	0

Day 8	500,000	0.4998	249,900.00	No	-5	0
Day 9	500,000	0.5020	251,000.00	Yes	50	50
Day 10	500,000	0.5055	252,750.00	Yes	137.5	137.5

## 10. VALUATION OF ASSETS

The Fund will be valued **daily** at **5:30pm** on any Business Day except during the IOP.

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

However, certain foreign markets in which the Fund may invest in have different time zones from that of Malaysia. Accordingly, the valuation of the Fund will be conducted by **5:30pm** on the next Business Day, when the closing prices of the foreign markets would be available. As such, the daily price of the Fund for a particular Business Day will be published two (2) Business Days later.

For currency translation of foreign equities to the Fund's base currency (USD), the valuation shall be based on the bid exchange rate quoted by Bloomberg/Reuters at UK time 4.00pm which is equivalent to 11.00pm or 12.00am midnight (Malaysian time) on the same day, or such other time as prescribed from time to time by the Federation of Investment Managers Malaysia or any relevant laws.

The Manager shall convert all expenses and income of the Fund denominated in currencies other than USD into the Fund's base currency, USD.

**Listed equities and listed collective investment schemes ("listed securities")** will be valued daily based on the last done market price.

However, if:-

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

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

**Deposits** placed with financial institution(s) will be valued daily by reference to the principal value of such Deposits and the profit accrued thereon for the relevant period.

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

**Unlisted collective investment schemes** will be valued daily based on its last published repurchase price.

## 11. COMPUTATION OF NAV AND NAV PER UNIT

Investors should note that the NAV of the Fund is determined by deducting the value of all the Fund's liabilities from the value of all the Fund's assets, at a particular valuation point.

The NAV per Unit of a Class is the NAV of the Fund attributable to a Class divided by the number of Units in circulation for that particular Class, at the same valuation point.

**Under this section, please note the following definition:-**

<i>“Value of the Fund before Income &amp; Expenses”</i>	<i>Refers to the current value of the Fund inclusive of purchases and/or redemptions before the next valuation point.</i>
<i>“Value of a Class before Income &amp; Expenses”</i>	<i>Refers to the current value of a Class inclusive of purchases and/or redemptions before the next valuation point.</i>

**For the purpose of the illustration on computation of NAV per Unit, we would assume that the investment has been made ONLY in Class A USD, Class A MYR and Class A SGD.**

**Illustration on computation of NAV per Unit for a particular day:-**

	Fund (USD)	Class A USD (USD)	Class A MYR (USD Equivalent)	Class A SGD (USD Equivalent)
Value of the Fund/ Class before Income & Expenses	50,000,000.00	25,000,000.00	20,000,000.00	5,000,000.00
<b>Multi-class ratio<sup>^</sup></b>	<b>100.00%</b>	<b>50.00%</b>	<b>40.00%</b>	<b>10.00%</b>
Add: Income	1,000,000.00	500,000.00	400,000.00	100,000.00
Gross asset value/ GAV	51,000,000.00	25,500,000.00	20,400,000.00	5,100,000.00
Less: Fund expenses	(50,000.00)	(25,000.00)	(20,000.00)	(5,000.00)
NAV of the Fund (before deduction of Management and Trustee Fees)	50,950,000.00	25,475,000.00	20,380,000.00	5,095,000.00
Less:				
Management fee (% p.a.)	-	1.85%	1.85%	1.85%
Management fee for the day	(2,582.40)	(1,291.20)	(1,032.96)	(258.24)
Trustee fee (% p.a.)	-	0.065%	0.065%	0.065%
Trustee fee for the day	(90.73)	(45.37)	(36.29)	(9.07)
NAV of the Fund	<u>50,947,326.87</u>	<u>25,473,663.43</u>	<u>20,378,930.75</u>	<u>5,094,732.69</u>

(after deduction of management and trustee fees & before GST)				
Less:				
GST of 6% on the management fee for the day	(154.94)	(77.47)	(61.98)	(15.49)
GST of 6% on the trustee fee for the day	(5.44)	(2.72)	(2.18)	(0.54)
NAV of the Fund (after GST)	<u>50,947,166.49</u>	<u>25,473,583.24</u>	<u>20,378,866.59</u>	<u>5,094,716.66</u>

For the purpose of the illustration above, the computation of NAV and NAV per Unit are based on the assumption that the expenses are subject to GST.

<b>Total of Units in Circulation for that day</b>	224,285,000	50,000,000	160,000,000	14,285,000
<b>NAV per Unit* (in Class A USD)</b>		0.5095	0.1274	0.3566
<b>Forex Rate</b>		1.000	0.2500	0.7000
<b><sup>1</sup> NAV per Unit*</b>		0.5095	0.5096	0.5094

Note:

<sup>1</sup> – The following calculations would be similar for the respective Classes. However, for illustration purposes, we would assume that the investment has been made in MYR. The NAV per Unit of the Class A MYR is translated based on the foreign exchange rate on the valuation day. Assuming the foreign exchange rate of MYR is MYR1 = USD0.2500 on that day, the NAV per Unit of the Class A MYR will then be calculated based on the base currency divided by the said rate, i.e.  $USD0.1274 \div 0.2500 = MYR0.5096$ .

^ – Multi-class ratio is apportioned based on the size of the Class relative to the whole Fund. This means the multi-class ratio is calculated by taking the *Value of a Class before Income & Expenses* for a particular day and dividing it with the *Value of the Fund before Income & Expenses* for that same day. This apportionment is expressed as a ratio and calculated as a percentage.

\* - NAV per Unit of a Class is derived from the following formula:-

$$= \frac{\text{NAV of the particular Class}}{\text{Units in Circulation for the particular Class}}$$

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

## 12. PARTIES TO THE FUND

### 12.1 Manager

**Fortress Capital Asset Management (M) Sdn Bhd (FCAM)**



FCAM is a licensed fund manager under the Capital Markets & Services Act 2007. It is an independent asset management and private investment group that manages mainly Malaysia and Asia Pacific equity portfolios with the objective of delivering above average earnings' growth over the long term.

#### Board of Directors

##### **Thomas Yong Peng Tak - CFA CPA MBA BAcc (Hons)**

Thomas Yong founded the Fortress Capital Group after stints within the financial industry in Malaysia and Singapore. An equity specialist, he specializes in both public listed and private equity investments in the Asia Pacific region.

He is a CFA charter holder and a member of CFA Society Malaysia, as well as a Fellow Chartered Accountant with the Institute of Singapore Chartered Accountants. He graduated with a Master of Business Administration degree from the Imperial College, University of London as a Raffles Scholar, and a Bachelor of Accountancy (with Honours) degree from the National University of Singapore.

##### **Loo Kok Yuen - MBA BSc**

An established name in the Malaysian capital market industry, Mr. Loo co-founded the Fortress Capital Group after 15 years in the securities industry in Malaysia and Singapore. He has held key positions in equity research with brokerage firms such as Crosby Securities (Malaysia), and was executive director at Pengkalen Securities.

Mr. Loo holds a B.Sc. in Civil Engineering from the Massachusetts Institute of Technology, USA and a MBA from the University of Western Ontario, Canada.

##### **Geoffrey Ng Ching Fung - CFA CFP BCom (High Hons)**

An investment manager bringing extensive domestic and international experience with two decades of multi-asset class and strategic investments proficiency. He has worked with Hong Leong Asset Management (Chief Executive Officer/Executive Director), Dubai Investment Group (Senior Vice President), Pacific Mutual Fund (Chief Investment Officer) and RHB Asset Management.

He is currently a member of the Education Advisory Board of the CFA Institute and Treasurer / Board Member of CFA Society Malaysia. He holds a Bachelor of Commerce (High Honours) with double majors in Accounting and Finance from the Sprott School of Business, Carleton University, Canada. He also holds the CFA and CFP designations.

#### Functions and key personnel of the Manager

The Manager's fund management team formulates, establishes and implements investment strategies and policies. The fund management team will review and monitor the success of these strategies and policies using predetermined benchmarks towards achieving a proper performance for the Fund. The fund management team will also ensure investment guidelines and regulations are complied with. The fund management team will meet at least once a month or more should the need arise.

The Manager's key personnel are as follows:

##### **Thomas Yong Peng Tak, Chief Executive Officer and Executive Director**

Profile as set out above

##### **Loo Kok Yuen, Executive Director**

Profile as set out above

**Geoffrey Ng Ching Fung, Executive Director**

Profile as set out above

Fund Management Team And Designated Fund Manager

**Thomas Yong Peng Tak, Investment Committee**

Profile as set out above

**Loo Kok Yuen, Investment Committee**

Profile as set out above

**Yap Pin Keat, Investment Manager**

Pin Keat manages the FCAM client investment portfolios within the Asia Pacific region. He joined FCAM in 2004 as an investment analyst, responsible for equity research in Asia Pacific region covering various industry sectors, including the transportation, property, construction & infrastructure, services, oil & gas, plantations, conglomerate and gaming industries. Over the years, he has developed into a critical factor behind the firm's successful investment track record, and has contributed invaluable to other multi-skill roles in client service, business development and risk management.

Pin Keat is a CFA charterholder and a member of CFAS Society Malaysia. He holds a Master of Engineering (Honours) Degree from the University College London UK.

The profile of the designated fund manager for the Fund is as follows:

**Geoffrey Ng Ching Fung, Investment Committee**

Profile as set out above.

## 12.2 Investment Advisor

Functions of Investment Advisor

The Manager has appointed IND-X Advisors Limited ("IND-X") as the investment advisor for this Fund. IND-X shall provide investment advisory services to the Manager in accordance with the investment objective of the Fund and its Deed, and subject to the investment restrictions of the Fund.

Background of IND-X

IND-X Advisors started with the founding of Enzard Limited in 2003 by Richard Wallace. The firm provided independent investment research management for institutional investors world-wide and built a reputation as a unique source of unbiased information on the independent research space in Asia.

IND-X Securities (Asia) Limited was founded in 2007 and to leverage synergies between the businesses, IND-X merged with Enzard Limited in 2012.

In January 2013, IND-X was purchased by its management team.

In October 2014 the firm was renamed IND-X Advisors Limited. This name change is intended to better reflect the firm's focus on independent research advisory services.

Board of Directors

Richard Wallace, Chief Executive Officer

Mark Waters, Head of Research, Chief Compliance Officer

Designated Investment Advisor

**Andrew Stotz**

Andrew spent 20 years as an equity analyst, with his final 8 years spent as Head of Research and Strategist.

Prior to being the Strategist with Maybank Kim Eng, Andrew was Head of Research at CLSA Thailand. Prior to this Andrew worked at Citibank, Macquarie/ING and various investment banks, since 1993.

Andrew has been a lecturer in finance for 23 years at various universities in Thailand. He is the President of the CFA Society Thailand and is a member of the International Advisory Board at Thammasat University's Business School. Andrew is writing his PhD in finance at the University of Science and Technology of China.

### **12.3 Manager's delegates**

(a) CIMB Bank Berhad (Registrar and Transfer Agency)

The Manager has appointed CIMB Bank Berhad ("CIMB Bank") as the registrar and transfer agent for the Fund. CIMB Bank's roles and duties include maintaining the register of Unit Holders, transaction processing, reconciliation and preparing relevant communication to investors. All fees and expenses arising out of this appointment are not charged to the Fund and are solely borne by the Manager.

CIMB Bank Berhad was incorporated in Malaysia on 30 December 1972 under the Companies Act, 1965. CIMB Bank Berhad is 99.99% owned by CIMB Group Sdn Bhd ("CIMB Group") which is 99.99% owned by CIMB Group Holdings Berhad. CIMB Group offers a wide range of businesses in consumer banking, wholesale banking, Islamic banking and asset management under a dual banking model of conventional and Islamic banking. CIMB Bank provides a comprehensive suite of financial products and services solutions which include registrar and transfer agency.

(b) CIMB Commerce Trustee Berhad (Fund Accounting and Valuation)

The Manager has appointed CIMB Commerce Trustee Berhad to undertake the accounting and valuation function for the Fund. The function includes maintaining proper accounts, carrying out daily valuation and pricing and forwarding the Unit prices for publication in the newspaper. All fees and expenses arising out of this appointment are not charged to the Fund and are solely borne by the Manager.

Please refer to Section 12.4 below for the information on CIMB Commerce Trustee Berhad.

### **12.4 Trustee**

CIMB Commerce Trustee Berhad was incorporated on 25 August 1994 and registered as a trust company under the Trust Companies Act, 1949 and having its registered office at Level 13, Menara CIMB, Jalan Stesen Sentral 2, Kuala Lumpur Sentral 50470,

Kuala Lumpur, Malaysia. The Trustee is qualified to act as a trustee for collective investment schemes approved under the Capital Markets and Services Act, 2007.

CIMB Commerce Trustee Berhad has an authorised capital of RM5,000,000 divided into 500,000 ordinary shares of RM10 each of which the total issued capital is RM3,500,000 divided into 350,000 ordinary shares of RM10 each, and the total paid up capital is RM1,750,000 divided into 350,000 ordinary shares of RM10 each and partly paid-up at RM5 each.

#### Experience in Trustee Business

As at 31 March 2016, CIMB Commerce Trustee Berhad acts as trustee to one (1) real estate investment trust fund, fifty six (56) unit trust funds, one (1) private retirement scheme (consisting of five (5) funds) and seventeen (17) wholesale funds and has more than twenty (20) years of experience as a trustee to unit trust funds.

In addition to overseeing these funds, CIMB Commerce Trustee Berhad also acts as trustee to private debt securities issues such as bonds and notes. Other than being the administrator of deceased's estates, executor of wills, trustee for minors or incapacitated persons, CIMB Commerce Trustee Berhad also acts as trustee for public, charitable, staff retirement, and pension/ gratuity fund scheme, custodian trustee for associations, clubs and others.

CIMB Commerce Trustee Berhad is supported by twenty five (25) staff of which comprising of twenty four (24) executives and one (1) non executive as at 31 March 2016.

#### Board of Directors

The following table sets out information regarding the board of directors of CIMB Commerce Trustee Berhad:-

<u>Name</u>	<u>Directorship</u>
Zahardin Omardin	Non-Executive, Independent Director & Chairman
Mohamad Safri Bin Shahul Hamid	Non-Executive, Non-Independent Director
Liew Pik Yoong	Executive, Non-Independent Director

## Profile of Key Personnel

### **Liew Pik Yoong, Susan (Chief Executive Officer)**

Susan holds the position of Chief Executive Officer, Group Trustee Services in addition to her role as Head of Securities Services in CIMB. She joined CIMB in 2011 and has over 29 years experience in the financial market and securities industry. Prior to CIMB, she held various leadership roles such as Head/Director of Investors & Intermediaries, Head of Securities Services, Vice President/Head of Department with local foreign banks responsible for capital market products such as custody, nominees, unit trust, fund administration and share margin services. She was also previously Chief Operating Officer with a local foreign trustee company. Susan holds a professional degree from the Institute of Chartered Secretaries & Administrators (ICSA).

### **Lee Kooi Yoke (Chief Operating Officer)**

Ms Lee holds a Bachelor Degree in Administration (Finance) from Griffith University, Australia and she is a member of the Certified Practising Accountants (CPA) Australia, the Malaysia Institute of Accountant and Financial Planning Association Malaysia. She has more than 23 years of working experience in the financial industry. Prior to her current appointment, she headed the operations of a unit trust management company responsible for transfer agency, investment back-office, system and projects and retail and corporate agency operations. Prior to this position, she headed the investment operations of an established insurance company in Malaysia and Singapore.

## Duties and Responsibilities of the Trustee

The Trustee's functions, duties and responsibilities are set out in the Deed. The general functions, duties and responsibilities of the Trustee include, but are not limited to the following:

- a) Take into custody the investments of the Fund and hold the investments in trust for the Unit Holders;
- b) Ensure that the Manager, operates and administers the Fund in accordance with the provisions of the Deed, Guidelines and acceptable business practice within the unit trust industry;
- c) As soon as practicable, notify the SC of any irregularity or breach of the provisions of the Deed, Guidelines and any other matters which in the Trustee's opinions may indicate that the interests of Unit Holders are not served;
- d) Exercise reasonable diligence in carrying out its functions and duties, actively monitoring the operations and management of the Fund by the Manager to safeguard the interests of Unit Holders;
- e) Maintain, or cause the Manager to maintain, proper accounting records and other records as are necessary to enable a complete and accurate view of the Fund to be formed and to ensure that the Fund is operated and managed in accordance with the Deed, Info Memo, the Guidelines and securities law; and
- f) Require that the accounts be audited at least annually.

The Trustee has covenanted in the Deed that it will exercise all due diligence and vigilance in carrying out its roles, duties and responsibilities, and in safeguarding the rights and interests of Unit Holders.

#### Trustee's Statement of Responsibility

The Trustee has given its willingness to assume the position as trustee of the Fund and all the obligations in accordance with the Deed, all relevant laws and rules of law.

### **12.5 Trustee's Delegate**

CIMB Commerce Trustee Berhad has appointed CIMB Bank Berhad ("CIMB Bank") as the custodian of the Fund's assets. CIMB Bank's ultimate holding company is CIMB Group Holdings Berhad a listed company in Bursa Malaysia and currently the second largest financial services provider in Malaysia. CIMB Bank provides full fledged custodial services, typically clearing, settlement and safekeep all types of investment assets and classes, to a cross section of investors and intermediaries client base, both locally and overseas.

For the local MYR assets, they are held through its wholly owned nominee subsidiary, CIMB Group Nominees (Tempatan) Sdn Bhd. For foreign non-MYR assets, CIMB Bank appoints a global custodian as its agent bank to clear, settle and safekeep on its behalf and to its order.

All investments are automatically registered in the name of the custodian to the order of the Trustee. CIMB Bank Berhad acts only in accordance with instructions from the Trustee.

## **13. SALIENT TERMS OF THE DEED**

### **13.1 Rights of the Unit Holders**

A Unit Holder has the right, amongst others:

- (a) to receive distribution of income (if any);
- (b) to participate in any increase in the value of the Units;
- (c) to call for Unit Holders' meetings, and to vote for the removal of the Trustee through Special Resolution;
- (d) to exercise the Cooling-off Right (if applicable);
- (e) to receive annual and quarterly reports of the Fund; and
- (f) 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 assets of the Fund or be entitled to interfere with or question the exercise by the Trustee, or the Manager on its behalf, of the rights of the Trustee as the registered owner of such assets.

### **13.2 Liabilities of Unit Holders**

No Unit Holder is 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.

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 the Act and/or in the performance of

the provisions of the Deed exceed the value of the assets of the Fund, and any right of indemnity of the Manager and/or the Trustee shall be limited to recourse to the Fund.

### **13.3 Termination of the Fund**

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

### **13.4 Termination of a Class of Units**

A Class may be terminated if a Special Resolution is passed at a meeting of Unit Holders of that Class to terminate the Class provided always that such termination does not prejudice the interests of any other Class.

### **13.5 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 apply to 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 of the Fund or the Unit Holders of a particular Class.

Every question arising at any 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, in which case a poll shall be taken. On a show of hands every Unit Holder who is present or by proxy shall have one vote.

The quorum for a meeting of Unit Holders is five (5) Unit Holders, whether present in person or by proxy, provided always that if the Fund or a Class has five (5) or less Unit Holders, the quorum required for a meeting of the Unit Holders of the Fund or a Class 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 centum (25%) of the Units in circulation of the Fund or the particular Class, as the case may be, at the time of the meeting.

## **14. ANTI-MONEY LAUNDERING POLICY**

The Manager has established a set of policies and procedures to prevent money laundering activities and to report transactions if it appears to be suspicious, in compliance with the provisions of the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act, 2001 ("AMLA"). In view of these, the Manager has the duty to ensure the following are strictly adhered to:-

- i) Compliance with laws: the Manager shall ensure that laws and regulations are adhered, the business is conducted in conformity with high ethical standards

and that service is not provided where there is good reason to suppose that transactions are associated with money laundering activities.

- ii) Co-operation with law enforcement agencies: The Manager shall co-operate fully with law enforcement agencies. This includes taking appropriate measures such as disclosure of information by us to the Financial Intelligence and Enforcement Department of Bank Negara Malaysia.
- iii) Policies, procedures and training: The Manager shall adopt policies consistent with the principles set out under the AMLA and ensure that the staff is informed of these policies and provide adequate training to such staff on matters provided under the AMLA.
- iv) Know your customer: The Manager shall obtain satisfactory evidence of the customer's identity and have effective procedure for verifying the bona fides of the customer.

## **15. GOODS AND SERVICES TAX ACT 2014**

All fees and charges payable to the Manager and the Trustee are subject to GST as may be imposed by the government or other authorities from time to time. Where GST is applicable to the extent that services is provided to the Fund and/or the Unit Holders, the amount of GST payable on any related fee, charge and/or expense will be borne by the Unit Holder and/or the Fund, as the case may be, in addition to the applicable fees, charges and expenses stated in the Info Memo.



## 16. TAX ADVISER'S LETTER



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Date: 3 May 2016

Dear Sirs,

### TAXATION OF FORTRESS FOCUS SELECT ASIA FUND ("THE FUND") AND ITS UNIT HOLDERS

This letter has been prepared for inclusion into the information memorandum in connection with the offer of units in the Fund.

#### Taxation of the Fund

##### *Income tax*

The taxation of the income of the Fund is governed by the Malaysian Income Tax Act, 1967 ("the Act"). The Fund is regarded as a unit trust that is tax resident in Malaysia as its Trustee is tax resident in Malaysia.

Subject to certain exemptions, the investment income of the Fund derived from or accruing in Malaysia is subject to income tax at the rate of 24%, effective from the year of assessment 2016.

The investment income of the Fund derived from investments outside Malaysia is exempted from income tax. However, such income may be subject to taxes imposed by the relevant foreign jurisdictions. The Fund is not able to claim any tax credit in Malaysia on such foreign taxes suffered.

Gains from the realisation of investments held by the Fund are not subject to Malaysian income tax. However, gains made by the Fund from the realisation of investments outside Malaysia may be subject to foreign taxes, on which there will not be any Malaysian tax credit.

Investments in Malaysia on which the interest income or discount earned by the Fund are exempted from income tax includes the following:

- a) savings certificates issued by the Government;
- b) securities or bonds issued or guaranteed by the Government;
- c) debentures or sukuk, other than convertible loan stock approved or authorised by, or lodged with, the Securities Commission;
- d) Bon Simpanan Malaysia issued by Bank Negara;
- e) deposits with a bank or financial institution licensed under the Financial Services Act 2013 or the Islamic Financial Services Act 2013;
- f) deposits with a development financial institution regulated under the Development Financial Institutions Act 2002; and
- g) sukuk, originating from Malaysia, other than convertible loan stock, issued in any currency other than Ringgit Malaysia and has been approved or authorised by, or lodged with, the Securities Commission or approved by the Labuan Financial Services Authority.

Single-tier dividends received by the Fund from companies that are tax resident in Malaysia are exempted from income tax. Expenses incurred in connection with these dividends are also disregarded in the computation of the Fund's chargeable income.

Page 1 of 3

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According to Section 33(1) of the Act, all expenses wholly and exclusively incurred in the production of gross income are tax deductible to the Fund. Additionally, Section 63B of the Act allows a special tax deduction to the Fund on a proportion of the following permitted expenses:

- a) manager's remuneration;
- b) maintenance of register of unitholders;
- c) share registration expenses; and
- d) secretarial, audit and accounting fees, telephone charges, printing and stationery costs and postage.

The proportion of the permitted expenses allowed as a tax deduction is determined in accordance with a prescribed formula subject to a minimum of 10% and a maximum of 25% of the total permitted expenses.

#### **Real Property Gains Tax ("RPGT")**

Gains arising to the Fund from the disposal of real properties in Malaysia and shares in Malaysian real property companies are subject to RPGT at the following rates:

<u>Date of disposal</u>	<u>Rate of tax on chargeable gain</u>
Within 3 years from date of acquisition	30%
In the 4 <sup>th</sup> year	20%
In the 5 <sup>th</sup> year	15%
After 5 years from date of acquisition	0%

#### **Goods and Services Tax ("GST")**

The standard rate of GST in Malaysia is 6%.

Pursuant to the Goods and Services Tax (Exempt Supply) Order 2014 and the *GST Guide on Fund Management*, issuance of units, redemption of units and investment activities i.e. the buying and selling of securities are considered as exempt supply. Therefore, provided that the Fund is only making the abovementioned exempt supply, it does not need to be registered for the purpose of GST.

However, when the Fund incurs expenses like management fee, brokerage fee and clearing fee, these are subject to GST at a standard rate. Such input taxes are not claimable if the Fund only makes exempt supply.

#### **Taxation of the Unit Holders**

##### **Income tax**

When the unit holders receive taxable distributions from the Fund, the unit holders are taxable on the amount equivalent to their share of the total taxable income of the Fund that was distributed to them. Such distributions are received net of tax and the attached tax credit can be used to set-off against the income tax liability of the unit holders.

For individuals and non-corporate unit holders, which are tax resident in Malaysia, the income tax charged is based on scale rates, ranging from 0% to 28%, effective from the year of assessment 2016.

For individuals and non-corporate unit holders, which are not tax resident in Malaysia, income tax is charged at the rate of 28%, effective from the year of assessment 2016.

Corporate unit holders, regardless of their tax residence status, is charged income tax at the rate of 24%, effective from the year of assessment 2016, on distributions received from the Fund. However, certain tax resident corporate unit holders with a paid-up capital of RM2.5 million and below is charged income tax at a rate of 19% on chargeable income up to RM500,000, and at a rate of 24% on chargeable income in excess of RM500,000, effective from the year of assessment 2016.



Distributions of tax exempt income and gains on disposals made by the Fund are exempted from income tax when received by the unit holders. The gains made by the unit holders on the sale or redemption of the units of the Fund are generally not subjected to income tax unless the unit holder is a dealer in securities or a financial institution. Bonus issues resulting in the existing investment being split into a larger number of units and distributions of unrealised gains as additional units are also exempted from income tax.

In the case of non-tax resident unit holders, they may be subjected to tax in relation to the distributions from the Fund in their respective tax jurisdictions. Depending on the relevant tax legislations and any available tax treaty with Malaysia, the Malaysian income tax suffered may be creditable in the respective tax jurisdictions.

#### **GST**

Distributions made by the Fund to the unit holders are not subject to GST.

Fees and charges in relation to the buying and selling of the units would be subject to GST provided that the Fund is a registered person.

*The comments in this letter are general in nature and do not purport to provide specific tax advice to any investor. Our comments exclude comments on any non-Malaysia tax implications. It is recommended that prospective investors consult their own tax advisors to account for their own specific circumstances before investing.*

*Please note that the advices in this letter have been prepared solely for Fortress Focus Select Asia Fund and should not be circulated to other advisors or third parties without the prior permission of BDO Tax Services Sdn Bhd.*

*Please take note that the liability of our firm shall be limited at any time to the amount of our fees in respect of the portion of our services giving rise to that liability. Our comments above are based on the completeness and accuracy of the facts and/or representation provided by you. If any of the aforementioned facts, representation or assumption is not entirely complete and accurate, it is imperative that we be informed immediately, as the inaccuracy and incompleteness could have a material effect on our conclusions. In rendering our advice, we have relied upon the relevant provisions of the Malaysian tax legislation, the regulations thereunder, and judicial and administrative interpretations thereof. Such authorities are subject to change, retrospectively or prospectively, and any such changes could affect the validity of our advice. We will not update our comments for the subsequent changes or modifications to the legislations, regulations thereunder, and judicial and administrative interpretations thereof.*

*The terms of this advice shall be governed by, and construed according to the laws of Malaysia.*

Yours sincerely  
**BDO TAX SERVICES SDN BHD**

**DAVID LAI**  
Executive Director