

# CGS Ihsan Income Fund

(constituted and launched on 1 September 2023)

Date of Issuance: 1 September 2023

## **CGS IHSAN INCOME FUND**

### **RESPONSIBILITY STATEMENT**

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

### **STATEMENT OF DISCLAIMER**

The relevant information and document in relation to the CGS Ihsan Income Fund including a copy of this Product Highlights Sheet has been lodged with the Securities Commission Malaysia under the Lodge and Launch Framework.

The lodgement of the relevant information and document in relation to the CGS Ihsan Income Fund, including this Product Highlights Sheet, should not be taken to indicate that the Securities Commission Malaysia recommends the CGS Ihsan Income Fund or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Product Highlights Sheet.

The Securities Commission Malaysia is not liable for any non-disclosure on the part of CGS-CIMB Wealth Management Sdn Bhd responsible for the CGS Ihsan Income Fund and takes no responsibility for the contents of this Product Highlights Sheet. The Securities Commission Malaysia makes no representation on the accuracy or completeness of this Product Highlights Sheet, and expressly disclaims any liability whatsoever arising from, or in reliance upon, the whole or any part of its contents.

This Product Highlights Sheet only highlights the key features and risks of this unlisted capital market product. Investors are advised to request, read and understand the Information Memorandum before deciding to invest.

## PRODUCT HIGHLIGHTS SHEET

### CGS IHSAN INCOME FUND (“Fund”)

#### BRIEF INFORMATION ABOUT THE PRODUCT

The Fund is an Islamic wholesale fund offered by CGS-CIMB Wealth Management Sdn Bhd (“Manager”). The Fund aims to provide Unit Holders with regular income and liquidity to meet cash flow requirements whilst maintaining capital preservation by investing in a diversified portfolio of instruments that comply with Shariah principles.

*\* The Fund is not a capital guaranteed fund nor a capital protected fund.*

#### PRODUCT SUITABILITY

The Fund is suitable for Sophisticated Investors\* who are conservative, seek regular income and liquidity, want to preserve capital and want to invest in a portfolio of investments that comply with Shariah principles.

*\*Please refer to the definition of “Sophisticated Investors” in the Information Memorandum.*

#### KEY PRODUCT FEATURES

<b>Fund Category</b>	Fixed Income (Islamic)
<b>Fund Type</b>	Income
<b>Base Currency</b>	Ringgit Malaysia
<b>Financial Year End</b>	30 September
<b>Investment strategy</b>	<p>The Fund seeks to achieve its objective by investing in sukuk, Islamic money market instruments and Islamic deposits. The Fund also has the flexibility to invest in Islamic collective investment schemes to gain exposure to sukuk, Islamic money market instruments and Islamic deposits.</p> <p>The Fund will invest in the following manner:</p> <ul style="list-style-type: none"> <li>at least 80% of its NAV in sukuk, Islamic money market instruments, Islamic deposits and/or Islamic collective investment schemes, with at least 30% of the Fund’s NAV in sukuk;</li> <li>up to 30% of its NAV in Unrated Sukuk; and</li> <li>up to 20% of its NAV in Islamic structured products; and</li> <li>up to 30% of its NAV in any of the aforesaid investments in any Eligible Market globally to capture income opportunities.</li> </ul> <p>The Fund may also use Islamic derivatives for hedging purposes.</p> <p>To ensure the Fund is able to provide regular income whilst maintaining sufficient liquidity to meet redemption requests, the Fund is actively managed and the asset allocation would vary from time to time, in accordance with the Manager’s judgement as to the general market and economic conditions, trends and yields, interest rates and changes in fiscal and monetary policies, among other factors. The Manager will select sukuk that will deliver better returns compared to those of similar risk levels. The Fund may also consider sukuk with favourable and improving credit that provide potential capital appreciation.</p> <p>For rated instruments, the minimum credit rating for local sukuk and Islamic money market instruments that the Fund may invest in must be at least “A3” for long-term instruments or “P2” for short-term instruments as assigned by RAM Rating Services Berhad, Malaysian Rating Corporation Berhad or its equivalent rating by any other domestic rating agencies, whereas, for foreign sukuk and Islamic money market instruments, they must be at least investment grade as assigned by any global rating agencies. Should the ratings be downgraded below the stated minimum credit rating, the Manager may dispose of the instruments within a reasonable time frame as it deems appropriate taking into consideration the market condition and other relevant factors. However, the Manager may consider to hold on to the investment if the Manager is of the view that it is in the best interests of the Unit Holders to do so or the downgrade of the instruments may be temporary.</p>
<b>Performance Benchmark</b>	<p>Maybank’s 1-month General Investment Account-i (GIA-i) rate. Source: www.maybank2u.com.my</p> <p><i>Note: The risk profile of the Fund is not the same as the risk profile of the performance benchmark.</i></p>
<b>Distribution Policy</b>	<p>Class A and Class B: Depending on the level of income (if any) that the Fund generates, quarterly or any other frequency at the discretion of the Manager.</p>
<b>Manager</b>	CGS-CIMB Wealth Management Sdn Bhd

<b>Trustee</b>	SCBMB Trustee Berhad
<b>Shariah Adviser</b>	Prof. Dr. Aznan Hasan
<b>Launch Date</b>	Class A: 1 September 2023 Class B: 1 September 2023

## KEY RISKS

### 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.

Liquidity risk of the Fund is also the Manager's ability as the management company to honour redemption requests or to pay Unit Holders' redemption proceeds in a timely manner. There may also be a risk that the Fund may not be able to meet the redemption requests due to insufficient liquidity.

### Credit and default risk

Credit risk relates to the creditworthiness of the issuers of the sukuk and Islamic money market instruments and their expected ability to make timely payment of profits and/or principal. Any adverse situations faced by the issuer may impact the value as well as liquidity of the sukuk and Islamic money market instruments. In the case of rated sukuk and Islamic money market instruments, this may lead to a credit downgrade. Default risk relates to the risk that an issuer of sukuk or Islamic money market instrument either defaulting on payments or failing to make payments in a timely manner which will in turn adversely affect the value of the sukuk or Islamic money market instrument. This could adversely affect the value of the Fund.

Islamic deposits placed with Islamic financial institutions are also exposed to default risk. If the Islamic financial institutions become insolvent, the Fund may suffer capital losses with regards to the capital invested and profit foregone, causing the performance of the Fund to be adversely affected. Placements of Islamic deposits with Islamic financial institutions will also be made based on prudent selection.

### Interest rate risk

Interest rate risk refers to the impact of interest rate changes on the valuation of the sukuk and Islamic money market instruments. When interest rate rise, the pricing of sukuk and Islamic money market instruments prices may decline and lower the market value of the Fund's investment in sukuk and Islamic money market instruments. The reverse may apply when interest rates fall. In order to mitigate interest rate risk, the Manager will manage the sukuk and Islamic money market instruments taking into account the profit rate and time to maturity of the sukuk and Islamic money market instruments.

*Note: Interest rate is a general indicator that will have an impact on the management of the Fund regardless whether it is an Islamic fund or otherwise. It does not in any way suggest that this Fund will invest in conventional financial instruments.*

### Counterparty risk

The Fund will be exposed to credit risk of the counterparties with whom the Fund trades with or makes placements of Islamic deposits. In the event that the counterparty is not able to fulfil its obligations especially in the event of bankruptcy, this may lead to a loss to the Fund. Counterparty risk may be mitigated by conducting credit evaluation on the counterparty to ascertain the creditworthiness of the counterparty.

### Islamic derivatives risk

The Fund may from time to time use Islamic derivatives for hedging. Islamic derivatives are Islamic financial contracts whose value depend on, or are derived from, the value of an underlying Shariah-compliant asset, reference rate or index. Such Shariah-compliant assets may include shares, profit rate, currency exchange rates and stock indices. The use of Islamic derivatives may result in a lower NAV price. Some of the risks associated with Islamic derivatives are market risk, management risk, credit risk, liquidity risk and counterparty risk. While the hedging strategy will assist in mitigating the potential losses by the Fund, any potential gains from the hedging strategy will be capped as well.

### Income distribution risk

It should be noted that the distribution of income is not guaranteed. The distribution of income is made from realised gains and/or realised income. As such, the Fund may not be able to distribute income if it does not receive such cash flows.

### Currency risk

As the investments of the Fund may be denominated in currencies other than the base currency of the Fund (i.e., Ringgit Malaysia), 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. You 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. You 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.

In order to manage currency risk, the Manager may employ currency hedging strategies to hedge the foreign currency exposure of the Fund. Currency hedging may reduce the effect of the exchange rate movement but it does not entirely eliminate currency risk of the Fund. The unhedged portion of the Fund will still be affected by the exchange rate movements. You should note that if the exchange rate moves favourably, the Fund will not benefit from any upside in currency movement due to the hedging strategy. In addition, hedging is subject to a minimum size of entering into a hedging contract and the cost of hedging may affect returns of the Fund.

### 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 net asset value of the Fund or prices of units to fall.

**Suspension of redemption risk**

The redemption of Units of the Fund may be suspended under exceptional circumstances, where the fair value of a material portion of the Fund's Shariah-compliant assets cannot be reasonably determined. Upon suspension, the Fund will not be able to pay Unit Holders' redemption proceeds in a timely manner and Unit Holders will be compelled to remain invested in the Fund for a longer period of time than the stipulated redemption timeline. Hence, Unit Holder's investments will continue to be subjected to the risk factors inherent to the Fund. Please refer to section Suspension of Dealing in Units under Section 6.3 of the Information Memorandum for further details.

**Shariah non-compliance risk**

There is a risk that the Fund may suffer losses when the Manager has to dispose of any investment to rectify any Shariah non-compliance. If this occurs, the value of the Fund may be adversely affected. This risk is, however, mitigated through the appointment of Shariah Adviser, who will be responsible to ensure that the Fund is managed and administered in accordance with the Shariah Investment Guidelines set out in Section 3 of the Information Memorandum.

**The above should not be considered to be an exhaustive list of the risks which you should consider before investing into the Fund. You should be aware that an investment in the Fund may be exposed to other risks from time to time. You should consult a professional adviser for a better understanding of the risks.**

**Please be advised that if an investor invests in Units through an institutional unit trust scheme advisers which adopts the nominee system of ownership, the investor would not be considered to be a Unit Holder under the deed and consequently not have all the rights ordinarily exercisable by a Unit Holder (for example, the right to call for a Unit Holders' meeting and to vote thereat and the right to have the Unit Holder's particulars appearing in the register of Unit Holders of the Fund).**

### FEES AND CHARGES

The table below describes the fees and charges that you may DIRECTLY incur when purchasing or redeeming Units of the Fund.

<b>Sales Charge</b>	Class A: Up to 2.00% of the NAV per Unit Class B: Up to 2.00% of the NAV per Unit  <i>Notes:</i> <ul style="list-style-type: none"> <li>• <i>The Manager reserves the right to waive or reduce the sales charge from time to time at its absolute discretion.</i></li> <li>• <i>You may negotiate for a lower sales charge.</i></li> <li>• <i>Investment through different distribution channels may be subject to their respective terms and conditions.</i></li> <li>• <i>All sales charge will be rounded to two (2) decimal places.</i></li> </ul>
<b>Redemption Charge</b>	Nil
<b>Switching Fee</b>	Nil
<b>Transfer Fee</b>	Nil
<b>Other Charges</b>	All charges, for instance electronic payment 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 shall be borne by you

The table below describes the fees and expenses that you may INDIRECTLY incur when you invest in the Fund.

<b>Management Fee</b>	Class A: Up to 0.50% per annum of the NAV of Class A Class B: Up to 0.35% per annum of the NAV of Class B
<b>Trustee Fee</b>	Up to 0.05% per annum of the NAV of the Fund, subject to a minimum fee of RM15,000 per annum (excluding foreign custodian fees and charges)
<b>Other Expenses Related to the Fund</b>	Only expenses that are directly related and necessary for the operation and administration of the Fund and permitted by the Deed may be charged to the Fund

All fees, charges and expenses currently disclosed are exclusive of any taxes or duties that may be imposed by the government or other authorities from time to time.

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

**YOU SHOULD NOT MAKE PAYMENT IN CASH TO A UNIT TRUST CONSULTANT OR ISSUE A CHEQUE IN THE NAME OF A UNIT TRUST CONSULTANT.**

### TRANSACTION INFORMATION

	Class A	Class B
<b>Minimum Initial Investment</b>	RM10,000	RM200,000
<b>Minimum Additional Investment</b>	RM5,000	RM20,000
<b>Minimum Units for Redemption</b>	5,000 Units	
<b>Minimum Investment Balance</b>	RM10,000	RM200,000

	<p>If the balance of your investment in the Class is less than the minimum investment balance, you will be required to make an additional investment in order to meet the required minimum investment balance. Otherwise, the Manager may repurchase all your Units remaining in the Class and pay the proceeds to you.</p> <p>If you are a Unit Holder of Class A and you meet the required minimum investment balance of Class B, the Manager may switch all your Units to Class B. If you are a Unit Holder of Class B and you no longer meet the required minimum investment balance of Class B, the Manager may switch all your Units to Class A. The Manager will notify you in writing prior to such switch.</p>
<b>Subscription of Units</b>	You may subscribe for Units of the Fund by submitting an application form or an electronic application form to the Manager on any Business Day.
<b>Cooling-off</b>	You are not entitled to any cooling-off right.
<b>Transfer of Units</b>	The Manager has the absolute discretion, to allow or refuse a transfer of Units to another investor.
<b>Switching of Units</b>	<p><b>Switching between funds managed by the Manager</b> You are allowed to switch between the Fund and any of the funds managed by the Manager subject to the terms and conditions applicable to the respective funds. You must maintain the minimum investment balance of the Class after your switching application and meet the minimum initial investment or the minimum additional investment of the fund that you intend to switch into, depending on whether you have had any prior investment in that fund.</p> <p><b>Switching between Classes of the Fund</b> When switching out from a Class in the Fund, you must maintain the minimum investment balance of the Class after your switching application and meet the minimum initial investment or the minimum additional investment of the other Class in the Fund that you intend to switch into, depending on whether you have had any prior investment in the other Class in the Fund.</p>

*Note: The Manager may, at its sole discretion, reduce the aforesaid minimum amount and/or number of Units, including for transactions made via digital channels, subject to the terms and conditions disclosed in the respective channels.*

#### VALUATION OF THE FUND

The Fund is valued once at the end of every Business Day. However, if the Fund has investments outside Malaysia, the Fund may be valued by the end of the next Business Day. The currency translation of investments outside Malaysia to the Fund's base currency will be based on the last available exchange rates quoted and published by Bank Negara Malaysia at the end of every Business Day which is available at <https://www.bnm.gov.my/exchange-rates>.

#### EXITING FROM THE FUND

You may redeem Units of the Fund by submitting to a completed redemption form to the Manager on any Business Day.

Any completed redemption form received by the Manager on or before 4.00 p.m. on a Business Day will be processed on the same Business Day and Units will be repurchased based on the NAV per Unit calculated at the end of the same Business Day. Any completed redemption form received after 4.00 p.m. will be treated as having been received by the Manager on the following Business Day.

Redemption requests are deemed received by the Manager only if the redemption forms and any other documents as may be required by the Manager are duly and accurately completed. Once the redemption requests are duly received and accepted by the Manager, such redemption requests are irrevocable unless otherwise allowed by the Manager.

You will be paid the redemption proceeds within five (5) Business Days of receipt of completed redemption form by the Manager. However, in the event of large redemptions on a single Business Day or in unforeseen circumstances where the Fund has insufficient Islamic liquid assets to pay within the five (5) Business Days, the redemption proceeds will be paid to you not exceeding ten (10) Business Days.

The Manager reserves the right to repurchase all of your Units in the following circumstances:

- if such repurchase is necessary to ensure that the Manager is in compliance with the relevant laws or any internal policies of the Manager; the Manager will notify you in writing prior to such repurchase.
- if the balance of your investment in the Class is less than the stipulated minimum investment balance set out in the "Transaction Details" under Section 6.3 of the Information Memorandum, you will be required to make an additional investment to meet the required minimum investment balance of the Class. Otherwise, the Manager may repurchase all your Units remaining in the Class and pay the proceeds to you.

#### CONTACT INFORMATION

**1. For internal dispute resolution, you may contact:**

CGS-CIMB Wealth Management Sdn Bhd  
 Registration No.: 199601003596 (375942-X)  
 Level 29, Menara Aras Raya, No. 11, Jalan Raja Laut, 50350 Kuala Lumpur  
 (a) General Line No : 03-2635 8888  
 (b) Facsimile No : 03-2602 0119  
 (c) Email : [wealthmanagement.my@cgs-cimb.com](mailto:wealthmanagement.my@cgs-cimb.com)  
 (d) Website : [www.cgs-cimb.com/en/wealth](http://www.cgs-cimb.com/en/wealth)

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

(a) via phone to : 03-2282 2280

(b)	via fax to	:	03-2282 3855
(c)	via email to	:	<a href="mailto:info@sidrec.com.my">info@sidrec.com.my</a>
(d)	via letter to	:	Securities Industry Dispute Resolution Center (SIDREC) Unit A-9-1, Level 9, Tower A, Menara UOA Bangsar No. 5, Jalan Bangsar Utama 1, 59000 Kuala Lumpur
<b>3. You can direct your complaint to the SC even if you have initiated a dispute resolution process with SIDREC. To make a complaint, please contact the SC's Consumer &amp; Investor Office:</b>			
(a)	via phone to Aduan Hotline at	:	03-6204 8999
(b)	via fax to	:	03-6204 8991
(c)	via email to	:	<a href="mailto:aduan@seccom.com.my">aduan@seccom.com.my</a>
(d)	via online complaint form available at	:	<a href="http://www.sc.com.my">www.sc.com.my</a>
(e)	via letter to	:	Consumer & Investor Office Securities Commission Malaysia No. 3, Persiaran Bukit Kiara Bukit Kiara, 50490 Kuala Lumpur
<b>4. Federation of Investment Managers Malaysia (FIMM)'s Complaints Bureau:</b>			
(a)	via phone to	:	03-7890 4242
(b)	via email to	:	<a href="mailto:complaints@fimm.com.my">complaints@fimm.com.my</a>
(c)	via online complaint form available at	:	<a href="http://www.fimm.com.my">www.fimm.com.my</a>
(d)	via letter to	:	Legal & Regulatory Affairs Federation of Investment Managers Malaysia 19-06-1, 6 <sup>th</sup> Floor, Wisma Tune No. 19, Lorong Dungun Damansara Heights, 50490 Kuala Lumpur

#### APPENDIX : GLOSSARY

<b>Business Day</b>	A day on which the stock exchange managed and operated by Bursa Malaysia Securities Berhad is open for trading and/or banks in Kuala Lumpur are open for business.
<b>Class(es)</b>	Any class of Units representing similar interest in the assets of the Fund although a class of Units of the Fund may have different features from another class of Units of the same Fund.
<b>Eligible Market</b>	An exchange, government securities market or an over-the-counter market that is regulated by a regulatory authority of that jurisdiction, that is open to the public or to a substantial number of market participants, and on which financial instruments are regularly traded.
<b>NAV</b>	The total value of the Fund's assets minus its liabilities at the valuation point; where the Fund has more than one Class, there shall be a NAV of the Fund attributable to each Class.
<b>NAV per Unit</b>	The NAV of a Class at the valuation point divided by the total number of Units in circulation of that Class at the same valuation point.
<b>Unit(s)</b>	An undivided share in the beneficial interest and/or right in the Fund and a measurement of the interest and/or right of a Unit Holder in the Fund and means a unit of the Fund or a Class (as the context so require).
<b>Unit Holder</b>	The person for the time being who is registered pursuant to the deed of the Fund 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.
<b>Unrated Sukuk</b>	Sukuk which are not rated by any credit rating agencies, including but not limited to Islamic treasury bills and sukuk issued by government, government agency, statutory bodies or a corporation.