

THIS IS A SUPPLEMENTAL MASTER PROSPECTUS WHICH HAS TO BE READ IN CONJUNCTION WITH THE MASTER PROSPECTUS DATED 30 JANUARY 2012.

SUPPLEMENTAL MASTER PROSPECTUS

Local Funds

Alliance First Fund
Alliance Vision Fund
Alliance Moneyplus Fund
Alliance Tactical Growth Fund
Alliance Optimal Income Fund

Constitution Date

22 December 1995
24 January 2000
27 December 2001
29 July 2004
29 July 2004

Shariah-based Funds

Alliance Dana Adib
Alliance Islamic Money Market Fund
Alliance Dana Alif

25 February 2004
30 September 2005
28 September 2007

Global Funds

Alliance Global Equities Fund
Alliance Asian Bond Fund
Alliance Global Diversified Property Fund
Alliance ADVANTAGE GEM Bond Fund
(previously known as Alliance ADVANTAGE GEM Treasures Fund)

19 April 2006
19 April 2006
22 June 2007
27 August 2007

Manager

Alliance Investment Management Berhad (334195-K)

a company incorporated in Malaysia under the Companies Act 1965

Trustees

CIMB Commerce Trustee Berhad (formerly known as BHLB Trustee Berhad) (313031-A)
HSBC (Malaysia) Trustee Berhad (001281-T)
Malaysian Trustees Berhad (211666-V)
OSK Trustees Berhad (573019-U)
Universal Trustee (Malaysia) Berhad (17540-D)

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS SUPPLEMENTAL MASTER PROSPECTUS AND THE MASTER PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

This Supplemental Master Prospectus is dated 10 September 2012 and expires on 29 January 2013 which coincides with the date of expiry of the Master Prospectus dated 30 January 2012.

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Responsibility Statement

This Supplemental Master Prospectus has been reviewed and approved by the directors of Alliance Investment Management Berhad and they 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, there are no false or misleading statements, or omission of other facts which would make any statement in the Supplemental Master Prospectus false or misleading.

Statements of Disclaimer

The Securities Commission Malaysia has approved the issue of, offer for subscription or purchase, or issue an invitation to subscribe for or purchase units of the Funds and a copy of this Supplemental Master Prospectus has been registered with the Securities Commission Malaysia.

The approval, and registration of this Supplemental Master Prospectus and the Master Prospectus should not be taken to indicate that the Securities Commission Malaysia recommends the Funds or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Supplemental Master Prospectus and the Master Prospectus.

The Securities Commission Malaysia is not liable for any non-disclosure on the part of Alliance Investment Management Berhad, the management company responsible for the Funds and takes no responsibility for the contents in this Supplemental Master Prospectus and the Master Prospectus. The Securities Commission Malaysia makes no representation on the accuracy or completeness of this Supplemental Master Prospectus and the Master Prospectus, and expressly disclaims any liability whatsoever arising from, or in reliance upon, the whole or any part of the contents in this Supplemental Master Prospectus and the Master Prospectus.

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 ON THE ACTION TO BE TAKEN SHOULD CONSULT PROFESSIONAL ADVISERS IMMEDIATELY.

Additional Statements

No Units will be issued or sold on the basis of this Supplemental Master Prospectus after the expiry date of the Master Prospectus, which falls on 29 January 2013.

Investors are advised to note that recourse for false or misleading statements or acts made in connection with this Supplemental Master Prospectus is directly available through sections 248, 249 and 357 of the Capital Markets and Services Act 2007.

Alliance Dana Adib, Alliance Islamic Money Market Fund and Alliance Dana Alif have been certified as being Shariah-compliant by the Shariah Adviser appointed for the respective funds.

THIS IS A SUPPLEMENTAL MASTER PROSPECTUS WHICH HAS TO BE READ IN CONJUNCTION WITH THE MASTER PROSPECTUS DATED 30 JANUARY 2012.

Unless otherwise provided in this Supplemental Master Prospectus dated 10 September 2012 (“the Supplemental Master Prospectus”), all the capitalized terms used herein shall have the same meanings as ascribed to them in the Master Prospectus dated 30 January 2012 (“the Master Prospectus”) in respect of the Funds.

EXPLANATORY NOTE

The Unit Holders of the Alliance ADVANTAGE GEM Treasures Fund now known as the **Alliance ADVANTAGE GEM Bond Fund** had resolved to change the objective of the Alliance ADVANTAGE GEM Treasures Fund during a Unit Holders Meeting held on 30 May 2012.

Consequent upon the change to the objective of the Alliance ADVANTAGE GEM Treasures Fund now known as the **Alliance ADVANTAGE GEM Bond Fund**, the Fund will now invest in a new target fund called the HSBC Global Investment Funds – Global Emerging Markets Bond (“the Target Fund”).

During a Unit Holders’ Meeting held on 13 June 2012, the Unit Holders of the **Alliance Asian Bond Fund** resolved to set the last date to redeem or switch all their Units in the **Alliance Asian Bond Fund** on 20 June 2012 and that those Unit Holders who did not redeem or switch their Unit before 20 June 2012 would be automatically switched to the Alliance Optimal Income Fund at the close of business on 21 June 2012.

Consequent upon the resolutions that were passed at that Unit Holders’ Meeting, the **Alliance Asian Bond Fund** has been left with no assets. Accordingly, the **Alliance Asian Bond Fund** has been duly terminated and wound-up and Units of the **Alliance Asian Bond Fund** is no longer offered for sale.

This Supplemental Master Prospectus has been issued by the Manager:

- to change certain disclosures relating to the Alliance ADVANTAGE GEM Treasures Fund now known as the **Alliance ADVANTAGE GEM Bond Fund** which is set out in the Master Prospectus pursuant to the change to the objectives of the Fund; and
- to inform any prospective investors that the **Alliance Asian Bond Fund** has been wound-up and is no longer offered for sale.

GENERAL AMENDMENTS

The name of the Fund which is the subject of the Master Prospectus, “Alliance ADVANTAGE GEM Treasures Fund” and “AAGTF” are hereby amended to “**Alliance ADVANTAGE GEM Bond Fund**” and “**AAGBF**” respectively.

The name of the Target Fund which is the subject of the Master Prospectus, “HSBC Investments Funds - HSBC GEM Treasures Fund” and “HGTF” are hereby amended to “**HSBC Global Investment Funds – Global Emerging Markets Bond**” and “**HGB**” respectively.

The name of the Trustee, “BHLB TRUSTEE BERHAD”, wherever it appears in the Master Prospectus, is hereby amended to “**CIMB COMMERCE TRUSTEE BERHAD**”.

All references and information relating to the “**Alliance Asian Bond Fund**” and “**AABF**” which is the subject of the Master Prospectus is hereby deleted in its entirety.

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A. DEFINITIONS

(page 1 of the Master Prospectus)

The definition of “**AAGTF**” is hereby deleted and is replaced by the following:

AAGBF Alliance ADVANTAGE GEM Bond Fund

The definition of “**HGAM**” is hereby deleted and is replaced by the following:

HGAM or Investment Adviser HSBC Global Asset Management (USA) Inc

The definition of “**HGTF**” is hereby deleted and is replaced by the following:

HGB or Target Fund HSBC Global Investment Funds – Global Emerging Markets Bond

The following definitions are hereby added under the “**Definitions**” section:

Company HSBC Global Investment Funds which is an investment company.

Emerging Markets Emerging Markets are those markets in countries that are not amongst the following groups of industrialised countries: United States and Canada, Switzerland and Members of the European Economic Area, Japan, Australia and New Zealand, and may include those countries in the preceding groups that do not have fully developed financial markets.

Group of Twenty or G20 the informal group of twenty finance ministers and central bank governors from twenty major economies: Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, UK, USA and the European Union.

Investment Grade fixed income securities that are rated at least Baa3/BBB- by Moody’s, Standard & Poor’s or another recognised credit rating agency.

Non-Investment Grade fixed income securities that are rated Ba1/BB+ or lower by Moody’s, Standard & Poor’s or another recognised credit rating agency.

Target Fund prospectus the Luxembourg prospectus dated December 2011 relating to the HSBC Global Investment Funds – Global Emerging Markets Bond.

B. KEY DATA OF THE FUNDS

(pages 11, 15, 18, 20, 21 and 22 of the Master Prospectus)

The information relating to the “**AAGTF**” in the Key Data section is hereby deleted in its entirety and is replaced by the following:

Fund Name	AAGBF
Category/Type of Fund	Feeder Fund (Bond) / Income and Growth
Fund Launch	23 October 2007
Objective	The Fund aims to achieve total investment return consisting of income and capital appreciation by investing in the Target Fund

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	<p>known as the HSBC Global Investment Funds – Global Emerging Markets Bond.</p> <p><i>Note: The Fund is not a capital guaranteed/protected fund.</i></p>
Approved Fund Size (Units)	400 million Units
Units in Circulation as at 31 May 2012	65,603,000 Units
Asset Allocation	A minimum of 95% of the NAV of the Fund in HGB; and Up to 5% of the NAV of the Fund in liquid assets.
Investment Strategy	<p>The Fund is a feeder fund and it aims to invest a minimum of 95% of the NAV of the Fund in the HGB (“the Target Fund”); the balance of the NAV of the Fund will be invested in liquid assets.</p> <p>The Fund aims to achieve its objective of providing income through the distributions received from the Target Fund; whereas the potential capital appreciation (if any) will be in the form of price appreciation of the Target Fund.</p> <p>The Target Fund invests for total return primarily in a diversified portfolio of Investment Grade and Non-Investment Grade rated fixed income (e.g. bonds) and other similar securities either issued by companies which have their registered office in Emerging Markets around the world, primarily denominated in USD, or which are issued or guaranteed by governments, government agencies and supranational bodies of Emerging Markets.</p> <p>The Target Fund may also invest in financial derivative instruments such as futures, forwards (including non-deliverable forwards), swaps, options, credit default swaps, as well as other structured products. The Target Fund intends to use such financial derivative instruments for, <i>inter alia</i>, return enhancement, hedging, tax-advantage access to instruments and whenever the Investment Adviser believes the investment in financial derivative instruments will assist the Target Fund in achieving its investment objectives.</p>
Benchmark	JP Morgan Emerging Market Bond Index (EMBI) Global Index (RM)
Principal Risks	<p>Currency risk Decline in value risk Derivatives risk</p> <p><i>Refer to pages 6-8 for Target Fund’s specific risks.</i></p>
Financial Year End	30 September
Risk Profile	Medium
Investors Profile	<p>The Fund is suitable for investors who:</p> <ul style="list-style-type: none"> • has medium to long term investment horizon; • want diversification into an emerging market portfolio; • are able to tolerate moderately high volatility and risk

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	associated with emerging market portfolios as the assets may be invested in bonds rated below Investment Grade.
Distribution Policy	In line with the distribution policy of the Target Fund, the Fund will distribute income at least once a year, subject to availability of income.

The information relating to the “**AAGTF**” under the heading “**Target Funds’ Information**” in the Key Data section is hereby deleted in its entirety and is replaced by the following:

Fund Name	AAGBF
Name of Target Fund	HGB
Management Company of the Target Fund	HSBC Investment Funds (Luxembourg) S.A
Country of Origin of the Target Fund	Grand Duchy of Luxembourg
Regulatory Authority regulating the Target Fund	Commission de Surveillance du Secteur Financier (“CSSF”) (Luxembourg financial supervisory authority)
Investment Adviser of the Target Fund	HSBC Global Asset Management (USA) Inc
Regulatory Authority regulating the Investment Adviser of the Target Fund	U.S. Securities and Exchange Commission (SEC)
Singapore Representative of the Target Fund	HSBC Global Asset Management (Singapore) Limited has been appointed by the Company as the representative for the Target Fund in Singapore to provide and maintain certain administrative and other facilities in respect of the Target Fund.
Type of Share / Share Class	Class A Monthly Distribution Shares (USD)
Base Currency	USD
Date of Establishment of Target Fund	The Target Fund which was launched on 24 July 1998 is one of the sub-funds of the HSBC Global Investment Funds . The Fund will invest in the Class A Monthly Distribution Shares (USD) of the Target Fund which was incepted on 1 January 2011.

The information relating to the “**AAGTF**” under the heading “**Fees & Charges**” in the Key Data section is hereby deleted in its entirety and is replaced by the following:

This table describes the charges that you may **directly** incur when you buy or redeem units of the Fund.

Fund Name	AAGBF
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Sales Charge*	Manager: Not available for sale IUTAs: Up to 2.00% of the NAV per unit EPF investment: Not available for sale
Repurchase Charge / Exit Fee	None
Switching Fee	None

* The maximum Sales Charge to be imposed by each distribution channel (Manager, Agents and IUTAs) during the life of this Supplemental Master Prospectus.

This table describes the fees and expenses that you may **indirectly** incur when you invest in the Funds.

Fund Name	AAGBF
Annual Management Fee*	1.5% of the NAV of the Fund
Annual Trustee Fee	0.08% of NAV of the Fund, subject to a minimum fee of RM18,000 including local custodian fee but excluding foreign sub-custodian fee
Management Expense Ratio (annualised)	Not available
Transfer Fee & Other charges	The Manager will not impose any transfer fee. Bank charges will be imposed when subscription or withdrawals are made.
List of Expenses Directly Related to the Fund	<ul style="list-style-type: none"> • Audit fees; • Tax agents fee; • Printing & stationary; • Bank charges; • Investment Committee fee for independent members; • Lodgment / delivery; • Commission paid to brokers (if any); • Other expenses as permitted by the Deed.

*Note: The Manager reserves the right to waive or reduce the annual management fee from time to time at its absolute discretion.

Note: There will be no double charging of annual management fees. The annual management fee imposed on the Target Fund level will be rebated to the Fund as additional shares of the Target Fund by the Company.

The information relating to the “AAGTF” under the heading “Other Information” in the Key Data section is hereby deleted in its entirety and is replaced by the following:

Fund Name	AAGBF
Deed	<ul style="list-style-type: none"> • Deed dated 27 August 2007 • Supplemental Deed dated 25 August 2008 • Second Supplemental Deed dated 11 June 2012
Avenue for Advice	Investors may contact the Manager or the IUTAs.

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C. RISK FACTORS

(pages 28-29 of the Master Prospectus)

For **AAGBF**, the specific risks are as follows:

Currency risk

As the Target Fund is denominated in USD, the Fund is subject to currency risk. Fluctuation in foreign exchange rates will affect the value of the Fund's foreign investments when converted into RM which in turn will affect the value of Investors' investment. Hedging may be applied to mitigate the currency risk.

Decline in value risk

The risks that the value of the securities/instruments that the Target Fund invests in may go up or down. These could affect the price of the Target Fund which could result in an impact on the NAV of the Fund.

Derivatives risk

The Manager may use derivatives for hedging USD exchange rate movements against RM to mitigate losses to the Fund arising from such exchange rate movements. Investors should note that the use of derivatives may not completely hedge the risk intended to be hedged. There is also a risk that the counterparty may default or be unable to completely fulfill its obligations and the Investor's investment in that Fund may be lost.

The write-ups relating to "**HGTF**" under the heading "**Specific risks associated with the Target Funds**" in the Risk Factors section is hereby deleted in its entirety and is replaced by the following:

For **HGB**, the specific risks are as follows:

Emerging Markets

Because of the special risks associated with investing in Emerging Markets, the Target Fund which invests in such securities should be considered speculative. Investors are advised to consider carefully the special risks of investing in Emerging Market securities. Economies in Emerging Markets generally are heavily dependent upon international trade and, accordingly, have been and may continue to be affected adversely by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been and may continue to be affected adversely by economic conditions in the countries in which they trade.

Brokerage commissions, custodial services and other costs relating to investment in Emerging Markets generally are more expensive than those relating to investment in more developed markets. Lack of adequate custodial systems in some markets may prevent investment in a given country or may require the Target Fund to accept greater custodial risks in order to invest, although the custodian will endeavour to minimise such risks through the appointment of correspondents that are international, reputable and creditworthy financial institutions. In addition, such markets have different settlement and clearance procedures. In certain markets there have been times when settlements have been unable to keep pace with the volume of securities transactions, making it difficult to conduct such transactions. The inability of the Target Fund to make intended securities purchases due to settlement problems could cause the Target Fund to miss attractive investment opportunities. Inability to dispose of a portfolio security caused by settlement problems could result either in losses to the Target Fund due to subsequent declines in value of the portfolio security or, if the Target Fund has entered into a contract to sell the security, could result in potential liability to the purchaser.

The risk also exists that an emergency situation may arise in one or more developing markets as a result of which trading of securities may cease or may be substantially curtailed and prices for the Target Fund's securities in such markets may not be readily available. Investors should note that changes in the political climate in Emerging Markets may result in significant shifts in the attitude to the taxation of foreign investors. Such changes may result in changes to legislation, the

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interpretation of legislation, or the granting of foreign investors the benefit of tax exemptions or international tax treaties. The effect of such changes can be retrospective and can (if they occur) have an adverse impact on the investment return of investors so affected.

Interest Rate risk

The Target Fund that invests in bonds and other fixed income securities may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise. Longer term debt securities are usually more sensitive to interest rate changes.

Credit risk

The Target Fund, which invests in bonds and other fixed income securities, is subject to the risk that issuers may not make payments on such securities. An issuer suffering an adverse change in its financial condition could lower the credit quality of a security, leading to greater price volatility of the security. A lowering of the credit rating of a security may also offset the security's liquidity, making it more difficult to sell. The Target Fund investing in lower quality debt securities are more susceptible to these problems and their value may be more volatile.

Foreign exchange rate risk

Because the Target Fund's assets and liabilities may be denominated in currencies different to the base currency of the Target Fund, the Target Fund may be affected favourably or unfavourably by exchange control regulations or changes in the exchange rates between the base currency of the Target Fund and other currencies. Changes in currency exchange rates may influence the value of the Target Fund, the dividends or interest earned and the gains and losses realised. Exchange rates between currencies are determined by supply and demand in the currency exchange markets, the international balance of payments, governmental intervention, speculation and other economic and political conditions.

If the currency in which a security is denominated appreciates against the base currency of the Target Fund, the value of the security will increase. Conversely, a decline in the exchange rate of the currency would adversely affect the value of the security.

The Target Fund may engage in foreign currency transactions in order to hedge against currency exchange risk, however there is no guarantee that hedging or protection will be achieved. This strategy may also limit the Target Fund from benefiting from the performance of the Target Fund's securities if the currency in which the securities held by the Target Fund are denominated rises against the base currency of the Target Fund.

Non-Investment Grade Debt

Credit risk is greater for investments in fixed-income securities that are rated below Investment Grade or which are of comparable quality than for Investment Grade securities. It is more likely that income or capital payments may not be made when due. Thus the risk of default is greater. The amounts that may be recovered after any default may be smaller or zero and the Target Fund may incur additional expenses if it tries to recover its losses through bankruptcy or other similar proceedings. The market for these securities may be less active, making it more difficult to sell the securities. Valuation of these securities is more difficult and thus the Target Fund's price may be more volatile.

Volatility

The price of a financial derivative instrument can be very volatile. This is because a small movement in the price of the underlying security, index, interest rate or currency may result in a substantial movement in the price of the financial derivative instrument. Investment in financial derivative instruments may result in losses in excess of the amount invested.

OTC Financial Derivative Transactions

In general, there is less governmental regulation and supervision of transactions in the OTC markets (in which currencies, forward, spot and option contracts, credit default swaps, total return swaps and certain options on currencies are generally traded) than of transactions entered into on organized exchanges. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearing house, may

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not be available in connection with OTC financial derivative transactions. Therefore, the Target Fund entering into OTC transactions will be subject to the risk that its direct counterparty will not perform its obligations under the transactions and that the Target Fund will sustain losses. The Company will only enter into transactions with counterparties which it believes to be creditworthy, and may reduce the exposure incurred in connection with such transactions through the receipt of letters of credit or collateral from certain counterparties. Regardless of these measures, the Company may seek to implement to reduce counterparty credit risk, however, there can be no assurance that a counterparty will not default or that the Target Fund will not sustain losses as a result.

From time to time, the counterparties with which the Company effects transactions might cease making markets or quoting prices in certain of the instruments. In such instances, the Company might be unable to enter into a desired transaction in currencies, credit default swaps or total return swaps or to enter into an offsetting transaction with respect to an open position, which might adversely affect its performance. Further, in contrast to exchange-traded instruments, forward, spot and option contracts on currencies do not provide the Investment Adviser with the possibility to offset the Company's obligations through an equal and opposite transaction. For this reason, in entering into forward, spot or options contracts, the Company may be required, and must be able, to perform its obligations under the contracts.

The above should not be considered to be an exhaustive list of the risks which investors should consider before investing in the AAGBF. Investors should be aware that an investment in the AAGBF may be exposed to other unforeseeable risks from time to time.

Risk Management

The global exposure relating to the Target Fund will be calculated using a relative Value-at-Risk (VaR) approach benchmarked against the JP Morgan Emerging Market Bond index. The average leverage of the Target Fund, under normal market conditions, is expected to be 50%, although higher levels are possible.

In financial risk management, VaR is a risk assessment technique used to estimate for a fund the probability of loss over a given time horizon. The relative VaR approach is used to measure market risk as the target fund has a consistent benchmark called the JP Morgan EMBI Global. The relative VaR is the ratio between the VaR of the fund and the VaR of the benchmark. The VaR of the target fund is limited to no more than twice the VaR on the benchmark i.e. Relative VaR < 200%.

Risk Management Process

The Management Company, on behalf of the Company, will employ a risk-management process which enables it with the Investment Adviser of the Target Fund to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of the Target Fund. The Investment Adviser of the Target Fund will employ, if applicable, a process for accurate and independent assessment of the value of any OTC derivative instruments.

Upon request of an investor of the Target Fund, the Investment Adviser will provide to the Management Company supplementary information relating to the quantitative limits that apply in the risk management of the Target Fund, to the methods chosen to this end and to the recent evolution of the risks and yields of the main categories of instruments. In summary:

(1) Responsibility of the risk management team of the Investment Adviser

The Management Company, responsible for the risk management of the Company, has delegated the day to day implementation to the risk management team of the Investment Adviser. They are in charge of the implementation of risk control procedures for the Target Fund. This team will collaborate with the investment team of the Investment Adviser to determine various control limits in order to match the risk profile and strategy of the Target Fund. The Management Company will supervise these risk management functions and will receive appropriate reports.

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When the Investment Adviser invests, on behalf of the Target Fund, in different types of assets pursuant to the investment objective, it will follow the risk management and control mechanism as described in the risk management procedure of the Company.

(2) Commitment and Value-at-Risk approaches

The Target Fund applies a relative VaR approach to measure market risk.

The relative VaR approach is used where a consistent reference portfolio or benchmark reflecting the investment strategy which the Target Fund is pursuing is defined. The relative VaR of the Target Fund is expressed as a multiple of the VaR of a benchmark or reference portfolio. The relative VaR is limited to no more than twice the VaR on the comparable benchmark.

The risk management methodology for the Target Fund and the expected level of leverage, the approach used and the reference portfolio or benchmark used to express the relative VaR will be specified in Section 3.2. "Sub-Fund Details" of the Target Fund prospectus.

(3) Risk monitoring systems

Appropriate tools and systems are utilised to monitor different areas of risk, including counterparty risk, market risk, liquidity risk, concentration risk and operational risks.

(4) Procedure for counterparty approval

Systematic procedures are in place to select and approve counterparties, and to monitor the exposure to various counterparties.

(5) Investment Breach reporting

In case of any investment breach, an "escalation process" up to the Management Company will be triggered to inform relevant parties in order for necessary actions to be taken. The compliance team of the Investment Adviser will provide investment breach report to the Management Company for review.

D. THE FUNDS' PROFILE

(pages 55-56 of the Master Prospectus)

The write-ups relating to "**Alliance ADVANTAGE GEM Treasures Fund ("AAGTF")**" (leaving intact the section headed "Ancillary measures aimed at protecting the Unit holder's interest", "Permitted Investments of AAGTF" and "Liquid Assets" in the Funds' Profile section is hereby deleted in its entirety and is hereby replaced by the following:

Alliance ADVANTAGE GEM Bond Fund ("AAGBF")

The AAGBF is an open ended feeder fund that is registered in Malaysia, offering investors an opportunity to invest in a diversified portfolio of investment grade and non-investment grade rated fixed income (e.g. bonds) and other similar securities either issued by companies which have their registered office in Emerging Markets around the world, primarily denominated in USD, or which are issued or guaranteed by governments, government agencies and supranational bodies of Emerging Markets via a Target Fund, i.e. the HSBC Global Investment Funds – Global Emerging Markets Bond ("HGB").

Investment Objective

The Fund aims to achieve total investment return consisting of income and capital appreciation by investing in the Target Fund known as the HSBC Global Investment Funds – Global Emerging Markets Bond.

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Note: The Fund is not a capital guaranteed/protected fund.

Any material change to the AAGBF's objective would require Unit holders' approval.

Investment Strategy / Asset Allocation

The Fund is a feeder fund and it aims to invest a minimum of 95% of the NAV of the Fund in the HSBC Global Investment Funds – Global Emerging Markets Bond (“the Target Fund” or “HGB”); the balance of the NAV of the Fund will be invested in liquid assets.

The Target Fund invests for total return primarily in a diversified portfolio of Investment Grade and non-Investment Grade rated fixed income (e.g. bonds) and other similar securities either issued by companies which have their registered office in Emerging Markets around the world, primarily denominated in USD, or which are issued or guaranteed by governments, government agencies and supranational bodies of Emerging Markets.

The Target Fund may also invest in financial derivative instruments such as futures, forwards (including non-deliverable forwards), swaps, options, credit default swaps, as well as other structured products. The Target Fund intends to use such financial derivative instruments for, *inter alia*, return enhancement, hedging, tax-advantage access to instruments and whenever the Investment Adviser believes the investment in financial derivative instruments will assist the Target Fund in achieving its investment objectives.

As the Fund is a feeder fund, it will stay invested in the Target Fund in so far as its investment strategy is consistent with the objective of the Fund. In view of the aforesaid, the Fund will not undertake any temporary defensive position.

As the Target Fund is denominated in USD, the Fund may be currency-hedged back to Ringgit Malaysia (RM). By currency hedging, the Manager aims to mitigate any erosion from currency movements against RM on the Fund's portfolio.

Currency hedging

USD-RM

Since the Fund's base currency is denominated in RM whilst the Target Fund's base currency is denominated in the USD, the Fund will be subjected to currency fluctuations between RM and the USD. In order to substantially mitigate these currency fluctuations, the Manager intends to hedge approximately 90% of the Fund's NAV exposure to the USD. The hedging will be on monthly or quarterly rollover.

The Manager will utilise derivatives to hedge the Fund. A common instrument used is forward contract where the determination of the RM and the USD exchange value is made at a particular time and settled at some other time in the future.

As an illustration, we assume the following: Hedging tenure of 25 June 2012 to 24 September 2012.

	25 June 2012	24 September 2012
Mark-to-market exchange rate	2.9919	2.6000
Underlying asset	USD1,000,000.00 (RM2,991,900.00)	-
Amount to be hedged (90% of the underlying asset)	USD900,000.00 (RM2,692,710.00)	USD900,000.00 (RM2,340,000.00)

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Foreign contract details:-		
Contract exchange rate	2.9968	
Amount based on contract rate	USD900,000.00 (RM2,697,120.00)	USD900,000 (RM2,697,120.00)
Maturity date	24 September 2012	
Unrealised gain/(loss) (RM)	4,410.00	
Realised gain/(loss) (RM)		357,120.00

During the hedging tenure, the amount of RM4,410.00 is the unrealised gain of income. Upon the maturity of the hedge period, the amount of RM357,120.00 will be the realized gain of income.

Due to currency fluctuation, cash flow would be affected, where if the USD weakens, the Fund would receive cash flow but the value of the underlying asset may be lesser than its initial investment value after conversion to RM. As illustrated above, when the hedge tenure matures, the Fund receives a cash flow of RM357,120.00 but the value of the underlying asset in RM denomination would be lesser than its initial investment value.

However, if the situation is of the opposite, where the USD has strengthened against the RM, the Fund would pay out the difference between the forward contract receivable and forward contract payable but the underlying asset would experience and appreciation in value when converted to RM as it would ride on the strength of the USD. As illustrated below, upon maturity of the hedge tenure, the Fund would have suffered a loss of RM92,880.00 but its underlying asset in RM denomination would have increased in value than its initial investment value due to the strengthening of the USD.

	25 June 2012	24 September 2012
Mark-to-market exchange rate	2.9919	3.1000
Underlying asset	USD1,000,000.00 (RM2,991,900.00)	-
Allocated amount for hedging (90% of the underlying asset)	USD900,000.00 (RM2,692,710.00)	USD900,000.00 (RM2,790,000.00)
Foreign contract details:-		
Contract exchange rate	2.9968	
Amount based on contract rate	USD900,000.00 (RM2,697,120.00)	USD900,000 (RM2,697,120.00)
Maturity date	24 September 2012	
Unrealized gain/(loss) (RM)	4,410.00	
Realized gain/(loss) (RM)		(92,880.00)

The Manager will monitor the performance of the Target Fund on a weekly basis to determine the amount to hedge, to be unwound or to be initiated as a result of appreciation or diminution of the Target Fund's net asset value. However, daily monitoring would be conducted in respect of the Fund to determine the appropriate level of hedge required taking into account the daily subscription and repurchase amount for the Fund. Unit Holders are to note that in the event there are hedging losses, the Fund may have to liquidate its investments in the Target Fund to fund the hedging losses.

THIS IS A SUPPLEMENTAL MASTER PROSPECTUS WHICH HAS TO BE READ IN CONJUNCTION WITH THE MASTER PROSPECTUS DATED 30 JANUARY 2012.

Benchmark

JP Morgan EMBI Global Index (RM)

The benchmark is chosen for the Fund as it is consistent and corresponds to the benchmark of the Target Fund, except that it is in RM in order to allow for similar comparison with the Fund which is denominated in RM. For ease of reference, investors may refer to Bloomberg L.P. or the Manager's website.

INFORMATION ON THE TARGET FUNDS

(pages 73-98 of the Master Prospectus)

The write-up relating to "**About HSBC GEM Treasures Fund ("HGTF")**" under the heading "**Information on the Target Funds**" in the Funds' Profile section is hereby deleted in its entirety and is hereby replaced by the following:

About HSBC Global Investment Funds – Global Emerging Markets Bond ("HGB")

The HSBC Global Investment Funds – Global Emerging Markets Bond ("the Target Fund" or "HGB") is a sub-fund of HSBC Global Investment Funds ("the Company") which is a SICAV.

HSBC GLOBAL INVESTMENT FUNDS is an investment company ("*Société d'Investissement à Capital Variable*") incorporated in the Grand Duchy of Luxembourg and qualifies as an Undertaking for Collective Investment in Transferable Securities (UCITS) complying with the provisions of Part I of the 2010 Law.

The Company offers investors, within the same investment vehicle under an umbrella structure, a choice of investments in one or more sub-funds, in respect of which a separate portfolio of investments is held, which are distinguished among others by their specific investment policy and objective and/or by the currency of denomination.

The Company is responsible for the overall investment policy, objective and management of the Company and the Target Fund.

The Company has appointed HSBC Investment Funds (Luxembourg) S.A. as the Management Company to be responsible on a day to day basis under the supervision of the Company, for providing administration, marketing, investment management and advice services in respect of the Target Fund.

The Management Company has delegated the investment management services of the Target Fund to HSBC Global Asset Management (USA) Inc, the Investment Adviser of the Target Fund.

The Management Company of the Target Fund

HSBC Investment Funds (Luxembourg) S.A. was incorporated on 26 September 1988 as a société anonyme under the laws of the Grand Duchy of Luxembourg and its articles of incorporation are deposited with the Luxembourg Registre de Commerce et des Sociétés. The Management Company is approved as a management company regulated by chapter 15 of the 2010 Luxembourg Law. As at 31 May 2012, it had USD 26.54 billion worth of funds under management.

The Investment Adviser of the Target Fund

HSBC Global Asset Management (USA) Inc. was incorporated under the laws of New York State, United States on 29 January 1986, and is ultimately a wholly owned subsidiary of HSBC Holdings plc. As at 30 April 2012, HSBC Global Asset Management (USA) Inc. had USD 30.99 billion worth of funds under management.

THIS IS A SUPPLEMENTAL MASTER PROSPECTUS WHICH HAS TO BE READ IN CONJUNCTION WITH THE MASTER PROSPECTUS DATED 30 JANUARY 2012.

Regulatory Authority regulating the Investment Adviser of the Target Fund

U.S. Securities and Exchange Commission (SEC)

Investment Objective of the Target Fund

The HGB invests for total return primarily in a diversified portfolio of Investment Grade and non-Investment Grade rated fixed income (e.g. bonds) and other similar securities either issued by companies which have their registered office in Emerging Markets around the world, primarily denominated in USD, or which are issued or guaranteed by governments, government agencies and supranational bodies of Emerging Markets.

The HGB may also invest in financial derivative instruments such as futures, forwards (including non-deliverable forwards), swaps, options, credit default swaps, as well as other structured products. The HGB intends to use such financial derivative instruments for, *inter alia*, return enhancement, hedging, tax-advantage access to instruments and whenever the Investment Adviser believes the investment in financial derivative instruments will assist the HGB in achieving its investment objectives.

Investment Strategy of the Target Fund

The Target Fund aims to provide income whilst maintaining a prudent policy of capital conservation. The Company's view of interest rate trends will be reflected in the type and the maturity dates of securities in which the Target Fund is invested.

Overall returns will be achieved through both capital appreciation and income, which may result in lower income yields than might otherwise normally be obtainable from the relevant securities markets.

The Target Fund aims to provide investors with actively managed portfolios of interest bearing transferable securities. Such securities are generally denominated in the currency of the Target Fund and include those traded both domestically and internationally. The portfolio may also include ancillary liquid assets and from time to time other permitted assets with a short remaining maturity, especially in times of rising interest rates.

Financial derivative instruments may be used for investment, hedging and efficient portfolio management purposes.

Country of Origin of the Target Fund

Grand Duchy of Luxembourg

Regulatory Authority regulating the Target Fund

Commission de Surveillance du Secteur Financier ("CSSF")

Applicable Legislation

Luxembourg Law of 17 December 2010 on undertakings for collective investment, implementing UCITS IV directive 2009/65/EC into the Luxembourg law

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Distribution of Income

The Fund will be investing in Class A Monthly Distribution Shares (USD) of the Target Fund. The Monthly Distribution Shares will pay a dividend normally on a monthly basis.

Authorised Investments and Investment Restrictions of the Target Fund

I. (1) The Company may invest in:

- (a) transferable securities and money market instruments admitted to or dealt in on a regulated market;
- (b) transferable securities and money market instruments dealt in on another market in a member state of the European Union ("EU") which is regulated, operates regularly and open to the public;
- (c) transferable securities and money market Instruments admitted to official listing on a stock exchange in a non-member state of the EU or dealt in on another market in a non-member state of the EU which is regulated, operates regularly and is recognised and open to the public provided that the choice of the stock exchange or market has been provided for in the constitutional documents of the Company;
- (d) recently issued transferable securities and money market instruments, provided that the terms of issue include an undertaking that application will be made for admission to official listing on a stock exchange or on another regulated market which operates regularly and is recognised and open to the public, provided that the choice of the stock exchange or the markets has been provided for in the constitutional documents of the Company and such admission is secured within one year of the issue;
- (e) units of UCITS and/or other UCIs, whether situated in a member state of the EU or not, provided that:
 - such other UCIs have been authorised under the laws which provide that they are subject to supervision considered by the Luxembourg supervisory authority to be equivalent to that laid down in European Community law, and that cooperation between authorities is sufficiently ensured,
 - the level of protection for unitholders in such other UCIs is equivalent to that provided for unitholders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of directive 85/611/EEC, as amended,
 - the business of such other UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period,
 - no more than 10% of the assets of the UCITS or of the other UCIs, whose acquisition is contemplated, can, according to their constitutional documents, in aggregate be invested in units of other UCITS or other UCIs;
- (f) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more that 12 months, provided that the credit institution has its registered office in a country which is a member state of the EU or if the registered office of the credit institution is situated in a non-member state of the EU provided that it is subject to prudential rules considered by the Luxembourg supervisory authority as equivalent to those laid down in European Community law;

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- (g) financial derivative instruments, including equivalent cash-settled instruments, dealt in on a regulated market referred to in subparagraphs I. (a), (b) and (c) above and/or financial derivative instruments dealt in over-the-counter ("OTC derivatives"), provided that:
- the underlying consists of instruments covered by this section I. (1), financial indices, interest rates, foreign exchange rates or currencies, in which the Target Fund may invest according to its investment objective;
 - the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the Luxembourg supervisory authority;
 - the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Company's initiative;

and/or

- (h) money market instruments other than those dealt in on a regulated market and defined in Appendix 1 "Glossary" of the Target Fund prospectus, if the issuer or the issuer of such instruments are themselves regulated for the purpose of protecting investors and savings, and provided that such instruments are:
- issued or guaranteed by a central, regional or local authority or by a central bank of a member state of the EU, the European Central Bank, the EU or the European Investment Bank, a non-member state of the EU or, in case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more member states of the EU belong, or
 - issued by an undertaking any securities of which are dealt in on regulated markets referred to in subparagraphs I. (a), (b) or (c) above, or
 - issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by the European Community law, or by an establishment which is subject to and complies with prudential rules considered by the Luxembourg supervisory authority to be at least as stringent as those laid down by European Community law, or
 - issued by other bodies belonging to the categories approved by the CSSF provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least ten million euro (Euro 10,000,000) and which presents and publishes its annual accounts in accordance with the fourth directive 78/660/EEC, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

- (2) In addition, the Company may invest a maximum of 10% of the net assets of the Target Fund in transferable securities and money market instruments other than those referred to under I. (1) above.

II. The Company may hold ancillary liquid assets.

- III (a) (i) The Company will invest no more than 10% of the net assets of the Target Fund in transferable securities or money market instruments issued by the same issuing body.
- (ii) The Company may not invest more than 20% of the net assets of the Target Fund in deposits made with the same body. The risk exposure of the Target Fund to a

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counterparty in an OTC derivative transaction may not exceed 10% of its net assets when the counterparty is a credit institution referred to in I. (1) (f) above or 5% of its net assets in other cases.

- (b) Moreover, where the Company holds on behalf of the Target Fund investments in transferable securities and money market instruments of issuing bodies which individually exceed 5% of the net assets of the Target Fund, the total of all such investments must not account for more than 40% of the total net assets of the Target Fund.

This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.

Notwithstanding the individual limits laid down in paragraph III. (a), the Company shall not combine, where this would lead to investing more than 20% of its assets in a single body, any of the following for the Target Fund:

- investments in transferable securities or money market instruments issued by that body;
 - deposits made with that body; or
 - exposure arising from OTC derivative transactions undertaken with that body.
- (c) The limit of 10% laid down in sub-paragraph III. (a) (i) above is increased to a maximum of 35% in respect of transferable securities or money market instruments which are issued or guaranteed by a member state of the EU, its local authorities, or by another eligible state or by public international bodies of which one or more member states of the EU are members.
- (d) The limit of 10% laid down in sub-paragraph III. (a) (i) is increased to 25% for certain bonds when they are issued by a credit institution which has its registered office in a member state of the EU and is subject by law, to special public supervision designed to protect bondholders. In particular, sums deriving from the issue of these bonds must be invested in conformity with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in case of bankruptcy of the issuer, would be used on a priority basis for the repayment of principal and payment of the accrued interest.

If the Target Fund invests more than 5% of its net assets in the bonds referred to in this sub-paragraph and issued by one issuer, the total value of such investments may not exceed 80% of the net assets of the Target Fund.

- (e) The transferable securities and money market instruments referred to in paragraphs III. (c) and (d) shall not be included in the calculation of the limit of 40% in paragraph III. (b).

The limits set out in paragraphs III. (a), (b), (c) and (d) may not be aggregated and, accordingly, investments in transferable securities or money market instruments issued by the same issuing body, in deposits or in financial derivative instruments effected with the same issuing body may not, in any event, exceed a total of 35% of the Target Fund's net assets;

Companies which are part of the same group for the purposes of the establishment of consolidated accounts, as defined in accordance with directive 83/349/EEC or in accordance with recognised international accounting rules, are regarded as a single body for the purpose of calculating the limits contained in this paragraph III.

The Company may cumulatively invest up to 20% of the net assets of the Target Fund in transferable securities and money market instruments within the same group.

- (f) Notwithstanding the above provisions, the Company is authorised to invest up to 100% of the net assets of the Target Fund, in accordance with the principle of risk spreading, in transferable securities and money market instruments issued or guaranteed by any member

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state of the EU, by its local authorities or agencies, a non-member state of the EU or by another member state of the Organisation for Economic Co-operation and Development, Singapore, Brazil or any member state of the Group of Twenty or by public international bodies of which one or more member states of the EU are members, provided that the Target Fund must hold securities from at least six different issues and securities from one issue do not account for more than 30% of the net assets of the Target Fund.

- IV (a) Without prejudice to the limits laid down in paragraph V., the limits provided in paragraph III. are raised to a maximum of 20% for investments in shares an/or bonds issued by the same issuing body if the aim of the investment policy of the Target Fund is to replicate the composition of a certain stock or bond index which is sufficiently diversified, represents an adequate benchmark for the market to which it refers, is published in an appropriate manner and disclosed in the Target Fund's investment policy.
- (b) The limit laid down in paragraph IV. (a) is raised to 35% where this proves to be justified by exceptional market conditions, in particular on regulated markets where certain transferable securities or money market instruments are highly dominant. The investment up to this limit is only permitted for a single issuer.
- V. (a) The Company may not acquire shares carrying voting rights which should enable it to exercise significant influence over the management of an issuing body.
- (b) The Company may acquire no more than:
- 10% of the non-voting shares of the same issuer;
 - 10% of the debt securities of the same issuer;
 - 10% of the money market instruments of the same issuer.
- (c) These limits under second and third indents may be disregarded at the time of acquisition, if at that time the gross amount of debt securities or of the money market instruments or the net amount of the instruments in issue cannot be calculated.

The provisions of paragraph V. shall not be applicable to transferable securities and money market instruments issued or guaranteed by a member state of the EU or its local authorities or by any other eligible state, or issued by public international bodies of which one or more member states of the EU are members.

These provisions are also waived as regards shares held by the Company in the capital of a company incorporated in a non-member state of the EU which invests its assets mainly in the securities of issuing bodies having their registered office in that state, where under the legislation of that state, such a holding represents the only way in which the Company can invest in the securities of issuing bodies of that state provided that the investment policy of the company from the non-member state of the EU complies with the limits laid down in paragraph III., V. and VI. (a), (b) and (c).

- VI (a) The Company may acquire units of the UCITS and/or other UCIs referred to in paragraph I. (1) (e), provided that no more than 10% of Target Fund's net assets be invested in the units of UCITS or other UCIs or in one single such UCITS or other UCI.
- (b) The underlying investments held by the UCITS or other UCIs in which the Company invests do not have to be considered for the purpose of the investment restrictions set forth under III. above.
- (c) When the Company invests in the units of UCITS and/or other UCIs that are managed, directly or by delegation, by the Management Company or by any other company with which the Management Company is linked by common management or control, or by a substantial direct or indirect holding, the Management Company or other company cannot charge

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subscription, redemption or management fees on account of the Company's investment in the units of such other UCITS and/or UCIs.

If the Target Fund's investments in UCITS and other UCIs constitute a substantial proportion of the Target Fund's assets, the total management fee (excluding any performance fee, if any) charged both to the Target Fund itself and the other UCITS and/or other UCIs concerned shall not exceed 3.00% of the relevant assets. The Company will indicate in its annual report the total management fees charged both to the Target Fund and to the UCITS and other UCIs in which the Target Fund has invested during the relevant period.

- (d) The Company may acquire no more than 25% of the units of the same UCITS or other UCI. This limit may be disregarded at the time of acquisition if at that time the gross amount of the units in issue cannot be calculated. In case of a UCITS or other UCI with multiple compartments, this restriction is applicable by reference to all units issued by the UCITS or other UCI concerned, all compartments combined.
- VIII. The Company shall ensure for the Target Fund that the global exposure relating to derivative instruments does not exceed the net assets of the Target Fund.

The exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, foreseeable market movements and the time available to liquidate the positions. This shall also apply to the following subparagraphs.

If the Company invests in financial derivative instruments, the exposure to the underlying assets may not exceed in aggregate the investment limits laid down in paragraph III. above. When the Company invests in index-based financial derivative instruments, these investments do not have to be combined to the limits laid down in paragraph III.

When a transferable security or money market instrument embeds a derivative, the latter must be taken into account when complying with the requirements of this paragraph VII.

- IX. (a) The Company may not borrow for the account of the Target Fund amounts in excess of 10% of the net assets of the Target Fund, any such borrowings to be from banks and to be effected only on a temporary basis, provided that the Company may acquire foreign currencies by means of back-to-back loans;
 - (b) The Company may not grant loans to or act as guarantor on behalf of third parties.

This restriction shall not prevent the Company from (i) acquiring transferable securities, money market instruments or other financial instruments referred to in I. (1) (e), (g) and (h) which are not fully paid, and (ii) performing permitted securities lending activities, that shall not be deemed to constitute the making of a loan.
 - (c) The Company may not carry out uncovered sales of transferable securities, money market instruments or other financial instruments.
 - (d) The Company may not acquire movable or immovable property.
 - (e) The Company may not acquire either precious metals or certificates representing them.
- X. (a) The Company need not comply with the limits laid down in the above mentioned investment restrictions when exercising subscription rights attaching to transferable securities or money market instruments which form part of its assets. While ensuring observance of the principle of risk spreading, recently created funds may derogate from paragraphs III., IV. and VI. (a), (b) and (c) for a period of six months following the date of their creation.
- (b) If the limits referred to in paragraph X. (a) are exceeded for reasons beyond the control of the Company or as a result of the exercise of subscription rights, it must adopt as a priority

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objective for its sales transactions the remedying of that situation, taking due account of the interest of its shareholders.

Dealing Currency of the Target Fund

The base currency of the Target Fund is the USD.

The write-ups relating to “HGTF” under the heading “Fees charged by FGLOE, FABF, FGPF & HGTF” in the Funds’ Profile section is hereby deleted in its entirety and is hereby replaced by the following:

Fees charged by FGLOE, FABF, FGPF & HGB

HGB

The Company pays to the Management Company an annual management fee of 1.25% of the net asset value of the Target Fund.

The management fee covers management and distribution services provided in relation to the Target Fund of the Company by the Management Company, the Investment Advisers and the distributors. The Management Company is responsible for discharging, out of such fee, the fees of the Investment Adviser and the distributors and may pay part of such fee to recognised intermediaries or such other person as the Management Company may determine, at its discretion.

The Company also pays to the Management Company a fixed fee of 0.35% of the net asset value of the Target Fund to cover certain operating, administrative and servicing expenses. The Management Company is responsible for discharging out of this fee to the Custodian, the Administration Agent and the Registrar and Transfer Agent.

Operating, administrative and servicing expenses cover the ongoing custody fees and safekeeping charges payable to the Custodian and its correspondent banks, fees for fund accounting and administration services (including domiciliary services) payable to the Administration Agent and transfer agency fees for registrar and transfer agency services payable to the Registrar and Transfer Agent.

Note: There will be no double charging of annual management fees. The annual management fee imposed on the Target Fund level will be rebated to the Fund as additional shares of the Target Fund by the Company.

The write-ups relating to “HGTF” under the heading “Performance of Target Funds” in the Funds’ Profile section is hereby deleted in its entirety and is hereby replaced by the following:

Performance of Target Funds

HGB (as at 31 May 2012)

Fund Name	1 Month	6 Months	1 Year	Since Inception (annualised)
GEM Bond Fund Class A Monthly Distribution Shares – USD	-2.35	5.39	6.83	7.05
Benchmark	-2.77	4.97	8.28	8.40

Source: Morningstar
Inception date for Class A Monthly Distribution Shares – USD : 1 January 2011.

THIS IS A SUPPLEMENTAL MASTER PROSPECTUS WHICH HAS TO BE READ IN CONJUNCTION WITH THE MASTER PROSPECTUS DATED 30 JANUARY 2012.

E. FEES, CHARGES AND EXPENSES

(pages 131-132 of the Master Prospectus)

CHARGES DIRECTLY INCURRED

Sales Charge

The maximum rate of sales charge imposed by each distribution channel is as follows:

Fund Name	Sales Charge
AAGBF	Manager: Not available for sale IUTAs: Up to 2.00% of the NAV per unit EPF investment: Not available for sale

Repurchase/Redemption Charge

The repurchase charge/exit fee imposed by the Manager on the investors of AAGBF is hereby amended to read as:

The Manager does not intend to impose any repurchase charge/exit fee.

FEES AND EXPENSES INDIRECTLY INCURRED

Annual Management Fee

The annual management fee charged to AAGBF is hereby amended to read as:

1.50% of the NAV of the Fund

F. THE MANAGER OF THE FUNDS

(page 145 of the Master Prospectus)

The profile of “**Thong Lai Kuan (Compliance Officer)**” under the heading “**Key Management Staff**” is hereby deleted in its entirety and is hereby replaced by the following:

Yap Sieh Wai (Acting Compliance Officer)

Ms Yap Sieh Wai holds a Bachelor of Economics (Accounting Major) from LaTrobe University, Australia and is a member of the Australian Society of CPA. She has more than 20 years experience in the financial industry specializing in audit, risk management and compliance. She joined Alliance Bank Malaysia Berhad as the Head of Group Compliance in 2011.

G. THE TRUSTEES

(pages 154-157 of the Master Prospectus)

All references to “BHLB Trustee Berhad” under this section are hereby deleted and be replaced by CIMB COMMERCE TRUSTEE BERHAD (formerly known as BHLB Trustee Berhad).

THIS IS A SUPPLEMENTAL MASTER PROSPECTUS WHICH HAS TO BE READ IN CONJUNCTION WITH THE MASTER PROSPECTUS DATED 30 JANUARY 2012.

H. DIRECTORS' DECLARATION

This Supplemental Master Prospectus dated 10 September 2012 has been reviewed and approved by the directors of Alliance Investment Management Berhad and they 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, there are no false or misleading statements, or omission of other facts which would make any statement in the Supplemental Master Prospectus dated 10 September 2012 false or misleading.

Directors:

**TAN SRI ABU TALIB BIN OTHMAN
MEGAT DZIAUDDIN BIN MEGAT MAHMUD
KUAH HUN LIANG
YONG YIT HIN**

Master Prospectus

Local Funds

Alliance First Fund
Alliance Vision Fund
Alliance Moneyplus Fund
Alliance Tactical Growth Fund
Alliance Optimal Income Fund

Constitution Date

22 December 1995
24 January 2000
27 December 2001
29 July 2004
29 July 2004

Shariah-based Funds

Alliance Dana Adib
Alliance Islamic Money Market Fund
Alliance Dana Alif

25 February 2004
30 September 2005
28 September 2007

Global Funds

Alliance Global Equities Fund
Alliance Asian Bond Fund
Alliance Global Diversified Property Fund
Alliance ADVANTAGE GEM Treasures Fund

19 April 2006
19 April 2006
22 June 2007
27 August 2007

Manager

Alliance Investment Management Berhad (334195-K)

a company incorporated in Malaysia under the Companies Act 1965

Trustees

BHLB Trustee Berhad (313031-A)
HSBC (Malaysia) Trustee Berhad (001281-T)
Malaysian Trustees Berhad (211666-V)
OSK Trustees Berhad (573019-U)
Universal Trustee (Malaysia) Berhad (17540-D)

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THE MASTER PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS, WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS SEE "RISK FACTORS" COMMENCING ON PAGE 23.

This Master Prospectus is dated 30 January 2012 and expires on 29 January 2013.

This Master Prospectus encompasses the unit trust scheme of:

AFF, AVF, AMF, ATGF, AOIF; (local funds)

ADA, AIMMF, ADL; (local Shariah-based funds) and

AGEF, AABF, AGDPF and AAGTF (global funds).

Responsibility Statement

This Master Prospectus has been reviewed and approved by the directors of Alliance Investment Management Berhad and they 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, there are no false or misleading statements, or omission of other facts which would make any statement in the Master Prospectus false or misleading.

Statements of Disclaimer

The Securities Commission Malaysia has approved the issue of, offer for subscription or purchase, or issue an invitation to subscribe for or purchase units of the abovementioned unit trust fund(s) and a copy of this Master Prospectus has been registered with the Securities Commission Malaysia.

The approval and registration of this Master Prospectus should not be taken to indicate that the Securities Commission Malaysia recommends the funds or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Master Prospectus.

The Securities Commission Malaysia is not liable for any non-disclosure on the part of the Manager responsible for the respective funds and takes no responsibility for the contents in this Master Prospectus.

The Securities Commission Malaysia makes no representation on the accuracy or completeness of this Master Prospectus and expressly disclaims any liability whatsoever arising from, or in reliance upon, the whole or any part of its contents.

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 ON THE ACTION TO BE TAKEN SHOULD CONSULT PROFESIONAL ADVISERS IMMEDIATELY.

Additional Statements

No units will be issued or sold based on this Master Prospectus later than one year after the date of this Master Prospectus.

Investors are advised to note that recourse for false or misleading statements or acts made in connection with the Master Prospectus is directly available through sections 248, 249 and 357 of the Capital Markets and Services Act 2007.

Alliance Dana Adib, Alliance Islamic Money Market Fund and Alliance Dana Alif have been certified as being Shariah-compliant by the Shariah Adviser appointed for the respective funds.

PREFACE

Dear Investors,

On behalf of the Board of Directors of Alliance Investment Management Berhad (“AIMB”), I am pleased to introduce the range of unit trust funds that we can offer; which we believe is broad enough to meet your investment objective.

The range is from conventional to local Shariah-based funds, from equities to bonds/sukuk to money market and from global equities to thematic mandates.

As for different investment tenure of either short or long-term duration, we feel that there is a fund that will suit your investment need at a respective level of risk following your risk appetite.

You may refer to page 10 to 18 of the Key Data of the Funds section for a more detailed understanding of the objectives, strategies and specific risks as well as the investors’ profile of each of the respective funds.

It is equally important that you understand the various fees and charges payable for the funds. Hence, please refer to page 19 to 21 for further information.

If you find that any of our funds fulfil your requirements and you decide to buy into the selected fund, or should you have any further inquires, do call our toll-free line, 1-800-88-3065 to speak to our customer service officers who are ever ready to assist. You may also refer to our Investment Directory list or Distribution Channels on page 179.

Thank you.

Yours faithfully,
For and behalf of the Board of Directors
Alliance Investment Management Berhad

Tan Sri Abu Talib Bin Othman
Director

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DEFINITIONS

In this Master Prospectus, the following abbreviations or words shall have the following meanings unless otherwise stated.

AFF	Alliance First Fund.
AVF	Alliance Vision Fund.
AMF	Alliance Moneyplus Fund.
ATGF	Alliance Tactical Growth Fund.
AOIF	Alliance Optimal Income Fund.
ADA	Alliance Dana Adib.
AIMMF	Alliance Islamic Money Market Fund.
ADL	Alliance Dana Alif.
AGEF	Alliance Global Equities Fund.
AABF	Alliance Asian Bond Fund.
AGDPF	Alliance Global Diversified Property Fund.
AAGTF	Alliance ADVANTAGE GEM Treasures Fund.
ADR	American Depository Receipt.
Authority	Any government or any governmental, semi-governmental, statutory, administrative or judicial body, department, commission, authority, tribunal, agency or entity having the relevant jurisdiction.
Base Currency or MYR or RM	The lawful currency of Malaysia, Ringgit Malaysia.
BNM	Bank Negara Malaysia.
Business Day	A day on which Bursa Malaysia is open for trading. Note: The Manager may declare certain business days to be a non-business day although Bursa Malaysia is open for business, if more than 50% of the foreign markets in which the funds are invested therein are closed for business.
Bursa Malaysia	The stock exchange managed and operated by Bursa Malaysia Securities Berhad.
CIS	Collective Investment Schemes.
CMSA or the Act	Capital Markets and Services Act 2007, as amended from time to time.
CP	Commercial Papers.
CSSF	Commission de Surveillance du Secteur Financier (Luxembourg financial supervisory authority).

Dealing Day	“Dealing Day” in connection with the issuance and realisation of units of the Fund(s) means every Business Day or such other Business Day or Business Days at such intervals as the Manager may from time to time determine with the approval of the Trustee(s) provided that reasonable notice of any such determination shall be given by the Manager to all Unit holders at such time and in such manner as the Trustee(s) may approve.
Deed	The Deeds and Supplemental Deeds made between the Manager and the Trustees.
Deposited Property	All the assets for the time being held or deemed to be held upon the trusts of the Deed, excluding any amount for the time being credited to the distribution account of HGTF.
EDR	European Depository Receipt.
EEC	European Economic Community.
EPF	Employees Provident Fund.
EPRA/NAREIT	European Public Real Estate Association/National Association of Real Estate Investment Trusts.
Eligible Market	A market that is regulated by a mandatory authority, operates regularly, is open to the public and has adequate liquidity for the purposes of the fund in question. Note: A non-exhaustive list of eligible markets includes stock exchange, derivative exchange, over-the-counter debt securities market and money market.
FBSI	FTSE Bursa Malaysia EMAS Shariah Index.
FBM KLCI	FTSE Bursa Malaysia Kuala Lumpur Composite Index.
FD	Fixed Deposit.
FDI	Foreign Direct Investments.
FFMC	Fullerton Fund Management Company Ltd.
FFML	FIL Fund Management Limited (formerly known as Fidelity Fund Management Limited).
FTSE	Financial Times Stock Exchange.
FTSE Emas	FTSE Bursa Malaysia Emas Index.
FGLOE	Fullerton Global Equities Fund.
FABF	Fullerton Asian Bond Fund.
FGPF	Fidelity Funds – Global Property Fund, a Luxembourg based sub-fund of the Fidelity Funds.
FI	Financial institution.
Funds	Collectively AFF, AVF, AMF, ATGF, AOIF, ADA, AIMMF, ADL, AGEF, AABF, AGDPF & AAGTF

GDR	Global Depository Receipt.
Guidelines	Guidelines on Unit Trust Funds including any amendments, Guidance Notes and Circulars issued by SC from time to time.
Hedging	A strategy that is taken out specifically to reduce or cancel out the risk in another investment or reduce exposure to another investment.
HGAM	HSBC Global Asset Management (Singapore) Limited (formerly known as HSBC Investments (Singapore) Limited).
HGTF	HSBC GEM Treasures Fund.
ICP	Islamic Commercial Papers.
IUTA	Institutional Unit Trust Adviser.
LPD	Last Practicable Date is as at 15 December 2011.
Liquid assets	Cash and/or deposits with licensed institutions and/or other institutions licensed or approved to accept deposits and any other instrument capable of being converted into cash within seven (7) days as may be approved by the Trustees.
Long-term	Above three (3) years.
Manager or AIMB	Alliance Investment Management Berhad.
MARC	Malaysian Rating Corporation Berhad.
MER	Management Expense Ratio.
Medium-term	Between one (1) year to three (3) years.
Maturity Date	The maturity date of the Funds as specified in the Deed.
MSCI	Morgan Stanley Capital International.
NAV per unit	The net asset value of the Fund divided by the units in circulation, at the valuation point.
NAV	Net Asset Value.
RAM	Rating Agency of Malaysia Holdings Berhad.
Recognised Stock Exchange	Bursa Malaysia or such other recognised bourse.
REIT	Real Estate Investment Trust.
Sales Charge	Preliminary charge on each investment.

Shariah	Islamic Law comprising the whole body of rulings pertaining to human conducts derived from the sources of the Shariah. The primary sources are the <i>Quran</i> , the <i>Sunnah</i> , <i>Ijma'</i> and <i>Qiyas</i> , while the secondary ones are those established sources such as <i>Maslahah</i> , <i>Istihsan</i> , <i>Istishab</i> , <i>'Uruf</i> and <i>Sadd Zara'ie</i> .
SACSC	Shariah Advisory Council of the SC.
Shariah requirements	A phrase or expression, which generally means making sure that any human conduct must not involve any prohibition and that in performing that conduct, all the essential elements that make up the conduct must be present and each essential element must meet all the necessary conditions required by the Shariah for that element.
SC	Securities Commission Malaysia.
Securities	Has the same definition according to the CMSA.
SFA	Securities and Futures Act, (Chapter 289), a Singapore Legislation.
Shares	Shares (whether fully paid or otherwise) in the share capital of any company and includes stock and the right to subscribe for any stock or shares.
Short-term	Not more than a year.
Special Resolution	A resolution passed by a majority of not less than three-fourth of Unit holders voting at a meeting of Unit holders. For the purposes of termination or winding-up of the Fund, a special resolution is passed by a majority in number representing at least three-fourth of the value of the Units held by the Unit holders voting at the meeting.
SICAV	Societe d'investissement'a capital variable.
Sukuk	A document or certificate, documenting the undivided pro-rated ownership of underlying assets. The <i>sak</i> (singular of sukuk) is freely traded at par, premium or discount. In Malaysia, the term sukuk is used for fixed-income securities, which comply with Shariah requirements. It is normally used together with Shariah contracts applied in the structure, such as <i>bai bithaman ajil</i> , <i>murabahah</i> and <i>istisna</i> for underlying transactions based on indebtedness, or <i>musyarakah</i> and <i>mudharabah</i> for underlying transactions based on partnership.
Target Fund	The four (4) target funds incorporated in this Master Prospectus are collectively referred to as "the Target Funds" and individually categorised as "the Target Fund". They are the FGLOE, FABF, FGPF and HGTF.
UCITS	An Undertaking for Collective Investment in Transferable Securities authorised pursuant to Council Directive 85/611/EEC, as amended from time to time.
Unit(s)	Unit(s) of the Funds.
Unit holders or Holders or Investors	The person registered for the time being as a holder of units in the Fund(s) in accordance with the provisions of the Deeds.
Unit Trust Consultant or Tied-Agents	An individual who is duly registered with the Federation of Investment Managers Malaysia to market and distribute unit trust funds.
USA or US	Unites States of America.

USD	United States Dollars.
U.S. Persons	(a) A citizen or resident of the USA; or (b) A partnership, corporation, limited liability company or similar entity, organised or incorporated under the laws of the USA or an entity taxed as such or subject to filing a tax return as such under the United States federal income tax laws.
UK	United Kingdom.

Definition or meaning of words not otherwise expressed above shall follow the meaning or interpretation as ascribed in the Guidelines and the CMSA.

CORPORATE DIRECTORY

Manager	<p>Alliance Investment Management Berhad (334195-K)</p> <p>Registered Office 3rd Floor, Menara Multi-Purpose, Capital Square 8 Jalan Munshi Abdullah 50100 Kuala Lumpur Website : www.alliancebank.com.my</p> <p>Business Office 23rd Floor, Menara Multi-Purpose, Capital Square 8 Jalan Munshi Abdullah 50100 Kuala Lumpur Tel: 03-2698 4299 Fax: 03-2693 0792/03-2698 9566 Customer Service Hotline: 1-800-88-3065 E-mail: feedback@alliancefg.com Website: www.allianceimb.com.my</p>
Board of Directors	<p>Tan Sri Abu bin Talib Othman Yong Yit Hin Megat Dziauddin Megat Mahmud (independent) Kuah Hun Liang (independent)</p>
Investment Committee	<p>Tan Sri Abu bin Talib Othman Megat Dziauddin Megat Mahmud (independent) Kuah Hun Liang (independent)</p>
Company Secretary	<p>Lee Wei Yen (MAICSA No. 7001798) 3rd Floor, Menara Multi-Purpose, Capital Square 8 Jalan Munshi Abdullah 50100 Kuala Lumpur</p>
Unit Trust Managers Association	<p>Federation of Investment Managers Malaysia (272577-P) 19-07-03, 7th Floor, PNB Damansara 19 Lorong Dungun, Damansara Heights 50490 Kuala Lumpur Tel: 03-2093 2600 Fax: 03-2093 2700 Website: www.fimm.com.my</p>
Trustees & Trustee's Delegate	<p>For AFF, ATGF, AOIF, ADA, AIMMF and ADL Universal Trustee (Malaysia) Berhad (17540-D)</p> <p>Registered/Business Office 3rd Floor, 1 Jalan Ampang 50450 Kuala Lumpur Tel: 03-2070 8050 Fax: 03-2031 8715 Website: www.universaltrustee.com.my</p> <p>Trustee's Delegate (foreign) for AFF and ATGF only Standard Chartered Bank Malaysia Berhad (115793-P)</p> <p>Registered Office Level 16, Menara Standard Chartered 30, Jalan Sultan Ismail 50250 Kuala Lumpur Tel: 03-2117 7777 Website : www.standardchartered.com.my</p>

Business Office

Mezzanine Floor, Menara Standard Chartered
30, Jalan Sultan Ismail
50250 Kuala Lumpur
Tel: 03-2781 7319/03-2781 7327
Fax: 03-2711 6060
E-mail : securitiesservices@sc.com

For AVF

Malaysian Trustees Berhad (21666-V)

Registered Office

Level 20, Plaza OSK
Jalan Ampang
50450 Kuala Lumpur
Tel: 03-2161 8822
E-mail : mtb@mytrustees.com.my

Business Office

Level 8, Floor, Plaza OSK
Jalan Ampang
50450 Kuala Lumpur
Tel: 03-2161 8822

Trustee's Delegate

OCBC Bank (M) Berhad

Business Office

13th Floor, Menara OCBC
18, Jalan Tun Perak
50050 Kuala Lumpur
Tel: 03-2034 5034
Fax: 03-2698 4420

For AMF

BHLB Trustee Berhad (313031-A)

Registered Office

5th Floor, Bangunan CIMB
Jalan Semantan, Damansara Heights
50490 Kuala Lumpur
Tel: 03-2084 8888
Fax: 03-2093 9688
Website: www.cimb.com

Business Office

Level 7, Wisma Amanah Raya Berhad
Jalan Semantan, Damansara Heights
50490 Kuala Lumpur
Tel: 03-2084 8888
Fax: 03-2095 5473

Trustee's Delegate

CIMB Group Nominees (Tempatan) Sdn Bhd (274740-T) (As Custodian)

Registered Office

5th Floor, Bangunan CIMB
Jalan Semantan, Damansara Heights
50490 Kuala Lumpur
Tel: 03-2084 8888
Fax: 03-2093 9688
Website: www.cimb.com

Business Office

Level 7, Wisma Amanah Raya Berhad
Jalan Semantan, Damansara Heights
50490 Kuala Lumpur
Tel: 03-2084 8888
Fax: 03-2093 3720

**For AGEF, AABF and AGDPF
HSBC (Malaysia) Trustee Berhad (001281-T)****Registered Office**

Suite 901, 9th Floor
Wisma Hamzah-Kwong Hing
1 Lebu Ampang
50100 Kuala Lumpur
Tel: 03-2074 3200
Fax: 03-2078 0145

Business Office

13 Floor, Bangunan HSBC, South Tower
No. 2, Leboh Ampang
50100 Kuala Lumpur
Tel: 03-2075 7800
Fax: 03-2026 1273

Trustee's Delegate (local)

The Hong Kong and Shanghai Banking Corporation Limited (as Local Custodian) and assets held through HSBC Nominees (Tempatan) Sdn Bhd (258854-D)

Registered/Business Office

2 Lebu Ampang
50100 Kuala Lumpur
Tel: 03-2070 0744
Fax: 03-2072 9787

Trustee's Delegate (foreign)

HSBC International Trust Services (Asia) Limited (as Foreign Custodian)

Registered/Business Office

6th Floor, Tower One, HSBC Centre
1 Sham Mong Road
Kowloon, Hong Kong
Tel: (852) 2533 6333
Fax: (852) 2869 6120

For AAGTF**OSK Trustees Berhad (573019-U)****Registered Office**

20th Floor, Plaza OSK
Jalan Ampang
50450 Kuala Lumpur
Tel: 03-9207 7777
Fax: 03-2175 3288
E-mail : oskt_hq-corptrustop@my.oskgroup.com
Website : www.osktrustees.com.my

Business Office

6th Floor, Plaza OSK
Jalan Ampang
50450 Kuala Lumpur
Tel: 03-9207 7777
Fax: 03-2175 3288

	<p>Trustee's Delegate (as Custodian) United Overseas Bank (Malaysia) Berhad (271809-K)</p> <p>Registered Office Level 12, Menara UOB Jalan Raja Laut 50350 Kuala Lumpur</p> <p>Business Office Level 9, Bangunan UOB Medan Pasar, 10-12 Medan Pasar 50050 Kuala Lumpur Tel: 03-2772 8000 Fax: 03-2031 0470</p>
Auditors	<p>PricewaterhouseCoopers (AF1146) Level 10, 1 Sentral Jalan Travers 50706 Kuala Lumpur Tel:03-2173 1188 Website: www.pwc.com</p>
Tax Consultants	<p>PricewaterhouseCoopers Taxation Services Sdn Bhd (464731-M) Level 10, 1 Sentral Jalan Travers 50706 Kuala Lumpur Tel: 03-2173 1188 Website: www.pwc.com</p>
Principal Banker	<p>Alliance Bank Malaysia Berhad (88103-W) 3rd Floor, Menara Multi-Purpose Capital Square 8 Jalan Munshi Abdullah 50100 Kuala Lumpur Tel: 03-2694 8800 Fax: 03-2698 6200 Website: www.alliancebank.com.my</p>
Solicitor	<p>Jeff Leong, Poon & Wong B-11-8, Level 11, Megan Avenue II Jalan Yap Kwan Seng 50450 Kuala Lumpur Tel: 03-2166 3225</p>
Shariah Adviser	<p>IBFIM (763075-W) Registered Office No. 149A, 149B, 151B Persiaran Raja Muda Musa 42000 Port Klang Selangor Darul Ehsan</p> <p>Business Office 3rd Floor, Dataran Kewangan Darul Takaful Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel: 03-2031 1010 Fax: 03-2078 5250 Website: www.ibfim.com</p>

For Agency Offices, please refer to the Investment Directory/Distribution Channels on page 178.

KEY DATA OF THE FUNDS

Funds information

This section is only a summary of the salient information about the Funds and Investors should read and understand the whole Master Prospectus before making investment decisions.

FUND NAME	CATEGORY/ TYPE OF FUND	FUND LAUNCH	OBJECTIVE	APPROVED FUND SIZE (UNITS)	UNITS IN CIRCULATION AS AT 15 DEC 2011
LOCAL FUNDS					
AFF	Balanced/ Income & Growth	16 January 1996	To provide medium to long-term investors with a reasonable level of income and capital growth.	800 million	80,754,000
AVF	Equity (Small-Cap) / Growth	1 March 2000	To provide Unit holders with medium to long-term capital growth.	400 million	26,075,000
AMF	Fixed-income/ Income & Growth	30 January 2002	To maximise total returns by investing primarily in money market securities and other fixed-income securities, which provide current income, capital appreciation or a combination of both income and capital appreciation.	300 million	3,075,000
ATGF	Equity/ Growth	2 September 2004	To provide Unit holders with enhanced capital growth through a focused investment approach in certain preferred industry sectors at any one time.	800 million	89,393,100
AOIF	Equity/ Income		To provide Unit holders with a stable income that is potentially higher than the prevailing fixed-deposit rate by investing in high dividend yielding portfolio of stocks and fixed-income securities.	400 million	28,665,000
LOCAL SHARIAH-BASED FUNDS					
ADA	Equity (Islamic)/ Growth	25 March 2004	To attain capital growth in the medium to long-term through investing in securities listed in the Malaysian equities market whilst abiding by Shariah principles.	400 million	119,639,500
AIMMF	Money Market (Islamic)/ Income	6 October 2005	Seeks to provide a regular stream of income by investing primarily in Islamic money market instruments and other fixed securities, which comply with Shariah requirements.	1,350 million	335,437,000
ADL	Balanced (Islamic)/ Income & Growth	26 February 2003	Aims to provide Unit holders with a steady and consistent dividend income over the medium to long-term investment period. Returns will be further enhanced through capital appreciation of investments.	300 million	23,112,167

GLOBAL FUNDS					
AGEF	Feeder Fund (Equity)/ Growth	19 May 2006	To achieve long-term total returns in excess of its benchmark. The benchmark, which, balanced on a quarterly basis, is a composite of the MSCI indices of fifteen (15) countries that Fullerton Global Equities Fund ("FGLOE") invests in. These countries include US (United States), UK (United Kingdom), France, Germany, Japan, Taiwan, South Korea, Australia, Singapore, Malaysia, Hong Kong, China, Thailand, Indonesia and India. Approximately two-thirds of the assets of FGLOE will be invested in Asia and the other one-third in G5 markets (US, UK, France, Germany and Japan).	Collectively 300 million	33,186,000
AABF	Feeder Fund (Bond)/ Income		To generate long-term capital appreciation for investors by investing in fixed income or debt securities denominated primarily in USD and Asian currencies, issued by companies, governments, quasi-governments, government agencies or supranationals in the Asian region. These countries include, but are not limited to China, Hong Kong, Taiwan, South Korea, India, Thailand, Malaysia, Singapore, Indonesia, the Philippines, Pakistan and Vietnam.		3,753,316
AGDPF	Feeder Fund (Equity)/ Income & Growth	9 August 2007	To achieve a combination of income and long-term capital growth by investing in a collective investment scheme called the Fidelity Global Property Fund ("FGPF").	300 million	11,160,000
AAGTF	Feeder Fund (Equity)/ Income & Growth	23 October 2007	Seeks long-term returns from capital growth and income by investing at least 70% of its non-cash assets in a portfolio of investments in equity and equity equivalent securities of companies in emerging markets. The remaining assets will be invested in a diversified portfolio of fixed-income securities.	400 million	84,293,000

FUND NAME	ASSET ALLOCATION	INVESTMENT STRATEGY	BENCHMARK	PRINCIPAL RISKS
LOCAL FUNDS				
AFF	Equities: Min 40% & Max 60% Fixed-income securities & Liquid assets: Min 40% & Max 60%	To invest in a balanced portfolio of equity securities with capital growth prospects & high income yielding fixed-income securities.	60% of the FBM KLCI & 40% of the current Malayan Banking Berhad ("Maybank") twelve (12) month fixed-deposit rate.	Market risk, specific stock risk, currency risk, country risk, interest rate risk, credit/default risk & liquidity risk.
AVF	Equities: Min 70% & Max 95% Fixed-income securities & Liquid assets: Min 5% & Max 30%	To invest mainly in small to medium-sized companies that have good growth prospects.	FTSE Bursa Malaysia Emas Index ("FTSE Emas")	Market risk, specific stock risk, liquidity risk, country risk & currency risk.
AMF	Fixed-income securities & Liquid assets: Min 90% & Max 100% Equities & Equity convertible securities: Min 0% & Max 10%	To invest predominantly in fixed-income securities with a portion allocated to investing in equities & equity convertible securities.	RAM-Quant Shop MGS All Bond Index	Market risk, specific stock risk, credit/default risk, interest rate risk & liquidity risk.
ATGF	Equities: Min 70% & Max 95% (within the range of 40% to 70% of equities in industry sectors that are expected to outperform) Fixed-income securities & Liquid assets: Min 5% & Max 30%	To employ an active management approach in deciding appropriate asset allocation & in stock selection. The focus is to strategise the bulk of the Fund's investments in sectors and market themes that are expected to outperform.	FTSE Bursa Malaysia Emas Index ("FTSE Emas")	Market risk, liquidity risk, interest rate risk, currency risk, specific stock risk, credit/default risk & country risk.
AOIF	Equities: Min 70% & Max 80% Fixed-income securities & Liquid assets: Min 20% & Max 30%	To employ a top-down approach in deciding appropriate asset allocation at any one time and a bottom-up approach in selecting securities. The focus will be on high yielding stocks that will provide stable income and fixed-income securities.	FBM KLCI	Specific stock risk, market risk, liquidity risk, interest rate risk, & dividend policy risk.

FUND NAME	ASSET ALLOCATION	INVESTMENT STRATEGY	BENCHMARK	PRINCIPAL RISKS
LOCAL SHARIAH-BASED FUNDS				
ADA	<p>Shariah-compliant equities: Min 70% & Max 90%</p> <p>Sukuk & Shariah-based liquid assets: Min 10% & Max 30%</p>	<p>To employ a top-down approach in deciding appropriate asset allocation at any one time and a bottom-up approach in selecting Shariah-compliant stocks.</p> <p>The focus will be on value and growth Shariah-compliant stock.</p>	FTSE Bursa Malaysia EMAS Shariah Index ("FBSI")	Market risk, interest rate risk, credit/default risk, liquidity risk, reclassification of Shariah status risk & specific stock risk.
AIMMF	<p>To invest at least 90% of the Fund's NAV in a diversified portfolio of short-term Islamic money market instruments, which have a remaining maturity period of up to 365 days.</p> <p>The Fund may also invest up to 10% of its NAV in sukuk with longer remaining maturity period, which is more than 365 days but does not exceed 732 days.</p>	The Fund Manager will decide which Shariah-compliant instrument or security to buy based primarily on their yield, relative to their credit quality and the period to maturity.	Malayan Banking Berhad ("Maybank") one (1) month General Investment Account ("GIA") rate	Credit/default risk, liquidity risk, interest rate risk.
ADL	<p>Shariah-compliant equity: Min 40% & Max 60%</p> <p>Sukuk & Shariah-based liquid assets: Min 40% & Max 60%</p>	<p>The Manager shall endeavour to seek and apply the appropriate investment strategies to manage the fund to achieve the fund's objective. Care will be taken to ensure that the returns commensurate with the volatility or risks.</p> <p>In general, the fund will adopt a strategy of investing in Shariah-compliant equity and will make tactical asset allocation shifts according to assessment of the capital markets after thorough reviews of the fundamentals.</p>	60% FTSE Bursa Malaysia EMAS Shariah Index ("FBSI") & 40% Malayan Banking Bhd ("Maybank") one (1) month General Investment Account ("GIA") rate	Credit risk, reclassification of Shariah status risk, interest rate risk, market risk, liquidity & specific stock risk.

FUND NAME	ASSET ALLOCATION	INVESTMENT STRATEGY	BENCHMARK	PRINCIPAL RISKS
GLOBAL FUNDS				
AGEF	<p>In FGLOE: Min 95%, which is domiciled in Singapore</p> <p>Liquid assets: The balance of up to 5% to meet redemptions.</p>	<p>To invest a minimum 95% in FGLOE, which will invest in the equities market of the following countries, i.e. US, UK, France, Germany, Japan, Taiwan, South Korea, Australia, Singapore, Malaysia, Hong Kong, China, Thailand, Indonesia and India.</p>	<p>A composite of the MSCI indices of the fifteen (15) countries are as follows, which is subject to quarterly rebalancing.</p> <p>MSCI US (12%) MSCI Japan (12%) MSCI UK (4%) MSCI France (4%) MSCI Germany (4%) MSCI Taiwan (10%) MSCI Korea (10%) MSCI Singapore (8%) MSCI Malaysia (8%) MSCI Australia (8%) MSCI Hong Kong (6%) MSCI Thailand (6%) MSCI China (4%) MSCI Indonesia (2%) MSCI India (2%)</p>	<p>Currency risk & decline in value risk.</p> <p>Refer to page 26 for Target Fund's risks.</p>
AABF	<p>In FABF: Min 95%, which is domiciled in Singapore</p> <p>Liquid assets: The balance of up to 5% to meet redemptions.</p>	<p>To invest a minimum of 95% in FABF, which will invest in fixed income or debt securities denominated primarily in USD and Asian currencies, issued by companies, governments, quasi-governments, government agencies or supranationals in the Asian region.</p>	<p>JACI Investment Grade Total Return Index</p>	<p>Currency risk & decline in value risk.</p> <p>Refer to page 27 for Target Fund's risks.</p>
AGDPF	<p>In FGPF: Min 95%</p> <p>Liquid assets: The balance of up to 5% to meet redemptions.</p>	<p>To invest a minimum 95% of AGDPF's NAV in FGPF, a sub fund of FFML, which will invest in securities of companies engaged in a real estate industry and other real estate related investments from countries such as US, UK, Japan, Australia, Singapore, Germany, Netherlands, among others.</p>	<p>FTSE EPRA/NAREIT Developed Index</p>	<p>Currency risk & decline in value risk.</p> <p>Refer to page 27 for Target Fund's risks.</p>

FUND NAME	ASSET ALLOCATION	INVESTMENT STRATEGY	BENCHMARK	PRINCIPAL RISKS
GLOBAL FUNDS				
AAGTF	<p>In HGTF: Min 95%</p> <p>Liquid assets: The balance of up to 5% to meet redemptions</p>	<p>The Fund will invest in HGTF that invests in diversified portfolio of global emerging markets securities and complimented by an allocation in global fixed-income securities that act as a counterbalance to the equities in the emerging market portfolio. The global bond or global fixed-income related instruments portion of the HGTF will be hedged back to MYR but the global emerging markets equity portion of the HGTF will remain un-hedged in the denominated currency.</p>	<p>70% MSCI Emerging Markets Free Index in USD un-hedged & 30% JP Morgan Govt Bond Index in USD currency-hedged</p>	<p>Currency risk & decline in value risk.</p> <p>Refer to page 28 for Target Fund's risks.</p>

FUND NAME	FINANCIAL YEAR END	RELATIVE RISK PROFILE	INVESTOR PROFILE	DISTRIBUTION POLICY
LOCAL FUNDS				
AFF	31 December	Medium	<ul style="list-style-type: none"> Want a professionally managed portfolio of equity and fixed-income securities; Have a medium to long-term investment horizon of three (3) to five (5) years or more; Want to achieve an adequate level of regular income and capital gain at an acceptable level of risk. 	Income distribution (if any) is incidental.
AVF	31 March	High	<ul style="list-style-type: none"> Willing to adopt a fairly aggressive approach towards investing; Willing to accept a higher level of risk in order to obtain higher growth of capital; Have a medium to long-term investment horizon of three (3) to five (5) years or more. 	Income distribution (if any) is incidental.

FUND NAME	FINANCIAL YEAR END	RELATIVE RISK PROFILE	INVESTOR PROFILE	DISTRIBUTION POLICY
LOCAL FUNDS				
AMF	30 June	Low	<ul style="list-style-type: none"> Require a regular income distribution; Want a professionally-managed portfolio of fixed-income securities and money market securities; Want to protect the purchasing power of wealth against inflation; Have a medium-term investment horizon of one (1) to three (3) years or more. 	Income distribution (if any) will be paid once a year.
ATGF	31 August	High	<ul style="list-style-type: none"> Seek to achieve maximum capital growth by investing in securities of companies under certain preferred industry sectors; Prefer a medium to long-term investment horizon to achieve potentially strong growth prospect; Willing to accept medium to high risk tolerance in order to obtain higher growth of capital. 	Income distribution (if any) is incidental.
AOIF		Medium	<ul style="list-style-type: none"> Seek a stable income stream with potentially higher than the prevailing fixed-deposit rates; Prefer a medium to long-term investment horizon in order to achieve reasonable capital growth; Have a medium degree of risk tolerance. 	Income distribution (if any) will be paid twice a year.
LOCAL SHARIAH-BASED FUNDS				
ADA	30 April	High	<ul style="list-style-type: none"> Seek high capital appreciation over a longer period of time and do not expect any dividend or regular income from investment; Willing to accept moderate to high risk tolerance; Prefer to invest in Shariah-compliant stocks and Shariah-compliant securities. 	Income distribution (if any) is incidental.

FUND NAME	FINANCIAL YEAR END	RELATIVE RISK PROFILE	INVESTOR PROFILE	DISTRIBUTION POLICY
LOCAL SHARIAH-BASED FUNDS				
AIMMF	30 September	Low	<ul style="list-style-type: none"> • Conservative in nature in terms of investment; • Prefer a consistent, reasonable and stable level of return on Shariah-compliant investment; • Prefer a lower level of investment risk; • Have a short-term investment horizon. 	Income distribution (if any) will be paid monthly, by way of reinvestment in the form of additional units.
ADL	30 September	Medium	<ul style="list-style-type: none"> • Have a medium to long-term investment horizon and reasonable risk tolerance; • Prefer to invest in Shariah-compliant stocks and securities. 	Income distribution (if any) is incidental.
GLOBAL FUNDS				
AGEF	31 January	High	<ul style="list-style-type: none"> • Seeking long-term capital growth on investments; • Do not expect any distribution on investment; • Wish to diversify investment portfolio by investing in foreign markets. 	Income distribution (if any) is incidental and will be reinvested in the form of additional units.
AABF		Medium		Income distribution (if any) will be paid once a year, by way of reinvestment in the form of additional units.
AGDPF	30 June	High	<ul style="list-style-type: none"> • Want diversification from a portfolio of global property related securities; • Aim to participate in the growth and securitisation story of global properties; • Want a combination of income and capital appreciation; • Willing to tolerate short-term volatility and risks associated with holding a property markets portfolio for longer term returns; • Aiming for further diversification of an existing investment in local properties; • Looking for further diversification on an existing portfolio of equity and bond funds. 	Income distribution (if any) will be paid once a year, by way of reinvestment in the form of additional units.

FUND NAME	FINANCIAL YEAR END	RELATIVE RISK PROFILE	INVESTOR PROFILE	DISTRIBUTION POLICY
GLOBAL FUNDS				
AAGTF	30 September	High	<ul style="list-style-type: none"> • Would like to participate in the growth story of emerging markets; • Want diversification into a global portfolio; • Able to tolerate short-term volatility and risks associated with emerging market portfolios; • Want indirect exposure to a mixture of global bonds as a hedge to the HGTF's equity portfolio. 	Income distribution (if any) is incidental; and will be reinvested in the form of additional units.

Note: Investors will have their cash distributions reinvested into additional units based on the Fund's NAV per unit on the reinvestment date i.e. for Money Market Funds on the next business day after the declaration of the distribution (ex-date) is made and for other Funds, at the last business day of the second week immediately following the declaration of distribution (the reinvestment date is the date on which the distributions will be credited into the Unit holders' account).

Target Funds' information

FUND NAME	NAME OF TARGET FUND	MANAGER OF TARGET FUND	LOCATION	REGULATORY AUTHORITY	DATE OF ESTABLISHMENT
AGEF Refer to page 50	FGLOE Refer to page 57	FFMC Refer to page 57	Singapore	Monetary Authority of Singapore	15 March 2004
AABF Refer to page 52	FABF Refer to page 57	FFMC Refer to page 57	Singapore	Monetary Authority of Singapore	15 March 2004
AGDPF Refer to page 53	FGPF Refer to page 64	FFML Refer to page 64	Luxembourg	Commission de Surveillance du Secteur Financier	15 June 1990
AAGTF Refer to page 55	HGTF Refer to page 73	HGAM Refer to page 73	Singapore	Monetary Authority of Singapore	21 November 2007

Fees & charges

This table describes the charges that you may **directly** incur when you buy or redeem units of the Funds.

FUND NAME	SALES CHARGE*	REPURCHASE CHARGE/ EXIT FEE	SWITCHING FEE
AFF, AVF, ATGF, AGEF	Manager: Up to 6.50% of the NAV per unit Agents and IUTAs: Up to 6.50% of the NAV per unit EPF investment: Not available	NIL	NIL switching fee. Unlimited switching between Funds.
AMF	Manager: Nil Agents and IUTAs: Nil EPF investment: Nil	Up to 1% of the NAV if Investors exit within a period of one (1) year from the date of investment; except during cooling-off period.	NIL switching fee. Unlimited switching between Funds. Note: Sales Charge may be applicable if switch to AFF, AVF, ATGF, AOIF, ADA, ADL, AGEF, AGDPF & AAGTF.
AABF	Manager: Up to 1% of the NAV per unit Agents and IUTAs: Up to 1% of the NAV per unit EPF investment: Not available	NIL	NIL switching fee. Unlimited switching between Funds. Note: Sales Charge may be applicable if switch to AFF, AVF, ATGF, AOIF, ADA, ADL, AGEF, AGDPF & AAGTF.
AOIF, ADA, ADL	Manager: Up to 6.50% of the NAV per unit Agents and IUTAs: Up to 6.50% of the NAV per unit EPF investment: Up to 3.0% of the NAV per unit	NIL	NIL switching fee. Unlimited switching between Funds.
AIMMF	Manager: Nil Agents and IUTAs: Nil EPF investment: Not available	NIL	NIL switching fee. Unlimited switching between Funds. Note: Sales Charge may be applicable if switch to AFF, AVF, ATGF, AOIF, ADA, ADL, AGEF, AGDPF & AAGTF.

FUND NAME	SALES CHARGE*	REPURCHASE CHARGE/ EXIT FEE	SWITCHING FEE
AGDPF	Manager: Up to 6.50% of the NAV per unit Agents and IUTAs: Up to 6.50% of the NAV per unit EPF investment: Not available	Up to 1% of the NAV if Investors exit within the first six (6) months from the date of investment; except during cooling-off period.	NIL switching fee. Unlimited switching between Funds.
AAGTF	Manager: Not available IUTAs: Up to 6.50% of the NAV per unit EPF investment: Not available		NIL switching fee. Unlimited switching between Funds.

* The maximum Sales Charge to be imposed by each distribution channel (Manager, Agents and IUTAs) during the life of this Master Prospectus.

Investors are advised that they may negotiate for a lower Sales Charge prior to the conclusion of the sales.

The Manager reserves the right to waive or reduce the Sales Charge or the repurchase charge/exit fee from time to time at its absolute discretion.

Switching from Shariah-based Fund to a conventional Fund is discouraged especially for Muslim Unit holders.

This table describes the fees and expenses that you may **indirectly** incur when you invest in the Funds.

FUND NAME	ANNUAL MANAGEMENT FEE	ANNUAL TRUSTEE FEE	MANAGEMENT EXPENSE RATIO (annualised)	TRANSFER FEE & OTHER CHARGES	LIST OF EXPENSES DIRECTLY RELATED TO THE FUNDS
AFF	1.50% of NAV	Scale Rate. Refer to page 132 for details.	1.68%	Custodian fee A custodian fee will be imposed for AFF only . Transfer fee The Manager will not impose any transfer fee.	A list of the expenses directly relating to the Funds are as follows: <ul style="list-style-type: none"> • Audit fee; • Tax agents fee; • Printing & stationery;
AVF	1.50% of NAV	0.10% of NAV, subject to a minimum fee of RM35,000	1.85%		
AMF	1.00% of NAV	0.08% of NAV, subject to a minimum fee of RM18,000	1.89%		

FUND NAME	ANNUAL MANAGEMENT FEE	ANNUAL TRUSTEE FEE	MANAGEMENT EXPENSE RATIO (annualised)	TRANSFER FEE & OTHER CHARGES	LIST OF EXPENSES DIRECTLY RELATED TO THE FUNDS
ATGF	1.50% of NAV	0.07% of NAV	1.92%	Bank charges/fee Bank charges will be imposed when subscription or withdrawals are made.	<ul style="list-style-type: none"> • Bank charges; • Investment Committee fee for independent members; • Lodgment / delivery; • Commission paid to brokers (if any); • Other expenses as permitted by the Deed and Guidelines.
AOIF			1.72%		
ADA	1.50% of NAV	0.07% of NAV	1.63%		
AIMMF	0.375% of NAV	0.07% of NAV, subject to a minimum fee of RM18,000	0.47%		
ADL	1.50% of NAV	0.08% of NAV, subject to a minimum fee of RM18,000	1.81%		
AGEF	1.50% of NAV	0.07% of NAV, subject to a minimum fee of RM18,000 including local custodian fee but excluding foreign sub-custodian fee.	1.67%		
AABF	1.00% of NAV		2.18%		
AGDPF	1.80% of NAV	0.08% of NAV, subject to a minimum fee of RM18,000 including local custodian fee but excluding foreign sub-custodian fee. If Trustee is counter party in the hedge transactions, then an additional 0.03% will be charged for the hedge or security value whichever is higher.	2.45%		
AAGTF	1.80% of NAV	0.08% of NAV, subject to a minimum fee of RM18,000 including local custodian fee but excluding foreign sub-custodian fee.	1.91%		

Note: The Manager reserves the right to waive or reduce the annual management fee from time to time at its absolute discretion.

Other information

The Master Deed and Supplemental Deed entered into between the Manager and the Trustees are as follows:

FUND NAME	DEED	AVENUE FOR ADVICE
AFF	<ul style="list-style-type: none"> • Deed dated 22 December 1995 • Supplemental Deeds dated 8 July 1996, 8 January 1999 and 27 July 2001 	Investors may contact the Manager, the IUTAs or our agents.
AVF	<ul style="list-style-type: none"> • Deed dated 24 January 2000 • Supplemental Deed dated 20 July 2001 	
AMF	<ul style="list-style-type: none"> • Deed dated 27 December 2001 	
ATGF	<ul style="list-style-type: none"> • Deed dated 29 July 2004 	
AOIF		
ADA	<ul style="list-style-type: none"> • Deed dated 25 February 2004 	
AIMMF	<ul style="list-style-type: none"> • Deed dated 30 September 2005 	
ADL	<ul style="list-style-type: none"> • Deed dated 28 September 2007 	
AGEF	<ul style="list-style-type: none"> • Deed dated 19 April 2006 • Supplemental Deed dated 19 April 2010 	
AABF		
AGDPF	<ul style="list-style-type: none"> • Deed dated 22 June 2007 	
AAGTF	<ul style="list-style-type: none"> • Deed dated 27 August 2007 • Supplemental Deed dated 25 August 2008 	Investors may contact the Manager or the IUTAs.

The above Key Data is only a summary of the Funds' salient information. Prospective Investors should read and understand the contents of this Master Prospectus before making an investment decision.

There are fees and charges involved and Investors are advised to consider the fees and charges before investing in the respective Funds.

Unit prices and distributions payable, if any, may go down as well as up. Past performance of the Funds is not an indication of its future performance. For information concerning certain risk factors which should be considered by prospective Investors, see "Risk Factors" commencing on page 23.

RISK FACTORS

General risks of investing in unit trust fund

Any investment carries with it an element of risk. Listed below are some of the risks associated with investing in a unit trust fund. Some of the potential risks can be analysed as follows:

- **Market risk**
Market risk refers to fluctuations in the market due to changes and developments in the economic climate, political stability and technology of the country. This risk will affect the market price of unit trust funds since investors are exposed to market uncertainties, fluctuations in the market caused by the economy, political and social uncertainties. However, the very nature of a unit trust fund mitigates this risk as the fund's investments, which is in a diversified portfolio from different market sectors ensures the fund does not feel the impact too greatly when one sector of the market collapses.
- **Specific stock risk**
Specific stock risk can be associated with the shift in consumer taste, advertising campaigns, lawsuits and competitive industry conditions. It can be minimised by diversifying the fund's investment over more companies in various segments of the economy, which operate independently from one another. Failing to achieve the expected earnings would result in the stock price declining, which in turn will affect the performance of the unit trust fund.
- **Interest rate risk**
Interest rate risk is crucial in a bond/sukuk fund since bond/sukuk portfolio management depends on forecasting interest rate movements. Prices of bonds/demand for sukuk move inversely with interest rates and the degree of sensitivity to interest rates is a function of bond/sukuk maturity and coupon/profit payment as well as the level of interest rates. In the event of rising interest rates, prices of debt securities/demand for bond/sukuk will decrease and vice versa. Corporate profits may be affected by high interest rates, hence affecting the NAV of the unit trust funds. Therefore, interest rate risk should be low for short-term bonds/sukuk, moderate for intermediate term bonds/sukuk and high for long-term bonds/sukuk. As for Shariah-based fund, the interest rate is a general economic indicator that will have an impact on the management of the fund regardless of whether it is a Shariah-based unit trust fund or otherwise. All the investment carried out for Shariah-based fund is in accordance with Shariah requirements.
- **Credit/Default risk**
Investments in bonds/sukuk are subject to the risk that issuers may fail to make interest/profit payments or principal repayments when they fall due. The risk is graded by credit rating agencies that rate the issuer's ability to meet these obligations in a timely manner. Failure to comply with conditions attached to the issue or to make a payment/repayment on time will result in an event of default with serious consequences for the borrower/issuer and loss to the investor. A default by the issuer will result in a fall in the value of bonds/sukuk which ultimately reduce the value of the fund. The lower the rating, the greater the risk that the bond/sukuk issuer will default. All things being equal, the lower a bond's/sukuk's credit rating, the higher its yield should be to compensate investors for assuming higher risk.
- **Counterparty risk**
The Manager may utilize Over the Counter ("OTC") derivatives such as forward contracts to hedge currency risk. The use of these OTC derivatives instruments exposes the fund to risks relating to the credit standing of counterparties and their ability to fulfill the conditions of the contracts when the contracts fall due. The Manager aims to mitigate this risk by transacting only with institutions that have a strong credit standing such as banks.
- **Loan financing risk**
Loan financing risk must be considered carefully when a unit trust investment is financed by a loan. Unit holders should be aware that they may be required to provide additional funds or security to meet loan margins if the value of their investment goes down. Therefore, the Unit holder will have to bear the additional responsibility and cost of financing of the loan. Failure to provide funds to cover the margin will result in action being taken by the financier in accordance with the loan agreement. Shariah-based unit trust fund's investors are advised to seek for Islamic financing to finance their acquisition.
- **Liquidity risk**
Liquidity risk may be defined as the difficulty of selling components of an investment portfolio at or near its fair value. This risk depends on the volume of the particular security traded on the market. Investments in bonds/sukuk generally carry a higher degree of liquidity risk than investments in listed stocks and shares. For mitigation purposes, the foreign fund manager will attempt to balance the entire portfolio by investing in a mix of

bonds which have good credit ratings and satisfactory trading volume. This is expected to reduce the liquidity risk of the Fund.

- **Inflation risk**
Inflation reduces the purchasing power of money. Therefore, in an inflationary environment, there is a possibility that income or proceeds from fixed-income securities/bonds/sukuk may not be able to keep up with the inflation.
- **Management company risk**
Management company risk arises when the management company does not adhere to the investment mandate of the fund. However, this risk is reduced by the presence of the trustee, whose duty is to provide an oversight function that the manager complies with the investment mandate.
- **Distribution risk**
It is not the policy of the manager to guarantee the investment returns or distribution payout to investors. In addition, the past performance of a fund is not indicative of its future performance.
- **Non-compliance risk**
Non-compliance risk refers to non-conformity on the part of the Manager of a fund with laws, rules and regulations, internal policies and procedures or work ethics standards which exist to safeguard the interest of the Unit holders. Breach of compliance could arise from a number of reasons including changes in law. This risk is reduced by constant monitoring by the Manager's compliance unit.
- **Country risk**
The prices of securities may be affected by the political and economic conditions of the country in which the securities are issued. Careful consideration shall be given to risk factors such as liquidity, political and economic environment before any investments are made in a foreign country.
- **Foreign exchange risk/Currency fluctuation risk**
The fund's assets and liabilities may be denominated in currencies different to the Base Currency and may be affected favourably or unfavourably by exchange control regulations or changes in the exchange rates between the Base Currency and other currencies. Changes in currency exchange rate may influence the value of the target fund shares, the dividends or interest earned and the gains and losses realised. Exchange rates between currencies are determined by supply and demand in the currency exchange markets, the international balance of payments, government intervention, speculation and other economic and political conditions.
- **Political, regulatory and legal risk**
The investment of the fund may be adversely affected by political instability as well as exchange control, changes in taxation, foreign investment policies and other restrictions and controls which may be imposed by the relevant authorities in the relevant countries.
- **Emerging markets risk**
Investments in some emerging markets may be more volatile than those in developed countries. The prices of investments are influenced by economic and political conditions and interest rates. Some of these investments may be less liquid and the limited liquidity in these markets may therefore affect a fund's ability to acquire or dispose securities at the price and the time it desires.
- **Derivatives risk**
Investment in derivatives for hedging purposes or for efficient portfolio may be subject to risks associated with such derivatives investments. Investments in derivatives may require the deposit of initial margin and additional deposit of margin on short notice within the prescribed time.
- **Decline in value risk**
The risk that the value of the securities/instruments of the fund we feed into, i.e the feeder fund(s) invests in may go up or down. These price changes could cause an impact to the NAV of the feeder fund(s).
- **Fraudulent securities risk**
It is possible that purported securities in which the funds invest may be found to be fraudulent and as a consequence, the funds may suffer losses.

Specific risks associated with the Funds

FUND NAME	MARKET RISK	SPECIFIC STOCK RISK	INTEREST RATE RISK	CREDIT/DEFAULT RISK	CURRENCY RISK	LIQUIDITY RISK	COUNTRY RISK	DIVIDEND POLICY RISK	RECLASSIFICATION OF SHARIAH STATUS RISK	DECLINE IN VALUE RISK
LOCAL FUNDS										
AFF	√	√	√	√	√	√	√			
AVF	√	√			√	√	√			
AMF	√	√	√	√		√				
ATGF	√	√	√	√	√	√	√			
AOIF	√	√	√	√		√		√		
LOCAL SHARIAH-BASED FUNDS										
ADA	√	√	√	√		√			√	
AIMMF			√	√		√				
ADL	√	√	√	√		√			√	
GLOBAL FUNDS										
AGEF*					√					√
AABF*					√					√
AGDPF*					√					√
AAGTF*					√					√

* For global funds, please refer to the specific risks at the Target Fund level on the next page.

Specific risks associated with the Target Funds

For **FGLOE**:

- **Political, regulatory and legal risk**

The value of the underlying assets of FGLOE may be affected by uncertainties such as international political developments, changes in government policies, taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of countries in which investments may be made. Furthermore, it should be noted that the legal infrastructure and accounting, auditing and reporting standards in certain countries in which investments may be made do not provide the same degree of investor protection or information to investors as would generally apply in major securities markets.

- **Currency risk**

Where investments are made by FGLOE in the form of foreign currency denominations, investors should be aware that an appreciation of the Singapore Dollar against the currencies of other countries adversely affects the returns from investments in those countries when converted back into Singapore Dollars. Conversely, a depreciation of the Singapore Dollar against the currencies of other countries adds to the returns from investments in those countries when converted back into Singapore Dollars. In the management of FGLOE, the Managers adopt an active currency management approach. As such, the foreign currency exposure of FGLOE may not be fully hedged.

- **Derivatives risk**

Unless otherwise specified, the Managers of FGLOE may use Futures Derivative Instruments ("FDIs") (which may include, but are not limited to, options on securities, over-the-counter ("OTC") options, interest rate swaps, credit default swaps, futures, currency forwards, contract for difference, credit derivatives or structured notes such as credit-linked notes, equity-linked notes and index-linked notes) to a limited degree and only where the relevant investment guidelines permit.

The successful use of such instruments depends on the ability to accurately predict movements in stock prices, interest rates, currency exchange rates or other economic factors and the availability of liquid markets. If the relevant portfolio manager's prediction is incorrect, or if the FDIs do not work as anticipated, FGLOE could suffer greater losses than if FGLOE had not used the FDIs. While some strategies involving FDIs can reduce the risk of loss, they can also reduce the opportunity for gain or even result in losses by offsetting favourable price movements in other investments.

If OTC derivatives are used, there is an increased risk that the counterparty may fail to perform under its contractual obligations. Risks are also greater for instruments not traded on a recognised market, which are afforded less protection than that which may otherwise apply to participants trading futures or options on organised exchanges, such as the performance guarantee of an exchange clearing house.

Investments in OTC instruments may be illiquid and are sometimes subject to larger spreads than exchange-traded derivative instruments. Participants in such OTC markets are typically subject to less regulatory oversight than members of exchange-based markets. Therefore, the use of OTC instruments may increase volatility in the value of FGLOE and may increase FGLOE's counterparty and settlement risks. Although the Managers will endeavour to ensure that the OTC transactions are governed by standardised documentation produced by the International Swaps and Derivatives Association ("ISDA"), there is no guarantee that this will be achieved. Further, transactions entered under an ISDA agreement may be subject to cross-product obligations, payment and collateral netting provisions, events of default provisions, no-fault termination events and other provisions, which may subject FGLOE's OTC transactions to early termination. If such provisions are triggered, FGLOE may incur losses and the close-out and valuation procedures provided under the ISDA agreement do not always function well, particularly in adverse market conditions.

Warrants on securities or on any other financial instrument, offer a significant leveraging effect, but are characterised by a high risk of depreciation.

Investments in FDIs may require the deposit of an initial margin and additional deposits of margin on short notice if the market moves against the investment positions. If no provision is made for the required margin within the prescribed time, FGLOE's FDI investments may be liquidated at a loss.

Other risks in using FDIs include the risk of mispricing or improper valuation of FDIs and the inability of FDIs to correlate perfectly with underlying assets, rates and indices. Many FDIs, in particular privately negotiated FDIs, are complex and often valued subjectively. Improper valuations can result in increased cash payment requirements to counterparties or a loss of value to FGLOE. Also, the value of FDIs may not correlate perfectly, or at all, with the value of the assets, reference rates or indices they are designed to closely track. In addition, the

use of FDIs may cause FGLOE to realise higher amounts of short-term capital gains (generally taxed at ordinary income tax rates) than if FGLOE had not used such instruments.

- **Emerging markets risk**

Investments in emerging markets and some Asian markets may be more volatile than those in developed countries. The prices of investments in these markets may be influenced by economic and political conditions and interest rates. Some of these investments may be less liquid and the limited liquidity in these markets may therefore affect the Managers' ability to acquire or dispose of securities at the price and time they desire. There may be state regulations governing the outward remittance by foreign investors of their share of net profits and dividends and the repatriation of their investments in a foreign currency. Many of the emerging markets and some of the Asian markets may not have well-developed consolidated bodies of securities laws and regulatory frameworks. Disclosure and regulatory standards in these countries may be less stringent than those in developed markets. Accounting, auditing and financial standards and requirements may not have been established in some respects or may differ significantly from international standards and as a result, information on the company's accounts may not be an accurate reflection of its financial strength.

The value of the securities in which FGLOE intends to invest in will fluctuate depending upon the general trend of the stock market and the prevailing interest rates. The economic development of the countries in which FGLOE will invest in will have an impact on the value of the securities acquired. The value of FGLOE will be affected by such changes in market conditions and interest rates.

- **Risks associated with income for distribution**

Investors should note that the income for the FGLOE (if any) will be distributed to Holders at the absolute discretion of the Managers of FGLOE. Sources of income for distribution include dividend derived from the securities of companies in which FGLOE invests. Such dividend and/or interest income may be adversely affected by events such as the relevant companies suffering unexpected losses or having lower than expected earnings or paying lower than expected dividends. The Managers of FGLOE have no current intention to make any income distributions.

For **FABF**, the specific risks include those of FGLOE and the following:

- **Interest rate risk**

Investments in debt securities are subject to interest rate fluctuations. In general, the prices of debt securities rise when interest rate falls, and fall when interest rate rises. The longer the term of a fixed-income instrument, the more sensitive it will be to fluctuations in value from interest rate changes.

- **Liquidity risk**

The Managers of FABF anticipate some liquidity risk in the Singapore fixed-income markets owing to the portfolio size of the Fund relative to the size of the markets. Liquidity may restrict the ease with which such securities may be bought or sold.

- **Credit risk**

Investments in debt securities are subject to credit risk where some issuers may be unable to meet their financial obligations, such as payment of principal and/or interest on an instrument. In addition, an issuer may suffer adverse changes in its financial condition that could lower the credit quality of a security, leading to greater volatility in the price of the security and in the value of the FABF investment. A change in the quality rating of a bond or other security can also affect the security's liquidity and make it more difficult to sell.

For **FGPF**, it has significant exposure to REITs. Real estate values appreciate and depreciate in response to a variety of factors including local, regional and national economic conditions, interest rates and tax considerations. When economic growth is slow, demand for properties decreases and prices may decline.

Property values may decrease due to overbuilding, anticipated increase in property taxes and operating expenses, changes in regional/global zoning laws, environmental regulations or hazards, uninsured casualty or condemnation losses or general decline in neighbourhood values.

Other specific risks are:

- **Cyclical nature of property values**

The value of property prices are based on economic and social conditions that FGPF is invested in and could subsequently impact FGPF's NAV.

- **Property tax**
Any increase or indication that property taxes could be increased may have a detrimental impact to the income revenue and subsequently impact FGPF's NAV and income distribution.
- **Changes in zoning laws**
Any material changes in statutory zoning requirements in the countries that FGPF is invested in, could have an adverse and material impact to FGPF's NAV.
- **Statutory cap on rental**
Any changes that impact the quantum scale or ceiling rate imposed on rented properties related to FGPF, may adversely impact FGPF's NAV and income distribution.
- **Depreciation of value in buildings over time**
As per accepted accounting conventions, the book value of properties generally has a scheduled depreciation, established over a period of time and could impact the book value of assets of FGPF and subsequently make an adverse impact on FGPF's NAV.

For **HGTF**, the specific risks are as follows:

- **Emerging markets sector risk**
As a result of the special risks associated with investing in emerging markets, the HGTF which invests in such securities should be considered speculative. Investors are advised to consider carefully the special risks of investing in emerging market securities. Economies in emerging markets generally are heavily dependent upon international trade and accordingly, have been and may continue to be affected adversely by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been and may continue to be affected adversely by economic conditions in the countries in which they trade.

Brokerage commissions, custodial services and other costs relating to investment in emerging markets generally are more expensive than those relating to investment in more developed markets. Lack of adequate custodial systems in some markets may prevent investment in a given country or may require a fund to accept greater custodial risks in order to invest, although the custodian will endeavour to minimise such risks through the appointment of correspondents that are international, reputable and creditworthy financial institutions. In addition, such markets have different settlement and clearance procedures. In certain markets, there have been times when settlements have been unable to keep pace with the volume of securities transactions, making it difficult to conduct such transactions. The inability of the HGTF to make intended securities purchases due to settlement problems could cause it to miss attractive investment opportunities. Inability to dispose of a portfolio security caused by settlement problems could result either in losses to the HGTF due to subsequent declines in value of the portfolio security or if the HGTF has entered into a contract to sell the security, could result in potential liability to the purchaser.

The risk also exists that an emergency situation may arise in one or more developing markets as a result of which trading of securities may cease or may be substantially curtailed and prices for the HGTF securities in such markets may not be readily available. Investors should note that changes in the political climate in emerging markets may result in significant shifts in the attitude to the taxation of foreign investors. Such changes may result in changes to legislation, the interpretation of legislation or the granting of foreign investors the benefit of tax exemptions or international tax treaties. The effect of such changes can be retrospective and can (if they occur) have an adverse impact on the investment return of the investors so affected.

Investors in emerging markets funds should be aware of the risk associated with investment in Russian equity securities. Markets are not always regulated in Russia and at the present time, there are a relatively small number of brokers and participants in these markets and when combined with political and economic uncertainties, this may temporarily result in illiquid equity markets in which prices are highly volatile.

Hence, the HGTF will only invest up to 10% of it's NAV directly in Russian equity securities (except if they are listed on the RTS Stock Exchange, on the Moscow Interbank Currency Exchange in Russia and any other regulated markets in Russia, which would further be recognised as such by the Luxembourg supervisory authority) while the HGTF will invest in American, European and Global Depositary Receipts, ADRs, EDRs or GDRs, where underlying securities are issued by companies domiciled in the Russian Federation and then traded on a Regulated Market outside Russia, mainly in the USA or Europe. By investing in ADRs, EDRs and GDRs, the fund expect to be able to mitigate some of the settlement risks associated with the investment policy, although other risks, i.e. the currency risk exposure, shall remain.

- **Credit risk**

Credit risk is more pronounced for investments in fixed-income securities that are rated below investment grade, or which are of comparable quality. The risk of default may be greater and the market for these securities may be less active, making it more difficult to sell the securities at reasonable prices. It also makes valuation of the securities more difficult. The HGTF may incur additional expenses if an issuer defaults and the HGTF tries to recover some of its losses in bankruptcy or other similar proceedings.

The above should not be considered to be an exhaustive list of the risks which investors should consider before investing in the HGTF. Investors should be aware that an investment in the HGTF may be exposed to other risks of an exceptional nature from time to time.

Risk management

The respective Funds have implemented several risk management measures in relation to the Funds' portfolio management. The Manager will take the following measures in order to minimise the risk that is associated with the Funds:

- **Market risk, currency risk and interest rate risk**

The primary responsibility for the management of these risks is vested with the Manager. The Manager will manage these risks by conducting a thorough and detailed analysis of such risks with the assistance of its investment personnel. The Investment Committee will also constantly review the Funds' asset allocation strategy, followed by active portfolio rebalancing to further minimise these risks. The Manager will regularly monitor all investments, including derivatives of the Funds.

- **Specific stock risk**

This risk will be mitigated through diversification by investing in a wide range of securities from different industries.

- **Liquidity risk**

The Manager will be able to reduce this risk by taking greater care in stock selection and diversification by minimising illiquid stocks from the portfolio.

- **Dividend policy risk**

This risk will be mitigated by investing mainly in companies with consistent historical record of paying dividends, companies operating in fairly stable industries or companies with strong cash flow.

Management of specific risks

Local funds

For **AFF**:

Market risk, currency risk and interest rate risk will be managed through detailed analysis conducted by the Manager's investment professionals.

The specific stock risk may be greatly reduced through diversification. The Manager's expertise in proper research prior to sector and stock selection by adopting defensive stock selection strategies will also help to reduce this risk. The country risk will be mitigated by investing into various Asia Pacific markets.

Liquidity risk will be reduced by taking greater care in stock selection, diversification and minimising illiquid stocks in the portfolio. The Investment Committee will also constantly review the Fund's asset allocation strategy, followed by active portfolio rebalancing to further minimise the risks.

Credit risk will be reduced through rigorous and disciplined credit analysis besides spreading investment over many bond issues.

For **AVF**:

Actively monitor and manage the asset allocation to ensure there is minimum negative impact from any adverse market movements. For liquidity risk, the Manager will be able to reduce this risk by taking greater care by minimising illiquid stocks in the portfolio.

The market and specific stock risks will be managed by investing in a well diversified portfolio of securities from different sectors. The country and currency risk will be mitigated by investing into various Asia Pacific markets and will be managed through detailed analysis conducted by the Manager's investment professionals.

For **AMF**:

Careful selection of the securities and money market instruments, which the Fund invests, ought to minimise the equity risk. The Investment Committee will constantly review the Fund's asset allocation strategy, followed by active portfolio rebalancing to further minimise the risk.

Credit risk will be managed through rigorous and disciplined credit analysis. Diversification of the bond portfolio over several industrial sectors will reduce the risk related to any particular sector. Articles in the media and credit rating by the rating agencies will be closely monitored for prospective changes in credit ratings.

Interest rate risk is actively managed by duration targeting based on the interest rate outlook. The credit risk, specific stock risk and market risk are minimised through investing in a well diversified and wide range of companies in different sectors, which function independently from one another.

Liquidity risk will be reduced by taking greater care in bonds and other fixed-income instrument selection, diversification and minimising illiquid bonds in the portfolio.

For **ATGF**:

Market risk, currency risk and interest rate risk will be managed through detailed and thorough analysis conducted by the Manager's investment personnel. The Investment Committee will constantly review the Fund's asset allocation strategy, followed by active portfolio rebalancing to further minimise risk.

Specific stock risk will be mitigated through diversification by investing in a wide range of securities from different industries.

Liquidity risk will be reduced by taking greater care in stocks selection, diversification and minimising illiquid stocks in the portfolio. The country risk will be mitigated by investing into various Asia Pacific markets.

Credit risk will be reduced through rigorous and disciplined credit analysis besides spreading investment over many bond issues.

For **AOIF**:

Market risk and interest rate risk will be managed through detailed and thorough analysis conducted by the Manager's investment professional. The Investment Committee will also constantly review the Fund's asset allocation strategy, followed by active portfolio rebalancing to further minimise risk.

Specific stock risk will be mitigated through diversification by investing in a wide range of securities from different industries.

Credit risk will be reduced through rigorous and disciplined credit analysis besides spreading investment over many bond issues.

For liquidity risk, the Manager will be able to reduce this risk by taking greater care in stock selection, diversification and minimising illiquid stocks in the portfolio.

Dividend policy risk can be mitigated through investing mainly in companies with consistent historical record of paying dividends, companies operating in fairly stable industries or companies with strong cash flow.

Local Shariah-based funds

For **ADA**:

Market risk, specific stock risk, interest rate risk and credit risk will be managed through the conduct of fundamental analyses of economic, social and political factors on a local and global basis to evaluate the likely effects on the performance of Shariah-compliant equities. Sukuk are screened for the underlying fundamentals before arriving at the final selection for a model portfolio, which serves as the guide for investment in the Fund.

Liquidity risk will be reduced by taking greater care in Shariah-compliant stocks selection, diversification and minimising illiquid Shariah-compliant stocks in the portfolio. For overall Fund's portfolio, risk is further controlled by strict diversification on both sector and Shariah-compliant stock picks. The Manager will be guided by the SC Guidelines and restrictions that are imposed internally where the management of the Fund is concerned.

Investment in sukuk by the Fund entails various risks as mentioned above. While these risks may not be entirely negated, they may be reduced. The Manager expects that by practising diversification of the investments of the Fund and careful selection of Shariah-compliant stocks and monitoring for changes to the operating environment, the risks of investing shall be reduced.

For **AIMMF**:

Credit risk will be managed through rigorous and disciplined credit analysis. Diversification of the Islamic money market and sukuk portfolio over several industrial sectors will reduce the risk related to any particular sector. Articles and credit rating by the rating agencies will be closely monitored for prospective changes in credit ratings.

Credit risk will be mitigated by investing in a wide range of companies in different sectors.

Since the nature of the investments is short-term, exposure to interest rate risk and liquidity risk are minimal.

For **ADL**:

Market risk and interest rate risk will be managed through detailed and thorough analysis conducted by the Manager's investment professional.

The specific stock risk may be greatly reduced through diversification. The Manager's expertise in proper research prior to sector and Shariah-compliant stock selection by adopting defensive Shariah-compliant stock selection strategies will also help to reduce this risk.

Liquidity risk will be reduced by taking greater care in Shariah-compliant stock selection, diversification and minimising illiquid Shariah-compliant stocks in the portfolio. The Investment Committee will also constantly review the Fund's asset allocation strategy, followed by active portfolio rebalancing to further minimise the risks.

Credit risk will be mitigated by investing in a wide range of companies in different sectors.

Note: for ADA & ADL

Reclassification of Shariah status risk

This risk refers to the risk that the currently held Shariah-compliant investments in the portfolio of Shariah-based funds may be reclassified to be Shariah non-compliant. The SACSC may reclassify any Shariah-compliant securities in the periodic review of the securities. If this occurs, the value of the funds may be adversely affected where the Manager will take the necessary steps to dispose of such securities.

Global funds

For **AGEF, AABF, AGDPF & AAGTF**, the management of specific risk is carried out at the Target Fund level. Please refer to **page 26**.

The abovementioned risks, which investors should consider before investing into a fund, should not be considered to be an exhaustive list. Investors should be aware that investment in a fund may be exposed to other risks of an exceptional nature from time to time.

THE FUNDS' PROFILE

LOCAL FUNDS

Alliance First Fund ("AFF")

Category/Type of fund	The AFF is a balanced/income and growth fund, which invests in both equities as well as fixed-income securities to provide capital appreciation and a meaningful level of income to its investors. By adopting a balanced approach, its volatility is expected to be lower than wholly equity funds as a large portion of the Fund's assets are being invested in fixed-income securities such as money market deposits, corporate bonds and loan stocks.
Investment objective	The Fund's investment objective is to provide medium to long-term investors with a reasonable level of income and capital growth. * Any material changes to the investment objective of the Fund would be subject to the Unit holders' approval.
Investor profile	<ul style="list-style-type: none"> • Wants a professionally managed portfolio of equity and fixed-income securities; • Has a medium to long-term investment horizon of three (3) to five (5) years or more; <ul style="list-style-type: none"> • Wants to achieve an adequate level of regular income and capital gain at an acceptable level of risk.

Investment policy and strategy

The strategic limit on asset allocation of the Fund is as follows:

Equities	-	Minimum 40% & Maximum 60%
Fixed-income securities & Liquid assets	-	Minimum 40% & Maximum 60%

The process begins with a top-down view for asset allocation decisions and a bottom-up view for stock selection.

The asset allocation strategy is dependent on the state of the macro picture as perceived by the Manager after going through a strict investment process to review the outlook of the economy, stock and money markets over the medium to long-term horizon. This entails relevant analysis on economy and business statistics in order to produce forecasts for stock market and interest rates directions. The Manager adopts an active asset allocation policy and will time the investment strategies to suit market developments and global economic conditions. Where necessary, the Manager will switch the asset allocation appropriately between equities, bonds and money market instruments.

The above asset allocation policy of the Fund may be reviewed from time to time based on the general market and economic situations. The Manager may take temporary defensive positions that may be inconsistent with the Fund's principal strategy in attempting to respond to adverse market conditions, economic or political market conditions. This defensive position may take the form of holding significantly higher amount of liquid assets/cash and/or money market instruments and the Manager may also invest in equities which consist of stocks that provide stable earnings and regular dividend. The Manager will then decide on the best appropriate asset allocation strategy and reallocate the Fund's equity investment into other more defensive investments. The weighting for equity investments then may be scaled down to not less than 20% of the Fund's NAV.

For **equity securities**, the Manager adopts a bottom-up approach in selecting equities after having ascertained the direction of the economy. Portfolio construction will focus on the category of stocks, which will benefit most from the Manager's view of the market. In order to enhance returns to the Fund, the Manager will conduct fundamental analysis on potential investable companies to determine the suitability of the investment. Information can be obtained from regular company visits and participation in various industry presentations and stockbrokers forums. Apart from stocks picks, the Manager will also actively monitor industry trends, earnings revision trends and financial performances of companies which the Fund has interest in, so that appropriate investment decisions can be made.

Accordingly, some of the important investment criteria for stocks selections are as follows:

- High earnings per share growth potential;
- Low price earnings to growth ratio;
- Strong balance sheets;

- Cash flows and gearing levels;
- Relatively high dividend yield;
- Focused management team and its track records; and
- Sustainable financial performance.

The Fund has diversified its investments into foreign markets. It has also been permitted by the SC to invest in securities traded on the stock exchanges in the Asia Pacific region. As such, the Fund intends to invest up to 50% of the total aggregate value of the funds or any other limit imposed by Bank Negara Malaysia (“BNM”) from time to time in securities of approved Asia Pacific markets such as Hong Kong, Japan, Indonesia, Philippines, Thailand, Singapore, Taiwan, South Korea, Australia, China, India and New Zealand. The Manager may also invest directly in equities and bonds and/or may invest through other collective investment schemes, which will complement the Fund’s investment objectives.

The Manager will only make an investment in collective investment schemes if those investment objectives complement the objective of the Fund and enhance the Fund’s return.

To mitigate risks, the Manager may also invest (when necessary) in futures and options contracts to hedge against market volatility and protect the Fund’s value. Futures contract will only be used to hedge against the Fund’s equity exposure from any unexpected price movements in the underlying market and to hedge against any opportunity loss arising from its non-equity or bond investments.

For **fixed-income securities**, the Fund will at all times place/invest its non-equity investments in money market deposits, Malaysian Government Securities (“MGS”) and a diversified portfolio of corporate bonds (listed or unlisted) rated at least “BBB” by RAM or other approved rating agencies. The fundamental investment process for the fixed-income investments is mainly driven by the interest rate outlook over the medium to long-term horizon. The Manager will from time to time, review the economic and interest rates outlook to determine the appropriate duration for the bond investments. Regular review on credit ratings of bond investments are conducted to seek for potential upgrades and avoid potential downgrades of bond investments to achieve better returns for the Fund.

Accordingly, some of the important investment criteria or principal valuations measures for selections of fixed-income securities are as follows:

- Issuer’s financial position and gearing levels;
- Issuer’s cash flow quality;
- Issue’s expected future cash flow and repayment ability;
- Industry outlook;
- Duration and interest rates sensitivity analysis;
- Yield to maturity;
- Yield to first call;
- Ratings by RAM/MARC; and
- Other applicable measures as and when necessary.

The Manager may from time to time decide on hedging the bond investments against interest rate movements using interest rates swaps. Hedging with interest rates swap would be effective in an aggressive interest rate hikes environment.

Liquid assets

The Fund would have a minimum level of liquid assets set at 5% of the Fund’s NAV to enable the repurchase of units, which may be reviewed from time to time by the Investment Committee and is subject to the approval of the Trustee. However, this does not preclude the Fund from increasing the liquid asset levels beyond the stipulated level to allow the Manager to react to the prevailing market conditions and manage investment risks when necessary.

Benchmark

A selected benchmark is used by the Manager to measure the relative performance of the Fund. The benchmark used will be 60% of the FBM KLCI and 40% of the current Malayan Banking Berhad (“Maybank”) twelve (12)-month fixed-deposit rate.

The performance of this Fund cannot be compared directly with any specific publicly available benchmark such as FBM KLCI or FTSE Bursa Malaysia Emas Index as the Fund is a balanced fund where investment in equities and fixed income securities are each restricted to a maximum of 60%. The combination in the benchmark is in line with the investment strategy of the Fund as stated in page 32.

For information on the FBM KLCI benchmark of the Fund, investors may refer to the Bursa Malaysia website at www.bursamalaysia.com.my while the Maybank twelve (12)-month fixed-deposit rate is obtainable at www.maybank2u.com.my.

Alliance Vision Fund (“AVF”)

Category/Type of fund	The AVF is an equities/growth fund, which invests a large portion of the Fund's assets in stocks with market capitalisation not exceeding RM1 billion. This is because small-capital companies have the opportunities to provide higher capital appreciation as well as to grow at a faster rate but on the other hand, the share prices of such companies tend to be more volatile and hence involves a higher risk.
Investment objective	The Fund's investment objective is to provide Unit holders with medium to long-term capital growth. * Any material changes to the investment objective of the Fund would be subject to the Unit holders' approval.
Investor profile	<ul style="list-style-type: none"> • Willing to adopt a fairly aggressive approach towards investing; • Willing to accept a higher level of risk in order to obtain higher growth of capital; • Has a medium to long-term investment horizon of three (3) to five (5) years or more.

Investment policy and strategy

The strategic limit on asset allocation of the Fund is as follows:

Equities - Minimum 70% & Maximum 95%

- Maximum 65% of the Fund's NAV will be invested in smaller capitalised companies with market capitalisation not exceeding RM1 billion at the time of purchase.
- Maximum 30% of the Fund's NAV will be invested in larger capitalised companies with market capitalisation exceeding RM1 billion at the time of purchase.

Fixed-income securities & Liquid assets - Minimum 5% & Maximum 30%

The process begins with a top-down view for asset allocation decisions and a bottom-up view for stock selection.

The asset allocation strategy is dependent on the state of the macro picture as perceived by the Manager after going through a strict investment process to review the outlook of the economy, stock and money markets over the medium to long-term horizon. This entails relevant analysis on economy and business statistics in order to produce forecasts for stock market and interest rates directions. The Manager adopts an active asset allocation policy and will time the investment strategies to suit market developments and global economic conditions. Where necessary, the Manager will increase / decrease the equity exposure appropriately between equities, bonds and money market instruments. The equity exposure of the Fund is expected to be within 60% to 95% in normal economic and investment circumstances.

The above asset allocation policy of the Fund may be reviewed from time to time based on the general market and economic situations. The Manager may take temporary defensive positions that may be inconsistent with the Fund's principal strategy in attempting to respond to adverse market conditions, economic or political market conditions. This defensive position may take the form of holding a significantly higher amount of liquid assets/cash and/or money market instruments and the Manager may also invest in equities which consist of stocks that provide stable earnings and regular dividend. The Manager will then decide on the best appropriate asset allocation strategy and reallocate the Fund's equity investment into other more defensive investments. The weighting for equity investments then may be scaled down to not less than 20% of the Fund's NAV.

For **equity securities**, the Fund will invest primarily in the common stocks of Malaysian companies that have the potential to grow steadily. In the selection process, the Manager will consider the price, risk, growth prospects, management quality, competitive position and prospects for investment return. The Manager will preferably concentrate on companies with the following characteristics:

- Focused and competent top management;

- Comparatively low gearing;
- Markets leaders in growing industries, with significant competitive advantages;
- High earning growth potential;
- Low stock valuation in relation to book values and earnings.

The Manager will conduct both on site company visits and financial analysis to determine the suitability of potential investments. In addition, the Manager will also take advantage of any special situation and mispricing opportunities in the market place. These opportunities generally represent short to medium-term inefficiencies in the market that are subsequently corrected to its fair value over the longer term.

Companies offering the best growth prospects over the longer term horizon tend to be small to medium-sized companies. Hence, to achieve the Fund's objective of attaining maximum capital growth in the long-term, the Fund's portfolio will have a significantly higher equities exposure in companies with market capitalisation of not more than RM1 billion at the time of purchase and above-average earnings growth.

While the Fund's primary objective is to invest in small to medium-sized companies, which would potentially realise faster earnings growth than the overall market, investments will also be made in larger capitalised companies with good earnings, growth prospect and attractive valuations. Depending on the view taken on the market, the Manager may reallocate the equity mix between the small-cap and larger cap stocks with the aim to enhance the Fund's return. For example, the Manager has the option to raise its larger cap stocks to a maximum of 30% of the Fund's NAV to take advantage of a rise in larger cap stocks, while maintaining between 30% and 65% of NAV in small-cap stocks. Similarly, the Manager may also have the option to scale down the larger cap stocks to zero while maintaining 60% of the Fund's NAV in the smaller cap stocks.

Below is an illustration on combination of equity mix between the small-cap and large-cap stocks in a bearish and bullish market.

Market view	Bearish	Bullish
Small-caps	30% - 70 % of the Fund's NAV	65% of the Fund's NAV
Large-caps	0% - 30 % of the Fund's NAV	30% of the Fund's NAV
Total equity exposure	70% (minimum) of the Fund's NAV	95% (maximum) of the Fund's NAV

The Fund has been permitted by the SC to invest in securities traded on the stock exchanges in the Asia Pacific region. As such, the Fund is allowed to invest up to 50% of the total aggregate value of the funds under management, or any other limit imposed by BNM from time to time in securities of approved Asia Pacific markets such as Hong Kong, Japan, Indonesia, Philippines, Thailand, Singapore, Taiwan, Australia, South Korea and China. The Manager may decide to invest directly in equities or bonds and/or may invest through other collective investment schemes, which will enhance the return of the Fund (only if it is cost effective) and complement the Fund's investment objectives.

To mitigate risks, the Manager may also invest (when necessary) in futures and options contracts to hedge against market volatility and protect the Fund's value. Futures contract will only be used to hedge against the Fund's equity exposure from any unexpected price movements in the underlying market and to hedge against any opportunity loss arising from its non-equity or bond investments.

The Manager will ensure that any funds not invested in equities or equity-related securities will be invested in fixed-income securities and money market instruments.

Liquid assets

The Fund would have a minimum level of liquid assets set at 5% of the Fund's NAV to enable the repurchase of units, which may be reviewed from time to time by the Investment Committee and is subject to the approval of the Trustee. However, this does not preclude the Fund from increasing the liquid asset levels beyond the stipulated level to allow the Manager to react to the prevailing market conditions and manage investment risks when necessary.

Benchmark

A selected benchmark is used by the Manager to measure the relative performance of the Fund. The benchmark used is the FTSE Bursa Malaysia Emas Index ("FTSE Emas").

For information on the Fund's benchmark, investors may refer to the Bursa Malaysia website at www.bursamalaysia.com.my.

Alliance Moneyplus Fund (“AMF”)

Category/Type of fund	The AMF is a fixed-income/income and growth fund, which invests mainly in money market instruments and fixed-income securities.
Investment objective	The AMF seeks to maximise total returns by investing primarily in money market securities and other fixed-income securities, which provide current income, capital appreciation or a combination of both income and capital appreciation. * Any material changes to the investment objective of the Fund would be subject to the Unit holders' approval.
Investor profile	<ul style="list-style-type: none"> • Require regular income distribution; • Want a professionally-managed portfolio of money market instruments and fixed-income securities; • Want to protect the purchasing power of wealth against inflation; • Have a medium-term investment horizon of one (1) to three (3) years or more.

Investment policy and strategy

The strategic limit on asset allocation of the Fund is as follows:

Fixed-income securities & Liquid assets	-	Minimum 90% & Maximum 100%
Equities & Equity-related securities	-	Minimum 0% & Maximum 10%

The Fund shall normally invest in the following fixed-income securities:

- Fixed-income securities with a minimum rating of P3 or MARC-3 or equivalent for short-term issues;
- Fixed-income securities with a minimum rating of BBB or equivalent for long-term issues;
- Securities issued or guaranteed by Malaysia's Federal Government, BNM or other related Malaysian government agencies or any State Government of Malaysia;
- Securities/instruments issued or guaranteed/endorsed by the banks or other licensed financial institutions deposits with banks or government other licensed financial institutions;
- If a rated corporate issue is downgraded to below the minimum rating of local short-term rating of P3 or MARC-3 or equivalent, or the local long-term rating of BBB or equivalent and it causes the investment limit to be breached, the Manager should use his best efforts to dispose of the holdings before maturity, failing which, it shall be held to maturity.

The Fund may invest up to a maximum of 10% of the Fund's NAV in equities and/or equity-related securities.

For **fixed-income securities**, the Fund seeks to achieve its objectives by investing primarily in fixed-income securities and other money market instruments of investment grade. The fundamental investment process for the fixed-income investments is mainly driven by the interest rate outlook over the medium to long-term horizon. The Manager will from time to time, review the economic and interest rates outlook to determine the appropriate duration for the bond investments to match the Fund's objective. The Manager will decide which security or instrument to buy based primarily on their yields relative to their credit qualities and the period to maturities. Regular review on credit ratings of bond investments are conducted to seek potential upgrades and to avoid potential downgrades of bond investments to achieve better returns for the Fund.

The Fund will at all times place/invest its cash funds in money market deposits/instruments and long-term fixed-deposit instruments (listed or unlisted) rated by RAM or other approved rating agencies.

Accordingly, some of the important investment criteria or principal valuations measures for selections of fixed-income securities are as follows:

- Issuer's financial position and gearing levels;
- Issue's expected future cash flows and repayment ability;

- Industry outlook;
- Duration and interest rates sensitivity analysis;
- Price and yield to maturity;
- Yield to first call;
- Ratings by RAM/MARC;
- Other applicable measures as and when necessary.

The Manager may from time to time decide on hedging the bond investments against interest rate movements using interest rates swaps. Hedging with interest rates swap would be effective in an aggressive interest rate hikes environment.

For **equity securities**, the Manager adopts a bottom-up approach in selecting equities after having ascertained the direction of the economy. Focus will be on good quality stocks to benefit from the asset allocation. The Manager will conduct fundamental analysis on potential investable companies to determine the suitability of the investment. Information can be obtained from regular company visits and participation in various industry presentations and stockbrokers forums. The Manager may participate in new issues, which are expected to yield good returns.

The Manager will only make an investment in collective investment schemes if those investment objectives complement the Fund's objective and enhance the return of the Fund.

To mitigate risks, the Manager may also invest (when necessary) in futures and options contracts to hedge against market volatility and protect the Fund's value. Futures contract will only be used to hedge against the Fund's equity exposure from any unexpected price movements in the underlying market and to hedge against any opportunity loss arising from its non-equity or bond investments.

Accordingly, some of the important investment criteria preferred by the Manager for stocks selections are as follows:

- High earnings per share growth potential;
- Low price earnings to growth ratio;
- Strong balance sheets;
- Focused management team;
- Relatively high dividend yield;
- Sustainable financial performance potential.

Liquid assets

The Fund would have a minimum level of liquid assets set at 5% of the Fund's NAV to enable the repurchase of units, which may be reviewed from time to time by the Investment Committee and is subject to the approval of the Trustee. However, this does not preclude the Fund from increasing the liquid asset levels beyond the stipulated level to allow the Manager to react to the prevailing market conditions and manage investment risk when necessary.

Benchmark

A selected benchmark is used to measure the relative performance of the Fund. The benchmark used is RAM-Quant Shop MGS All Bond Index. The RAM Quant Shop Index may be obtained from the RAM Quant Shop website at www.quantshop.com.

Alliance Tactical Growth Fund (“ATGF”)

Category/Type of fund	The ATGF is an equity/growth fund, which has an aggressive investment approach to seek potentially higher capital growth for the investors.
Investment objective	<p>The Fund’s investment objective is to provide Unit holders with enhanced capital growth through a focused investment approach in certain preferred industry sectors at any one time.</p> <p>* Any material changes to the investment objective of the Fund would be subject to the Unit holders’ approval.</p>
Investor profile	<ul style="list-style-type: none"> • Seek to achieve maximum capital growth by investing in securities of companies under certain preferred industry sectors; • Prefer a medium to long-term investment horizon to achieve potentially strong growth prospect; • Willing to accept medium to high-risk tolerance in order to obtain higher growth of capital.

Investment policy and strategy

The strategic limit on asset allocation of the Fund is as follows:

Equities - Minimum 70% & Maximum 95%

The Fund equity exposure will be at 70% to 95% under normal economic conditions and at any one time the Fund will also invest between 40% to 70% of the total equity exposure in the preferred industry sectors that are expected to outperform.

Fixed-income securities & Liquid assets - Minimum 5% & Maximum 30%

The above asset allocation policy of the Fund may be reviewed from time to time based on the general market and economic situations. The Manager may take temporary defensive positions that may be inconsistent with the Fund’s principal strategy in attempting to respond to adverse market conditions, economic or political market conditions. This defensive position may take the form of holding a significantly higher amount of liquid assets/cash and/or money market instruments and the Manager may also invest in equities which consist of stocks that provide stable earnings and regular dividend. The Manager will then decide on the best appropriate asset allocation strategy and reallocate the Fund’s equity investment into other more defensive investments. The weighting for equity investments then may be scaled down to not less than 20% of the Fund’s NAV.

The investment process will be based on an active management strategy incorporating both the top-down view for asset allocation decisions and a bottom-up view for stock selection.

The asset allocation strategy is dependent on the state of the macro picture as perceived by the Manager after going through a strict investment process to review the outlook of the economy, stock and money markets over the medium to long-term horizon. This entails relevant analysis on economy and business statistics in order to produce forecasts for stock market and interest rates directions. The Manager adopts an active asset allocation policy and will time the investment strategies to suit market developments and global economic conditions. Where necessary, the Manager will switch the asset allocation appropriately between equities and fixed-income securities.

Once the equity allocation has been determined, the focus of this Fund will be for the Manager to invest the bulk, i.e. between 40% and 70% of the total equity investment in sectors and market themes that the Manager perceives to be those capable of outperforming the benchmark. Greater emphasis will be placed in top-down views to identify sectors that are poised for an upturn, either cyclically or structurally, and for those that are peakish or on the decline. The Manager will also take short trading positions or situation plays such as merger & acquisitions, should opportunities arise.

For **equity securities**, the Manager adopts a bottom-up approach in selecting equities after having ascertained the direction of the economy. Portfolio construction will focus on the category of stocks, which will benefit most from the Manager’s view of the market. Fundamental analysis will be conducted to determine the attractiveness of stock ideas based on sector and market themes. Information is obtained from regular company visits and participation in various industry presentations and stockbrokers forums. In addition to fundamental analysis, technical analysis also plays an important role in timing the purchases and sales. Apart from stock picks, the Manager will also actively monitor

industries trends, earnings revision trends and financial performances of companies which the Fund has interests in, so that appropriate decisions can be made.

Accordingly, some of the principal valuations for stock selections preferred by the Manager are as follows:

- High earnings per share growth potential;
- Low price earnings to growth ratio;
- Strong balance sheets;
- Focused management team;
- Sustainable financial performance potential;
- Industry/sectors trends.

The Fund will diversify up to a maximum of 50% of the total aggregate value of the funds under management or any other limit imposed by BNM from time to time in foreign securities whenever opportunities arise. The Manager has been permitted by the SC to invest in securities traded on the stock exchanges in the Asia Pacific region such as Hong Kong, Japan, Indonesia, Philippines, Thailand, Singapore, Taiwan, South Korea, Australia and China. The Manager may invest directly in equities or bonds and/or may invest through other collective investment schemes, which will enhance the return of the Fund and complement the Fund's investment objectives. The Manager will only invest in futures and options when appropriate.

The Manager will ensure that any funds not invested in equities or equity-related securities will be invested in fixed-income securities and money market instruments.

Liquid assets

The Fund would have a minimum level of liquid assets set at 5% of the Fund's NAV to enable the repurchase of units, which may be reviewed from time to time by the Investment Committee and is subject to the approval of the Trustee. However, this does not preclude the Fund from increasing the liquid asset levels beyond stipulated level to allow the Manager to react to the prevailing market conditions and manage investment risk when necessary.

Benchmark

A selected benchmark is used by the Manager to measure the relative performance of the Fund. The benchmark used will be the FTSE Bursa Malaysia Emas Index ("FTSE Emas"). For information on the benchmark of the Fund, investors may refer to the Bursa Malaysia website at www.bursamalaysia.com.my.

Alliance Optimal Income Fund (“AOIF”)

Category/Type of fund	The AOIF is an equity/income fund, which adopts the strategy of investing in securities, which have potentially sustainable and high dividend yields.
Investment objective	<p>The Fund’s investment objective is to provide Unit holders with a stable income that is potentially higher than the prevailing fixed-deposit rate by investing in high-dividend yielding portfolio of stocks and fixed-income securities.</p> <p>* Any material changes to the investment objective of the Fund would be subject to the Unit holders’ approval.</p>
Investor profile	<ul style="list-style-type: none"> • Seek a stable income stream with potentially higher than the prevailing fixed-deposit rates; • Prefer a medium to long-term investment horizon in order to achieve reasonable capital growth; <ul style="list-style-type: none"> • Have a medium degree of risk tolerance.

Investment policy and strategy

The strategic limit on asset allocation of the Fund will be as follows:

Equities	-	Minimum 70% & Maximum 80%
Fixed-income securities & Liquid assets	-	Minimum 20% & Maximum 30%

The investment process begins with a top-down view for asset allocation decisions and a bottom-up view for stock selection purposes.

The asset allocation strategy between equities and fixed-income securities is dependent on the state of the macro picture as perceived by the Manager after going through a stringent investment process to review the outlook for the economy and business statistics in order to produce in-house views for the stock market and economy. Beneficiaries of this, sector-wise and stocks-wise, are then predetermined before being subject to a rigorous stock selection process.

Once the rigorous stock selection process has been performed, the Manager adopts a relatively passive investment strategy in view of the underlying objective to provide stable income from high-yielding stocks and fixed-income securities.

For **equity securities**, the Manager adopts a bottom-up approach in selecting equities after having ascertained the direction of the economy. Focus will be on the category of stocks to best take advantage of the asset allocation and view taken on the market whilst keeping with the Fund’s objective to provide stable income. Fundamental analysis will be conducted to determine the attractiveness of stock ideas. Information can be obtained from regular company visits and participation in various industry presentations and stockbroker forums.

Accordingly, some of the principal valuations for stock selections preferred by the Manager are as follows:

- Relatively high dividend yield;
- Strong balance sheets;
- Focused management team;
- Sustainable financial performance potential.

The Manager will only make an investment in collective investment schemes if those investment objectives complement the Fund’s objective and enhance the return of the Fund.

To mitigate risks, the Manager may also invest (when necessary) in futures and options contracts to hedge against market volatility and protect the Fund’s value. Futures contract will only be used to hedge against the Fund’s equity exposure from any unexpected price movements in the underlying market and to hedge against any opportunity loss arising from its non-equity or bond investments.

The Manager will ensure that any funds not invested in equities or equity-related securities will be invested in fixed-income securities and money market instruments.

For **fixed-income securities**, the Fund will at all times place/invest its non-equity investments in money market deposits, MGS and a diversified portfolio of corporate bonds (listed or unlisted) rated at least “BBB” by RAM or other

approved rating agencies. The fundamental investment process for the fixed-income investments is mainly driven by the interest outlook over the medium to long-term horizon. The Manager will from time to time, review the economic and interest rates outlook to determine the appropriate duration for the bond investments. The focus of choices for fixed-income securities will be those issues, which have high relative yields to maturity / yields to first call within its rating category. Regular review on credit ratings of bond investments are conducted to seek for potential upgrades and avoid potential downgrades of bond investments to achieve better returns for the Fund.

The above asset allocation policy of the Fund may be reviewed from time to time based on the general market and economic situations. The Manager may take temporary defensive positions that may be inconsistent with the Fund's principal strategy in attempting to respond to adverse market conditions, economic or political market conditions. This defensive position may take the form of holding significantly higher amount of liquid assets / cash and / or money market instruments and the Manager may also invest in equities which consist of stocks that provide stable earnings and regular dividend. The Manager will then decide on the best appropriate asset allocation strategy and reallocate the Fund's equity investment into other more defensive investments. The weighting for equity investments then may be scaled down to not less than 20% of the Fund's NAV.

Accordingly, some of the important investment criteria or principal valuations measures for selections of fixed-income securities are as follows:

- Issuer's financial position and gearing levels;
- Issuer's cash flows quality;
- Issuer's expected future cash flows and repayment ability;
- Industry outlook;
- Duration and interest rates sensitivity analysis;
- Price and yield to maturity;
- Yield to first call;
- Ratings by RAM/MARC;
- Other applicable measures as and when necessary.

The Manager may from time to time decide on hedging the bond investments against interest rate movements using interest rates swaps. Hedging with interest rates swap would be effective in an aggressive interest rate hikes environment.

Liquid assets

The Fund would have a minimum level of liquid assets set at 5% of the Fund's NAV to enable the repurchase of units, which may be reviewed from time to time by the Investment Committee and is subject to the approval of the Trustee. However, this does not preclude the Fund from increasing the liquid asset levels beyond stipulated level to allow the Manager to react to the prevailing market conditions and manage investment risk when necessary.

Benchmark

A selected benchmark is used by the Manager to measure the relative performance of the Fund. The benchmark used will be the FBM KLCI. For information on the FBM KLCI benchmark of the Fund, investors may refer to the Bursa Malaysia website at www.bursamalaysia.com.my.

LOCAL SHARIAH-BASED FUNDS

Alliance Dana Adib (“ADA”)

Category/Type of fund	The ADA is an Islamic equity/growth fund. ADA shall invest in Shariah-compliant securities, which are undervalued but offer good growth potential.
Investment objective	The Fund’s investment objective is to attain capital growth in the medium to long-term through investing in securities listed in the Malaysian equities market whilst abiding by Shariah principles. * Any material changes to the investment objective of the Fund would be subject to the Unit holders’ approval.
Investor profile	<ul style="list-style-type: none"> • Seek high capital appreciation over a longer period of time and do not expect any dividend or regular income from Shariah-compliant investment; • Willing to accept moderate to high risk tolerance; • Prefer to invest in Shariah-compliant securities.

Investment policy and strategy

The strategic limit on asset allocation of the Fund is as follows:

Shariah-compliant Equities	-	Minimum 70% & Maximum 90%
Sukuk & Shariah-based Liquid assets	-	Minimum 10% & Maximum 30%

In selecting **Shariah-compliant equity securities**, the Manager will combine both top-down and bottom-up approach after having ascertained the direction of the economy. The focus will be on value and growth Shariah-compliant stocks whilst cash management will be dependent on sukuk or Islamic money market instruments. All investments will adhere strictly to Shariah requirements. Shariah-compliant equities investments are mainly subject to specific stock risk, market risk and reclassification of Shariah status risk.

Accordingly, the principal valuation for stock selection preferred by the Manager will comprise the following attributes:

- High earnings per share growth potential;
- Low price earnings to growth ratio;
- Strong balance sheets;
- Focused management team;
- Relatively high-dividend yield;
- Sustainable financial performance potential.

The Fund’s asset allocation strategy is dependent on the state of the economy as perceived by the Manager after going through the investment process. The asset allocation may swing very widely in exceptional circumstances, i.e. the Asian Financial Crisis of 1997/98 being a prime example, but the Fund’s Shariah-compliant equity exposure is expected to be within 70% to 90% in normal economic and investment circumstances. A portion of the Fund may be utilised for short-term trading from time to time as and when opportunities arise. Opportunities may include but are not limited to arbitrage situations, discrepancies in valuation, expected liquidity surge and thematic plays.

The Manager may invest directly in Shariah-compliant equities and sukuk and/or may invest through other Shariah-based collective investment schemes if those investment objectives complement the Fund’s objective and enhance the return of the Fund.

The Manager will invest in Islamic derivatives when appropriate.

The Fund will at all times place/invest its non-equity investments in Islamic money market. The tenure of Shariah-based deposits shall vary in accordance to the Manager’s outlook of the stock market.

The Fund will at all times place/invest its cash fund in Islamic money market, Government Investment Issues (“GII”) and/or sukuk, that are Shariah-compliant rated at least “BBB” by RAM or other approved rating agencies. The tenure of Shariah-based deposits shall vary in accordance to the Manager’s outlook of the stock market. These sukuk are mainly subject to interest rate and the credit risks.

Shariah-based liquid assets

The Fund would have a minimum level of Shariah-based liquid assets set at 2% of the Fund's NAV to enable the repurchase of units, which may be reviewed from time to time by the Investment Committee and is subject to the approval of the Trustee. However, this does not preclude the Fund from increasing the Shariah-based liquid asset levels beyond stipulated levels to allow the Manager to react to the prevailing market conditions and manage investment risk when necessary.

Benchmark

A selected benchmark is used by the Manager to measure the relative performance of the Fund. The selected benchmark is the FBSI. For information on the Fund's benchmark, investors may refer to the Bursa Malaysia website at www.bursamalaysia.com.my.

Alliance Islamic Money Market Fund (“AIMMF”)

Category/Type of fund	The AIMMF is an Islamic money market/income fund, which provides a low risk investment option by investing in Islamic money market instruments and short-term sukuk.
Investment objective	The Fund seeks to provide a regular stream of income by investing primarily in Islamic money market instruments and other fixed-income securities, which comply with Shariah requirements. * Any material changes to the investment objective of the Fund would be subject to the Unit holders’ approval.
Investor profile	<ul style="list-style-type: none">• Conservative in nature in terms of Shariah-compliant investment;• Prefer a consistent reasonable and stable level of return on Shariah-compliant investment;• Prefer a lower level of investment risk;<ul style="list-style-type: none">• Have a short-term investment horizon.

Investment policy and strategy

The Fund will invest at least 90% of its NAV in a diversified portfolio of short-term Islamic money market instruments, which have a remaining maturity period of up to 365 days. Alternatively, the Fund may also invest up to 10% of its NAV in sukuk with longer remaining maturity period, which is more than 365 days but does not exceed 732 days.

The Fund shall normally invest in the following securities:

- Islamic money market and sukuk with a minimum local short-term credit rating of P2 or MARC-2 or equivalent;
- Sukuk with a minimum local long-term credit rating of BBB or equivalent;
- Sukuk issued or guaranteed by the Malaysia’s Federal Government, BNM or other related Malaysian Government Agencies or any State Government of Malaysia;
- Sukuk issued or guaranteed/endorsed by banks or other licensed financial institutions;
- Shariah-based deposits with banks or other licensed financial institutions;
- Any other form of investment/instruments that comply with Shariah requirements and are approved by the SACSC and/or the Shariah Adviser and in accordance with Shariah requirements from time to time.

The credit risk is limited to the extent that any sukuk invested must have credit ratings of no lower than BBB by RAM/MARC, for long-term instruments and P2 by RAM or MARC2 by MARC for short-term instruments. In the event that a sukuk is placed under a negative outlook by any rating agencies, the Manager will immediately assess its continued investability and may take the necessary steps to mitigate any negative impact to the Fund. Should the instrument be downgraded below the minimum investment grade, the Manager will divest the instrument. However, in order to protect the Fund’s best interest, the Manager has the discretion to take into consideration all relevant factors that affect the fair value of the investment via an internal credit assessment process before deciding on the manner and time frame of the sale.

The Fund’s structure is such that it is confined to instruments of short duration of maturity in order to minimise the impact of fluctuations in interest rate on the Fund’s performance over the short-term while the credit risks it may face are mitigated by strict limits on concentration of investments, i.e. diversification and due diligence in the credit assessments by ensuring high credit ratings as mentioned above. Commensurate to this requirement for high liquidity and low tolerance to credit risk, the overall risk profile of the Fund is low.

The Fund seeks to achieve its objectives by investing primarily in Islamic money market instruments and other Sukuk. The Manager will decide which instrument or security to buy based primarily on their yield, relative to their credit quality and the period to maturity. The Fund will at all times place/invest its cash funds in Islamic money market deposits/instruments and sukuk (listed or unlisted), which are rated by RAM, MARC or other approved rating agencies.

Some of the principal valuation measures used by the Manager for the analysis of Islamic money market instruments and sukuk are as follows:

- Yield to maturity;
- Yield to first call;
- Duration;
- Other applicable measures as necessary.

Shariah-based liquid assets

The Fund would have a minimum level of Shariah-based Liquid assets set at 5% of the Fund's NAV to enable the repurchase of units, which may be reviewed from time to time by the Investment Committee and is subject to the approval of the Trustee. However, this does not preclude the Fund from increasing the Shariah-based Liquid asset levels beyond stipulated level to allow the Manager to react to the prevailing market conditions and manage investment risk when necessary.

Benchmark

A selected benchmark is used by the Manager to measure the relative performance of the Fund. The benchmark used will be Malayan Banking Berhad ("Maybank") one (1)-month General Investment Account ("GIA") rate. The information is obtainable at www.maybank2u.com.my.

The performance of this Fund cannot be compared directly with any specific publicly available benchmark such as the 12-month KLIBOR in line with the conservative nature of the investments.

Note:

- The risk profile of the fund is different from risk profile of the benchmark;
- The fund assumes a higher risk compared to the benchmark; and
- As a result of the higher risk assumed by the Fund, investors should expect returns of the Fund to outperform that of the benchmark.

Investment in AIMMF is not the same as placing funds in deposit with a financial institution.

There are risks involved and investors should rely on their own evaluation to assess the merits and risks when investing in the Fund.

Alliance Dana Alif (“ADL”)

Category/Type of fund	The ADL is an Islamic balanced/income and growth fund, which provides opportunities to investors for capital gains and income by investing in Shariah-compliant securities and sukuk.
Investment objective	The Fund aims to provide Unit holders with a steady and consistent dividend income over the medium term to long-term investment period. It is intended that returns will be further enhanced through capital appreciation of Shariah-compliant investments. * Any material changes to the investment objective of the Fund would be subject to the Unit holders’ approval.
Investor profile	<ul style="list-style-type: none">• Have medium to long-term investment horizon and reasonable risk tolerance;• Prefer to invest in Shariah-compliant securities.

Investment policy and strategy

The strategic limit on asset allocation of the Fund will be as follows:

Shariah-compliant Equities	-	Minimum 40% & Maximum 60%
Sukuk & Shariah-based Liquid assets	-	Minimum 40% & Maximum 60%

The process begins with a top-down view for asset allocation decisions and a bottom-up view for Shariah-compliant stock selection.

The asset allocation strategy is dependent on the state of the macro picture as perceived by the Manager after going through a strict investment process to review the outlook of the economy, stock and money markets over the medium to long-term horizon. This entails relevant analysis on economy and business statistics in order to produce forecasts for stock market and interest rates directions. The Manager adopts an active asset allocation policy and will time the investment strategies to suit market developments and global economic conditions. Where necessary, the Manager will switch the Fund’s asset allocation appropriately between Shariah-compliant equities, sukuk and Islamic money market instruments.

The above asset allocation policy of the Fund may be reviewed from time to time based on the general market and economic situations. The Manager may take temporary defensive positions that may be inconsistent with the Fund’s principal strategy in attempting to respond to adverse market conditions, economic or political market conditions. This defensive position may take the form of holding significantly higher amount of Shariah-based liquid assets/cash and/or Islamic money market instruments and the Manager may also invest in Shariah-compliant equities which consist of Shariah-compliant stocks that provide stable earnings and regular dividend. The Manager will then decide on the best appropriate asset allocation strategy and reallocate the Fund’s Shariah-compliant equity investment into other more defensive investments. The weighting for Shariah-compliant equity investments then may be scaled down to not less than 20% of the Fund’s NAV.

For **Shariah-compliant equity securities**, the Manager adopts a bottom-up approach in selecting Shariah-compliant equities after having ascertained the direction of the economy. Portfolio construction will focus on the category of Shariah-compliant stocks, which will benefit most from the Manager’s view of the market. In order to enhance returns to the Fund, the Manager will conduct fundamental analysis on potential investable companies to determine the suitability of the investment. Information can be obtained from regular company visits and participation in various industry presentations and stockbrokers forums. Apart from Shariah-compliant stocks picks, the Manager will also actively monitor industry trends, earnings revision trends and financial performances of companies which the Fund has interest in, so that appropriate investment decisions can be made.

Accordingly, some of the important investment criteria for Shariah-compliant stocks selections are as follows:

- High earnings per share growth potential;
- Low price earnings to growth ratio;
- Strong balance sheets;
- Cash flows and gearing levels;
- Relatively high dividend yield;
- Focused management team and its track records;
- Sustainable financial performance.

The Manager will only make an investment in Shariah-based collective investment schemes if those investment objectives complement the Fund's objective and enhance the return of the Fund.

The Manager will invest in Islamic derivatives when appropriate.

The Fund will at all times place/invest its non-equity investments in Islamic money market. The tenure of Shariah-compliant deposits shall vary in accordance to the Manager's outlook of the stock market.

The Fund will at all times place/invest its cash fund in Islamic money market, Government Investment Issues ("GII") and/or sukuk that are Shariah-compliant rated at least "BBB" by RAM or other approved rating agencies. The tenure of Shariah-based deposits shall vary in accordance to the Manager's outlook of the stock market. These sukuk are mainly subject to interest rate and credit risks.

Accordingly, some of the important investment criteria or principal valuations measures for selections of sukuk are as follows:

- Issuer's financial position and gearing levels;
- Issuer's cash flows quality;
- Issuer's expected future cash flows and repayment ability;
- Industry outlook;
- Duration and interest rates sensitivity analysis;
- Yield to maturity;
- Yield to first call;
- Ratings by RAM/MARC;
- Other applicable measures as and when necessary.

Shariah-based Liquid assets

The Fund would have a minimum level of Shariah-based liquid assets set at 5% of the Fund's NAV to enable the repurchase of units, which may be reviewed from time to time by the Investment Committee and is subject to the approval of the Trustee. However, this does not preclude the Fund from reducing or increasing the Shariah-based liquid asset levels to allow the Manager to react to the prevailing market conditions and manage investment risk when necessary.

Benchmark

A selected benchmark is used by the Manager to measure the relative performance of the Fund. The benchmark used will be 60% of the FBSI and 40% of the Malayan Banking Berhad ("Maybank") one (1)-month General Investment Account (GIA) rate.

The performance of this Fund cannot be compared directly with any specific publicly available benchmark such as the FBM KLCI or the FTSE Bursa Malaysia Emas Index as the Fund is a balanced fund where investment in equities and fixed income securities are each restricted to a maximum of 60%. The combination of the benchmarks is in line with investment strategy of the Fund as stated in page 46.

Note: For ADA, ADL and AIMMF Shariah Investment Guidelines

The following matters are adopted by IBFIM in determining the Shariah status of equity investments of funds.

Local Securities:

Reference for investment in local securities is based on the list of Shariah-compliant securities issued by the Shariah Advisory Council of the Securities Commission Malaysia ("SACSC") twice yearly on the last Friday of May and November which is readily available at the SC's website. However, for an Initial Public Offering ("IPO") company which Shariah status has yet to be determined by the SACSC, IBFIM adopted the following qualitative and quantitative analysis in determining its Shariah status.¹

Quantitative Analysis

¹ This criteria is adopted by IBFIM as a temporary measure until the SACSC releases the Shariah status of that particular IPO company.

- 1) Based on the opinions of the SC and most International Shariah Advisory Boards, IBFIM excludes companies which main business activities involve the following:
 - a) Conventional financial services;
 - b) Gambling and gaming;
 - c) Manufacture or sale of non-halal products or related products (e.g. pork and liquor);
 - d) Manufacture or sale of tobacco-based products or related products;
 - e) Pornography;
 - f) Weaponry;
 - g) Entertainment activities that are not permitted by the Shariah; and
 - h) Other activities deemed non-permissible according to the Shariah.

- 2) IBFIM deduces the following to ensure that they do not exceed the Shariah tolerable benchmarks:
 - a) Interest incomes over total incomes and interest incomes over profit before tax not exceeding 5%;
 - b) Income contribution from mixed activities which involve Shariah-prohibited elements such as interest-based businesses, conventional banks, insurance, gambling, liquor and pork over total incomes and profit before tax not exceeding 5%;
 - c) Income contribution from mixed activities which involve tobacco and tobacco-related businesses over total incomes and profit before tax not exceeding 10%;
 - d) Mixed rental income contribution from Shariah non-compliant activities over total incomes and profit before tax not exceeding 20%; and
 - e) Income contribution from mixed activities which involve businesses such as hotels and resorts, share trading and stock broking over total incomes and profit before tax not exceeding 25%.

Should any of the above deductions fail to meet the benchmarks, IBFIM will not accord a Shariah-compliant status for the companies.

Qualitative Analysis

IBFIM will look into aspects of general public perception of the companies' images, core businesses which are considered important and *maslahah* (beneficial) to the Muslim ummah and the country, the non-permissible elements are very small and involve matters like *umum balwa* (common plight and difficult to avoid), *'uruf* (custom) and rights of the non-Muslim community which are accepted by the Shariah.

Foreign Securities:

Quantitative Analysis

- 1) Similar to the opinions of most Shariah Advisory Boards, IBFIM excludes companies with the following business activities:
 - a) Conventional financial services;
 - b) Gambling and gaming;
 - c) Manufacture or sale of non-halal products or related products (e.g. pork and liquor);
 - d) Manufacture or sale of tobacco-based products or related products;
 - e) Pornography;
 - f) Weaponry;
 - g) Entertainment activities that are not permitted by the Shariah; and
 - h) Other activities deemed non-permissible according to the Shariah.

- 2) IBFIM deduces financial ratios of the following to ensure that they do not exceed the benchmarks*:
 - a) Interest incomes over total incomes;
 - b) Total debts including all interest-bearing loans/debentures and their respective payables such as short term/long term debts, short term/long term debentures and all debentures payables divided by total assets;
 - c) Total sum of company's cash divided by total assets; and
 - d) Total account receivables including trade receivables divided by total assets.

* These benchmarks are set in accordance with the opinions of majority Shariah scholars and may vary in accordance with the development of Islamic finance. Should any of the calculations fail to satisfy the benchmarks, IBFIM will not accord a Shariah-compliant status for the company.

Qualitative Analysis

IBFIM will look into the aspects of general public perception of the companies' images, core businesses which are considered important and *maslahah* (beneficial) to the Muslim ummah and the country, the non-permissible elements are very small and involve matters like *umum balwa* (common plight and difficult to avoid), *'uruf* (custom) and rights of the non-Muslim community which are accepted by the Shariah.

Local sukuk:

IBFIM will review the local sukuk based on the list of sukuk readily available on the SC's website.

Islamic Money Market Instruments:

IBFIM will review the Islamic Money Market Instruments based on the list readily available on the BNM and SC's website.

Foreign sukuk:

IBFIM will review the information memoranda or prospectuses of the sukuk, its structure, utilisation of proceeds, Shariah contracts, etc.

1. Cleansing process for the Funds

a) Wrong Investment

Refers to Shariah non-compliant investment made by the Fund Manager. The said investment will be disposed/withdrawn off with immediate effect. In the event the investment resulted in gain (through capital gain and/or dividend), the gain is to be channelled to *Baitulmal* or any other charitable bodies as advised by the Shariah Adviser. If the disposal of the investment results in losses to the Fund, the losses are to be borne by the Fund Manager.

All costs incurred during the acquisition and disposal process, whether the investment resulted in either a gain or losses, are to be borne by the Fund Manager.

b) Reclassification of Shariah Status of the Funds' Investment

A security which was reclassified as Shariah non-compliant by the Shariah Advisory Council of the Securities Commission Malaysia ("SACSC"). As per the SACSC's advice, the said security will be disposed soonest practical, once the total amount of dividends received and the market value held equals the original investment costs.

Any capital gains arising from the disposal of the Shariah non-compliant security made at the time of the announcement can be kept by the Funds. However, any excess capital gains derived from the disposal after the announcement day at a market price that is higher than the closing price on the announcement day is to be channelled to *Baitulmal* or any charitable bodies as advised by the Shariah Adviser.

2. Purification process for the Funds

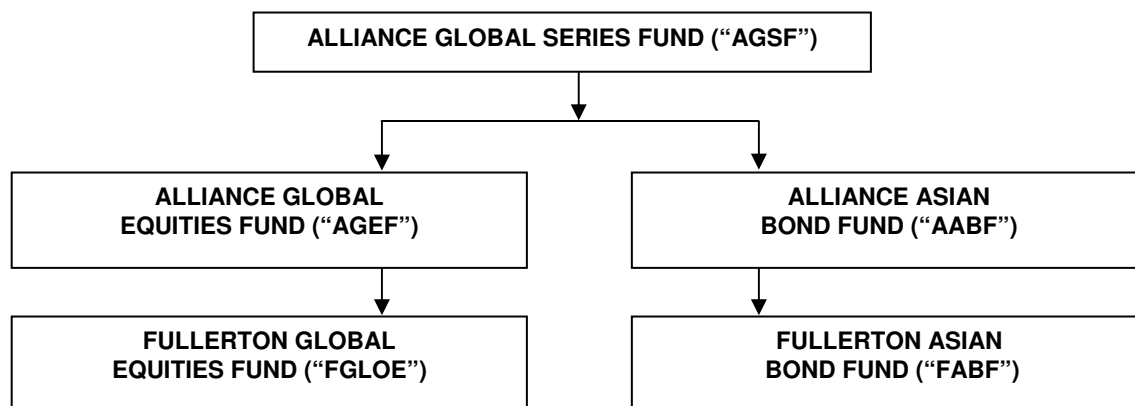
a) Zakat For the Funds

The Funds do not pay zakat on behalf of Muslim individuals and Islamic legal entities who are investors of the Funds. Thus, investors are advised to pay zakat on their own.

GLOBAL FUNDS

Alliance Global Series Fund (“AGSF”)

The Alliance Global Series Fund (the “Umbrella”) is an umbrella unit trust registered in Malaysia, offering investors a choice of separate and distinct portfolios of investments, which allows investors to invest in any of the two (2) sub-funds offered under the Alliance Global Series Fund i.e. the Alliance Global Equities Fund and Alliance Asian Bond Fund. The NAV of the Alliance Global Equities Fund and the Alliance Asian Bond Fund will be invested into the foreign-based collective investment schemes, i.e. the Fullerton Global Equities Fund and the Fullerton Asian Bond Fund respectively, both managed by Fullerton Fund Management Company Ltd, a wholly owned subsidiary of Temasek Holdings (Private) Limited. The Fullerton Global Equities Fund and the Fullerton Asian Bond Fund are both established under the Securities and Futures Act (Cap. 289) of Singapore.



Alliance Global Equities Fund (“AGEF”)

The AGEF is a feeder equity/growth fund, which intends to provide Unit holders with long-term capital growth by investing primarily in the Singapore collective investment scheme, which invests in the equity securities of countries such as the United States (“US”), United Kingdom (“UK”), France, Germany, Japan, Taiwan, South Korea, Australia, Singapore, Malaysia, Hong Kong, China, Thailand, Indonesia and India.

Investment objective

The investment objective of AGEF is to achieve long-term total returns in excess of its benchmark. The benchmark, which is balanced on a quarterly basis, is a composite of the MSCI indices of fifteen (15) countries that the Fullerton Global Equities Fund invests in. These countries include US, UK, France, Germany, Japan, Taiwan, South Korea, Australia, Singapore, Malaysia, Hong Kong, China, Thailand, Indonesia and India. Approximately two-thirds of the assets of the Fullerton Global Equities Fund will be invested in Asia and one-third in G5 markets (US, UK, France, Germany and Japan).

Any material changes to the Fund’s objective would require Unit holders’ approval.

Investment strategy/Asset allocation

Minimum 95% of the Fund’s NAV will be invested in the Fullerton Global Equities Fund, which is domiciled in Singapore. The AGEF is targeted for investments in the equities market of countries such as the US, UK, France, Germany, Japan, Taiwan, South Korea, Australia, Singapore, Malaysia, Hong Kong, China, Thailand, Indonesia and India, while maintaining a maximum of 5% of the Fund’s NAV in the form of liquid assets in the account of AGEF for the primary purposes of meeting redemptions.

Benchmark

The benchmark of AGEF would be measured against **a composite of the MSCI indices of fifteen (15) countries.**

The MSCI indices that make up the composite benchmark will be as follows and is subject to quarterly rebalancing:

MSCI US (12%)
MSCI Japan (12%)
MSCI UK (4%)
MSCI France (4%)
MSCI Germany (4%)
MSCI Taiwan (10%)
MSCI Korea (10%)
MSCI Singapore (8%)
MSCI Malaysia (8%)
MSCI Australia (8%)
MSCI Hong Kong (6%)
MSCI Thailand (6%)
MSCI China (4%)
MSCI Indonesia (2%)
MSCI India (2%)

The information on the benchmark can be obtained from the Standard & Poor's website at **www.standardpoors.com** and the MSCI website at **www.msci.com**.

The performance of this Fund cannot be compared directly with any specific publicly available benchmark such as the FBM KLCI or the MSCI Global Index as the Fund's underlying investments are in various countries which will be re-balanced on a quarterly basis. The mixture in the benchmark mainly due to the investment strategy of the Target Fund as specified in page 57 & 58 of this Master Prospectus.

Alliance Asian Bond Fund (“AABF”)

The AABF is a feeder bond/income Fund, which intends to provide Unit holders with long-term capital growth and to maximize returns by investing primarily in the Singapore collective investment scheme, which investment consists of investing in unrated and rated fixed income or debt securities denominated primarily in U.S. Dollars and Asian currencies, issued by companies, governments, quasi-governments, government agencies or supranationals in the Asian region.

Investment objective

The investment objective of AABF is to generate long-term capital appreciation for investors by investing in fixed income or debt securities denominated primarily in U.S. Dollars and Asian currencies, issued by companies, governments, quasi-governments, government agencies or supranationals in the Asian region. These countries include, but are not limited to China, Hong Kong, Taiwan, South Korea, India, Thailand, Malaysia, Singapore, Indonesia, the Philippines, Pakistan and Vietnam.

Any material changes to the Fund’s objective would require Unit holders’ approval.

Investment strategy/Asset allocation

Minimum **95%** of the Fund’s NAV will be invested in the Fullerton Asian Bond Fund, which is domiciled in Singapore. FABF is managed relative to the JACI Investment Grade Total Return Index while maintaining a maximum of **5%** of the Fund’s NAV in the form of liquid assets in the account of AABF for the primary purpose of meeting redemptions.

Benchmark

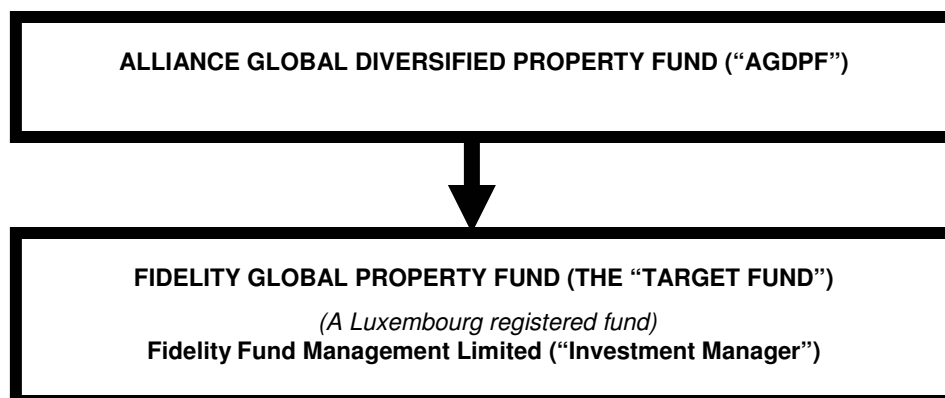
The benchmark of AABF is the **JACI Investment Grade Total Return Index**. The information on the benchmark can be obtained under the Bloomberg code of JACIIGTR.

The permitted investments for AGEF and AABF

	AGEF	AABF
To invest in the collective investment scheme of FGLOE;	√	
To invest in the collective investment scheme of FABF;		√
Liquid assets including cash and deposits on call;	√	√
Any other investments, which may be permitted by the relevant authorities from time to time.	√	√

Alliance Global Diversified Property Fund (“AGDPF”)

The AGDPF is a unit trust registered in Malaysia, offering investors an avenue to invest in global properties and property related investments. The Fund’s NAV will be invested into a foreign based collective investment scheme namely the Fidelity Global Property Fund (the “Target Fund”), a sub-fund of the Fidelity Funds. The Fidelity Funds - Global Property Fund (“FGPF”) is a recognised scheme under the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”). Fidelity Funds is established as a SICAV (société d’investissement à capital variable) in Luxembourg.



AGDPF is an open-ended Global Property Feeder equity/income fund which aims to provide Unit holders with income and long-term capital appreciation primarily from investments in stocks of companies engaged in real estate business around the world, which will have investment exposure in REIT’s and global properties in countries such as USA, UK, Canada, Japan, Australia, Hong Kong, among others, which will further be diversified into various segments of the property market and enhanced by active asset allocation.

Investment objective

The AGDPF aims to achieve a combination of income and long-term capital growth by investing in a collective investment scheme called the Fidelity Funds - Global Property Fund (the “Target Fund”).

Any material changes to the Fund’s objective would require Unit holders’ approval.

Investment strategy/Asset allocation

A minimum 95% of AGDPF’s NAV will be invested in FGPF, a sub fund of the Fidelity Funds, while maintaining maximum 5% of AGDPF’s NAV in liquid assets in the account of AGDPF for the sole purpose of maintaining liquidity to meet redemptions.

The Target Fund will be invested in securities of companies principally engaged in the real estate industry and other real estate related investments from countries such as the USA, UK, Canada, Japan, Australia, and Hong Kong among others.

Ancillary measures aimed at protecting AGDPF’s Unit holders’ interest

In addition and subject to Unit holders’ approval, the Manager may exercise its prerogative to replace the Target Fund with any other funds of similar objective or investment objectives, if it assesses that the Luxembourg based fund no longer satisfies AGDPF’s investment objectives, or when acting in the best interest of the Unit holders.

These measures enable AGDPF to be switched to another property fund managed by any other external manager that is more aligned to the original objectives of AGDPF, if by any means the Target Manager deviates from the original investment objectives or in an attempt to protect the Unit holders’ interest if the Target Fund, consecutively underperforms its peers in the same fund category.

Benchmark

The benchmark for AGDPF is to be measured against the FTSE EPRA/NAREIT Developed Index (Net).

Information on FTSE EPRA/NAREIT can be obtained from FTSE’s website at www.ftse.com

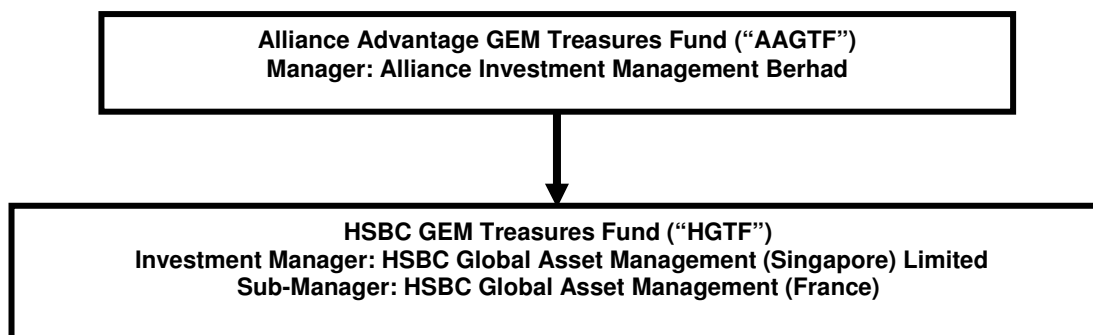
Permitted investments of AGDPF

Under the Deed, AGDPF may invest in the following investments, approved, irrespective of the dealing currency in which the Fund is denominated.

Permitted investments of AGDPF
<ul style="list-style-type: none">• Fidelity Funds - Global Property Fund or another collective investment scheme having a similar objective;
<ul style="list-style-type: none">• Liquid assets including cash and deposits on call; and
<ul style="list-style-type: none">• Any other investments or limits which may be permitted by the relevant authorities periodically provided that the permitted investments are in line with the objective of AGDPF.

Alliance ADVANTAGE GEM Treasures Fund (“AAGTF”)

The AAGTF is an open ended feeder fund that is registered in Malaysia, offering investors an opportunity to invest in GEM Emerging Markets equities and a global diversified portfolio of fixed-income securities via a predetermined Underlying Fund, i.e. the HSBC GEM Treasures Fund (“HGTF”). The AAGTF’s NAV will be invested into a foreign based collective investment scheme namely HGTF, which is an Authorised Scheme under the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”).



The AAGTF will invest a minimum of 95% of its NAV into the HGTF, which is a quantitative strategy based Global Emerging Markets fund that is positioned to benefit from the high growth potential of the global emerging markets while mitigating the risk through investing in global bonds. The equity portion will be invested in companies that at the time of purchase have their registered office in and with an official listing on a major stock exchange or other regulated market of an emerging country as well as those companies that carry out a preponderant part of their business activities in any emerging markets country. The remaining assets will be invested in a diversified portfolio of fixed income securities including but not limited to global bonds, inflation linked bonds, investment grade corporate bonds and emerging market debt.

The HGTF will invest in the equity markets of emerging countries, such as Latin America, Eastern Europe, Asia, Africa and the Middle East and fixed income instruments from around the world. The global bonds portion of the HGTF will be currency-hedged back to Malaysian Ringgit (MYR) in line with the AAGTF’s strategy where the bond portion acts as a counterbalance to complimenting the equities portfolio risk and volatility.

Investment objective

The objective of the AAGTF is achieved through investment in the Underlying Fund i.e. the HGTF. The HGTF seeks long-term returns from capital growth and income by investing about 70% of its non-cash assets in a portfolio of investments in equity and equity equivalent securities of companies in emerging markets. The remaining assets will be invested in a diversified portfolio of fixed income securities.

Any material changes to the AAGTF’s objective would require Unit holders’ approval.

Investment strategy/Asset allocation

The AAGTF will invest in the HGTF that invests in a diversified portfolio of global emerging markets securities and is complimented by an allocation of global fixed-income securities that act as a counterbalance to the equities of the emerging market portfolio. The global bond or global fixed-income related instruments portion of the HGTF will be currency-hedged back to MYR but the global emerging markets equity portion of HGTF will remain un-hedged in the denominated currency.

Ancillary measures aimed at protecting the Unit holder’s interest

The Manager may exercise their prerogative to replace the HGTF with any other funds of similar objective or investment objectives with HGTF, if based on the Manager’s assessment, the Singapore based fund no longer satisfies the AAGTF’s investment objectives, or when acting in the best interest of the Unit holders. Prior approval of the Unit holders will be obtained before replacing the existing HGTF with any other fund with a similar objective.

These measures enable AAGTF to be switched to another GEM fund managed by any other external manager that is more aligned to the original objectives of AAGTF, if by any means the Investment Manager deviates from the original investment objectives or in an attempt to protect the Unit holders’ interest if HGTF, consecutively underperforms its peers in the same fund category.

Benchmark

The AAGTF will be measured against a composite benchmark consisting 70% MSCI Emerging Markets Free Index in USD un-hedged and 30% JP Morgan Govt Bond Index in USD currency-hedged. By currency-hedging, the Investment Manager aims to mitigate any erosion from currency movements against the MYR on the global bonds portfolio. Due to the dynamics of the global equity markets, the equities portion of the portfolio will **NOT** be hedged and remain denominated in USD as currency movements will probably have only a small proportional impact relative to the returns generated. The Investment Manager also believes that over the longer term, emerging market currencies may potentially appreciate as economies develop. Emerging market currencies are hence un-hedged.

Investors need to be aware, as we are using cross currency forward contracts on a rolling basis, the rate at which we obtain our next rate will be determined by market forces and these rates could increase or decrease and subsequently impact the cost involved in hedging the said portfolio.

Information on MSCI Emerging Markets Free Index and JP Morgan Govt Bond Index can be obtained from the MSCI website at www.msci.com and JP Morgan website at www.jpmorgan.com.

The performance of this Fund cannot be compared directly with any specific publicly available benchmark such as the FBM KLCI or the MSCI AC Ex-Japan as the underlying investments of the Fund are invested 100% in securities of foreign markets. The combination in the benchmark is due to the investment strategy of the Target Fund as stated in page 74 of this Master Prospectus.

Permitted investments of AAGTF

As per the Deed, the AAGTF may invest in the following investments that are permitted by SC and irrespective of the dealing currency in which the underlying Fund is denominated:

Permitted investments of AAGTF
<ul style="list-style-type: none"> • The HGTF or another collective investment scheme having a similar objective;
<ul style="list-style-type: none"> • Liquid assets including cash and deposits on call; and
<ul style="list-style-type: none"> • Any other investments or limits which may be permitted by the relevant authorities periodically provided that the permitted investments are in line with the objective of AAGTF.

Liquid assets

The AAGTF will maintain a maximum of 5% of the NAV for the purpose of meeting redemptions and to enable proper and efficient management.

Defining risks associated with AAGTF

The usual risks of investing and participating in listed and unlisted securities apply. Prices of securities may go up or down in response to fluctuations in foreign exchange rates, legislative or regulatory changes in the relevant jurisdictions and changes in economic conditions, political conditions, interest rates, credit risks of issuers, liquidity risks and the market's perception of securities. These may cause the price of Units in the HGTF to go up or down as the price of Units is based on the current market value of the investments of the HGTF.

An investment in the HGTF is meant to produce returns over the medium to long-term.

Investors should not expect to obtain short term gains from such investment.

Investors should note that the value of Units and the income accruing to Units may fall or rise and that investors may not get back their original investments. The HGTF faces a number of investment risks greater than those normally associated with international investments in securities. Please refer to page 28 on specific risks associated with HGTF.

INFORMATION ON THE TARGET FUNDS

Fullerton Global Equities Fund (“FGLOE”), Fullerton Asian Bond Fund (“FABF”) (collectively, the “Fullerton Sub-funds”), Fidelity Global Property Fund (“FGPF”) and HSBC Gem Treasures Fund (“HGTF”)

About Fullerton sub-funds

The Fullerton Fund is a Singapore-registered umbrella unit trust, an authorised collective investment scheme under the Securities and Futures Act (Cap. 289) of Singapore. Both FGLOE and FABF are organised as sub-funds of the Fullerton Fund. FGLOE was incepted on 1 April 2005 and FABF was incepted on 8 June 2009.

The manager of the Fullerton Sub-funds is Fullerton Fund Management Company Ltd (“FFMC”), a fund management company incorporated in Singapore in December 2003 and is a wholly-owned subsidiary of Temasek Holdings (Private) Limited. Prior to FFMC’s establishment, the entire fund management team used to operate as an in-house fund management division within Temasek Holdings, managing its capital resources. Temasek Holdings, incorporated in 1974, is an Asia investment firm headquartered in Singapore, which is 100% owned by the Singapore government. Today FFMC has more than twenty (20) years of experience in managing Asian and global mandates for institutional clients and distribution intermediaries. Their expertise extends across all assets classes, including equities, money market, fixed income, currencies and alternatives. FFMC was also awarded the Edge-Lipper Fund Awards in 2011 for “Best Fund over 5 years – Equity Global Category”. As at end of November 2011, asset under management for FFMC was about SGD10 billion.

Investment objectives of the Target Funds:

FGLOE

The investment objective of FGLOE is to achieve long-term total returns in excess of its benchmark. The benchmark, which is balanced on a quarterly basis, is a composite of the MSCI indices of fifteen (15) countries that FGLOE invests in. These countries include US, UK, France, Germany, Japan, Taiwan, South Korea, Australia, Singapore, Malaysia, Hong Kong, China, Thailand, Indonesia and India. Approximately two-thirds of the assets of FGLOE will be invested in Asia and one-third in G5 markets (US, UK, France, Germany and Japan).

FABF

The investment objective of FABF is to generate long term capital appreciation for investors by investing in fixed income or debt securities denominated primarily in U.S. Dollars and Asian currencies, issued by companies, governments, quasi-governments, government agencies or supranationals in the Asian region. These countries include, but are not limited to China, Hong Kong SAR, Taiwan, South Korea, India, Thailand, Malaysia, Singapore, Indonesia, Philippines, Pakistan and Vietnam.

Authorised Investments of the Target Funds

Each of FGLOE and FABF is, subject to compliance with their respective investment objectives, authorised to invest in the following investments (“Authorised Investments”):

Each of the Target Fund constituted under the Fund is subject to compliance with their respective investment objectives, authorised to invest in the following investments (“Authorised Investments”):

- any Quoted Investment²;
- any Unquoted Investment³;
- any Investment which is a futures, option, forward, swap, collar, floor or other derivatives;
- and any other Investment⁴ not covered above but approved by the trustee of the Fullerton Fund (such approval to be confirmed in writing).

² “**Quoted Investment**” means any Investment which is quoted or listed or in respect of which permission to deal is effective on any Recognised Stock Exchange or OTC Market (see footnotes ⁵ and ⁶ for the definitions of “Recognised Stock Exchange” and “OTC Market” respectively).

³ “**Unquoted Investment**” means any Investment which is not quoted, listed or dealt in on any Recognised Stock Exchange or OTC Market (see footnotes ⁵ and ⁶ for the definitions of “Recognised Stock Exchange” and “OTC Market” respectively).

⁴ “**Investment**” means any share, stock, warrant, option or other stock purchase right, interest-bearing instrument, bond, discount bond, note, discount note, exchange fund note, debenture, debenture stock, banker’s acceptance, debt security, loan, loan convertible into security, loan stock, warrant, options, certificates of deposit, currency deposits, commercial paper, promissory note, unit or sub-unit in any unit trust scheme, participation in a mutual fund, other interests in collective investment schemes, share or other interest in a real estate investment trust company, share or unit or sub-unit or participation or other interest in any hedge fund, treasury bill, fixed or floating rate debt instrument, futures, forward, swap, floor, collar, index and forward currency exchange contract or other derivative or financial transaction or instrument or any other security which may be selected by the

Investment Strategy of the Target Funds

FGLOE

FFMC will seek to add value through active investment management using a combination of top-down macro research and bottom-up fundamental analysis techniques. The strategy is to identify good businesses and companies that are trading at attractive valuations.

FGLOE will invest in a portfolio of global stocks and investment funds with a focus on the fast growing economies of Asia. FFMC will retain the discretion to manage the investments in the G5 markets either actively or passively. In respect of the G5 markets, FFMC may invest in either stocks or investment funds (including collective investment schemes, index funds and exchange traded funds) to obtain exposure to such markets. FGLOE may also invest in FDIs for the purposes of hedging and/or efficient portfolio management without leveraging the portfolio.

FFMC may from time to time, in their absolute discretion, invest in excess of 10% of the Deposited Property of FGLOE in any single sub-fund of the BlackRock Global Investors Index Selection Fund (the "BlackRock Fund"), provided always that such investments are in proportions that are consistent with FGLOE's asset allocation strategy and the Core Investment Guidelines of the revised Code on Collective Investment Scheme.

BlackRock Asset Management Ireland Limited is the manager of the BlackRock Fund and has delegated the investment management functions in respect of the BlackRock Fund to BlackRock Advisors (UK) Limited (the "Investment Manager"). The Investment Manager is ultimately a wholly-owned subsidiary of BlackRock, Inc. The Investment Manager is authorised by the Financial Services Authority to carry on regulated activities in the UK. The Investment Manager was incorporated under the laws of England and Wales on 18 March 1964. As at 30 September 2011, funds under management for the BlackRock Group was in the region of US\$3.345 trillion.

A systematic and disciplined approach to portfolio construction will be employed, via asset allocation, country allocation, portfolio selection, performance review and risk management.

FABF

FABF investment process is a combination of top-down macro research involving economic research and monetary policy analysis to arrive at interest rate and currency outlooks; as well as bottom-up analysis based on credit selection and yield curve positioning. The Investment Manager will evaluate whether bond markets offer value, the relative value across markets and the outlook for credit and these views form the basis for formulating their duration, bond market allocation, currency and credit strategies.

Financial Derivative Instruments may be used for efficient portfolio management purposes and in order to take advantage of opportunities in the non-investment grade sector (credit ratings below BBB- by Standard & Poor's or Baa3 by Moody's). FABF will be permitted to invest in fixed income or debt securities which are rated non-investment grade. However, as at the point of entering into the transactions, FABF's holdings in non-investment grade securities are not expected to exceed 30 per cent of its Net Asset Value.

Managers for the purpose of investment of the Deposited Property of any Sub-Fund or which may for the time being form part thereof.

⁵ "**Recognised Stock Exchange**" means any stock exchange or futures exchange or organised securities exchange or other market of sufficient repute in any part of the world as may be approved by the Managers and the Trustee and includes in relation to any particular authorised investment, any responsible firm, corporation or association in any part of the world which deals in the authorised investment as to be expected generally to provide in the opinion of the Managers a satisfactory market for such authorised investment.

⁶ "**OTC Market**" means any over-the-counter market or over-the-telephone market in any country in any part of the world, and in relation to any particular Authorised Investment shall be deemed to include any responsible firm, corporation or association in any country in any part of the world dealing in the Authorised Investment which the Managers may from time to time elect.

Core Investment Guidelines of the Code on Collective Investment Schemes

FFMC: Is it regulatory requirement to set out the Singapore fund guidelines? Otherwise, suggest that you just state that "FGLOE and FABF will be managed in compliance with the revised Code on Collective Investment Schemes ("Code") issued by the Monetary Authority of Singapore. The revised Code is available on MAS web-site (see below url link) and is effective on 1 October 2011."
http://www.mas.gov.sg/legislation_guidelines/securities_futures/sub_legislation/SFA_Codes.html

If it is regulatory requirement to set out the entire Core Investment Guidelines, the relevant section can be found from page 26 to 43 of the Code.

1. Unlisted securities

- 1.1 Investments in unlisted securities including unlisted derivatives should not exceed 10% of the deposited property of the Non-Specialised Fund. This 10% limit does not apply to shares offered through an initial public offering which have been approved for listing and unlisted debt securities that are traded on an organised over-the-counter market which is of good repute and open to the public.
- 1.2 Up to an additional 10% of the deposited property of the Non-Specialised Fund may be invested in unlisted debt securities which are of investment grade (i.e. rated at least BBB by Fitch Inc, Baa by Moody's or BBB by Standard and Poor's, including such sub-categories and gradations therein) but for which there is no ready secondary market.
- 1.3 Exceptions to the 10% unlisted securities rule are also allowed for structured products (as defined in paragraph 2.4 below) subject to the criteria set out in paragraph 8 below.

2. Single Issuer and Group Limits

- 2.1 Investments in securities issued by a single issuer should not exceed 10% of the deposited property of the scheme ("single issuer limit"). Further, investments in securities issued by a group of companies (a group of companies is defined as a company, its subsidiaries, fellow subsidiaries and its holding company) should not exceed 20% of the deposited property of the scheme ("single group limit").
- 2.2 Notwithstanding the "single issuer limit" and "single group limit" set out in paragraph 2.1, investments in any security that is a component of a scheme's reference benchmark may be up to the benchmark weighting of the issuer, with an additional absolute overweight allowance of two percentage points above the benchmark weight. The reference benchmark should be one which is widely accepted and constructed by an independent party.
- 2.3 Investments in securities issued by and deposits placed with an issuer, as well as securities of that same issuer which have been lent, should be aggregated in computing the single issuer and group limits. If the scheme holds as collateral securities issued by the aforementioned issuer, these should also be included in computing the scheme's exposure to that issuer.
- 2.4 Exposure to the underlying of a financial derivative has to be included in the calculation of the single issuer and group limits.
- 2.5 The single issuer limit of 10% in paragraph 2.1 may be raised to 35% of the deposited property of the scheme where:
 - a) the issuer is, or the issue is guaranteed by, either a government, government agency, or supranational that has a minimum long-term issuer rating of BBB by Fitch Inc, Baa by Moody's or BBB by Standard and Poor's (including such sub-categories or gradations therein); and
 - b) except for schemes with a fixed maturity, not more than 20% of the deposited property of the scheme may be invested in any single issue of securities by the same issuer.
- 2.6 The single issuer limit in paragraphs 2.1 and 2.2 does not apply where:
 - a) the issuer is, or the issue has the benefit of a guarantee from, either a government, government agency, or supranational that has a minimum long-term issuer rating of AA by Fitch Inc, Aa by Moody's or AA by Standard and Poor's (including such sub-categories or gradations therein); and

- b) except for schemes with a fixed maturity, not more than 20% of the deposited property of the scheme may be invested in any single issue of securities by the same issuer.
- 2.7 Exceptions to the single issuer and group limits are also allowed for structured products subject to the criteria set out in paragraph 8 below.
- 2.8 For the avoidance of doubt, the single issuer and group limits do not apply to placement of short-term deposits arising from:
- a) subscription monies received at any point in time pending the commencement of investment by the scheme;
 - b) liquidation of investments pending reinvestment; or
 - c) liquidation of investments prior to the termination or maturity of a scheme, where the placing of these monies with various institutions would not be in the interests of participants. A Non-Specialised Fund may not hold more than 10% of any single issue of securities by the same issuer.
- 2.9 A scheme may not hold more than 10% of any single issue of securities by the same issuer.

3 Securities lending

- 3.1 Up to 50% of the deposited property of the Non-Specialised Fund may be lent provided adequate collateral, in the form of instruments consistent with the investment objective and character of the Non-Specialised Fund and with a remaining term to maturity of not more than 366 days, is taken. If cash received as collateral is invested, these should be invested in the form of instruments described above.
- 3.2 Irrevocable letters of credit and banker's guarantees are acceptable as collateral if the issuer has a credit rating of at least F-1 by Fitch Inc, Prime-1 by Moody's or A-1 by Standard & Poor's.
- 3.3 The 366-day maturity requirement in paragraph 3.1 does not apply to debt securities taken as collateral where:
- (a) such debt securities are rated at least A by Fitch Inc, A by Moody's or A by Standard & Poor's (including such sub-categories and gradations therein); and
 - (b) the securities lending transaction is conducted through an institution with a credit rating of at least A by Fitch Inc, A by Moody's or A by Standard & Poor's (including such sub-categories and gradations therein) and the institution indemnifies the Non-Specialised Fund in the event of losses due to failure by the securities borrower to return the borrowed securities.
- 3.4 In addition, lending is subject to the following conditions:
- (a) the collateral is marked to market daily; and
 - (b) the trustee or its representative takes delivery of the collateral immediately.
- 3.5 Where the Non-Specialised Fund is also entitled at all times to immediately recall the securities lent without penalty, up to 100% of the deposited property of the Non-Specialised Fund may be lent.

4 Financial Derivatives

- 4.1 Schemes that make use of financial derivatives should ensure that the risks related to such financial instruments are duly measured, monitored and managed.
- 4.2 The exposure of the scheme to financial derivatives should not exceed 100% of the deposited property of the scheme at any time. Such exposure should be calculated by converting the derivative positions into equivalent positions in the underlying assets embedded in those derivatives. Other methods for calculating exposure may be allowed subject to prior consent from the Authority. In its application, the manager should describe the proposed method, the rationale for using the method and demonstrate that the method has taken into account the current value of the underlying assets, future market movements, counterparty risks and the time available to liquidate the positions.
- 4.3 The prospectus should include:

- (i) a statement as to whether financial derivatives are used for the purposes of hedging or meeting the investment objectives of the scheme or both;
- (ii) where the exposure of the scheme to financial derivatives is calculated using a method other than the method suggested in paragraph 4.2, a description of the method used and how it differs from the method suggested in paragraph 4.2;
- (iii) a description of the risk management and compliance procedures and controls adopted; and
- (iv) a statement that the manager will ensure that the risk management and compliance procedures and controls adopted are adequate and that it has the necessary expertise to control and manage the risks relating to the use of financial derivatives.

4.4 Schemes investing in financial derivatives as an asset class will have to comply with paragraphs 4.2 – 4.3 above by 22 March 2007. Schemes investing in financial derivatives for purposes of hedging existing positions in a portfolio or EPM, provided that derivatives are not used to gear the overall portfolio, have to comply with the guidelines in paragraphs 4.2 - 4.3 above by 22 December 2007.

5 Prohibited investments and activities

5.1 The Non-Specialised Fund should not invest in:

- (a) metals including gold, commodities and their derivatives; or
- (b) infrastructure projects and real estate.

5.2 The Non-Specialised Fund should not engage in:

- (a) direct lending of monies or the granting of guarantees;
- (b) underwriting; or
- (c) short-selling except where this arises from derivative transactions, which are used for hedging or efficient portfolio management.

6 Borrowings

The Non-Specialised Fund may borrow only for the purposes of meeting redemptions and short-term (not more than four (4) weeks) bridging requirements. Aggregate borrowings for such purposes should not exceed 10% of the deposited property of the Non-Specialised Fund at the time the borrowing is incurred.

7 Breach of limits

The unlisted securities, single party, securities lending and borrowing limits in paragraphs 1, 2, 3 and 6 are applicable at the time the transactions are entered into. Where any of these limits is breached as a result of:

- (a) the appreciation or depreciation of the deposited property of the Non-Specialised Fund;
- (b) any redemption of units or payments made from the Non-Specialised Fund;
- (c) Any changes in the total issued nominal amount of securities of a company arising for example from rights, bonuses or benefits, which are capital in nature; or
- (d) The reduction in the weight of a security in the benchmark being tracked by a Non-Specialised Fund,

the managers should not enter into any transaction that would increase the extent to which the relevant limit is breached. In addition, the managers should within a reasonable period of time but no later than three (3) months from the date of the breach, take action as is necessary to rectify the breach. This period may be extended if the managers satisfy the trustee that it is in the best interest of the holders. Such extension should be subject to monthly review by the trustee.

8 Exceptions to single party rule for investments in structured products

This section sets out guidelines on when:

- the 10% limit on investments in unlisted securities under paragraph 1 above may be increased to one-third of the deposited property of the scheme; and

- the single issuer and group limits under paragraph 2 above may be increased to one-third of the deposited property of the scheme or entirely lifted for structured products.

8.1 Definition

Structured products are tailor-made for a scheme such that the issuer(s) of the securities and/or instruments, or an entity other than the issuer(s) (referred to in this Annex as the “Third Party”), stands ready to unwind the product(s) at prevailing market prices so as to enable the scheme to meet redemptions on each dealing day.

8.2 Issuer and counter-party requirements

- 8.2.1 The unlisted securities limit may be increased to one-third of the deposited property of the scheme only for investing in unlisted derivatives that form part of a structured product and only if the counterparty and, where applicable, the Third Party in the transaction meet the minimum ratings set out in paragraph 8.2.2.
- 8.2.2 For the single party limit to be increased to one-third of the deposited property of the Non-Specialised Fund:
- in the case where the issuer of the security is a corporation, government, government agency or supranational, it should have a minimum long-term issuer rating of A by Fitch Inc, A by Moody's or A by Standard and Poor's (including such sub-categories or gradations therein).
 - in the case where a deposit is placed with a financial institution (“FI”), the FI should have a minimum individual rating of B by Fitch Inc or a financial strength rating of B by Moody's (including such sub-categories or gradations therein).
- 8.2.3 For the single party limit to be entirely waived, the issuer should be or the issue should have the benefit of a guarantee from either a government, government agency, or supranational that has a minimum long-term issuer rating of AA by Fitch Inc, Aa by Moody's or AA by Standard and Poor's (including such sub-categories or gradations therein).
- 8.2.4 An entity that stands ready to unwind more than 10% of the deposited property of the Non-Specialised Fund should have the ratings specified in paragraph 8.2.2.
- 8.2.5 Where the entity that stands ready to unwind the product is also the issuer of a bond, equity or derivative component that forms part of the structured product, the prospectus of the Non-Specialised Fund should state this fact.

8.3 Revisions in ratings of issuer or counter-party

- Where the rating of the issuer referred to in paragraph 8.2.2 (a) or of the Third Party:
 - falls to BBB by Fitch Inc, Baa by Moody's or BBB by Standard and Poor's (including such sub-categories or gradations therein), no action needs to be taken; or
 - falls below those specified in (i) above or if the issuer or Third Party ceases to be rated, the managers should within three months from the occurrence of such event take action to comply with the 10% single party limit. The three-month period may be extended if the managers satisfy the trustee that it is in the best interest of the holders. Such extension should be subject to monthly review by the trustee.
- Where the rating of the FI referred to in paragraph 8.2.2 (b) or of the Third Party:
 - falls to an individual rating of C by Fitch Inc or a financial strength rating of C by Moody's (including such sub-categories or gradations therein), no action need be taken; or
 - falls below those specified in (i) above or if the issuer or Third Party ceases to be rated, the managers should within three months from the occurrence of such event take action to comply with the 10% single party limit. The three-month period may be extended if the managers satisfy the trustee that it is in the best interest of the holders. Such extension should be subject to monthly review by the trustee.
- Where the rating of the issuer referred to in paragraph 8.2.3:
 - falls to A by Fitch Inc, A by Moody's or A by Standard and Poor's (including such sub-categories or gradations therein), no action need be taken; or

- (ii) falls below those specified in (i) above or if the issuer ceases to be rated, the managers should within three (3) months from the occurrence of such event take action to comply with the 10% single party limit. The period may be extended if the managers satisfy the trustee that it is in the best interest of the holders. Such extension should be subject to monthly review by the trustee.

About Fidelity Funds - Global Property Fund (“FGPF”)

The Investment Manager of FGPF is FIL Fund Management Limited (“FFML”), formerly known as Fidelity Fund Management Limited, a Bermuda corporation. FGPF “the Target Fund” is a sub-fund of the Fidelity Funds and is a recognized scheme under the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”).

Fidelity Funds is an open-ended investment company established as a SICAV (société d’investissement à capital variable) in Luxembourg and registered under Part 1 of the Luxembourg Law of 20 December 2002 (the “2002 Law”). The Fidelity Funds qualifies as an undertaking for collective investment in transferable securities (“UCITS”).

Fidelity Funds comply with the substance requirement as provided by Article 27 of the 2002 Law. The articles of incorporation of Fidelity Funds have been deposited with the *Registre de Commerce et des Sociétés* of Luxembourg.

Fidelity

Fidelity Worldwide Investment, also known as FIL Limited, is an asset manager serving investors in all corners of the world outside North America. It was established in 1969 and manages all significant asset classes for institutional and retail investors in long-term savings products. Fidelity and its subsidiaries employ over 5,528 people in 23 countries managing US\$207.9 billion worldwide (as at 30/09/11).

Fidelity is independent, not a subsidiary of a big bank or other institution, and is privately owned. This means that it can take long-term investment decisions rather than chase the next quarterly results as a listed company might. Fidelity believes its independence is a considerable advantage that benefits its customers.

Investment Strategy

Fidelity’s investment style relies on fundamental research of companies and a strict bottom-up portfolio construction discipline. This means Fidelity’s analysts and portfolio managers look closely at a company’s balance sheet and future plans; meet regularly with and question its management; and then speak to its competitors, suppliers, customers and anyone else who might give them information that helps to assess whether the investment is a good one.

Fidelity is independent, not a subsidiary of a big bank or other institution, and is privately owned. This means that it can take long-term investment decisions rather than chase the next quarterly results as a listed company might. Fidelity believes its independence is a considerable advantage that benefits its customers.

Investment objective of the Target Fund

The Target Fund aims to achieve a combination of income and long-term capital growth primarily from investments in securities of companies principally engaged in real estate industry and other real estate related investments.

Investment restrictions and scope

Detailed below are excerpts of the investment scope and limits applicable to Fidelity Funds set out in the Fidelity Prospectus pertaining to prudent spread of risk management. The excerpts are taken from the Fidelity Funds Singapore Prospectus dated March 2011 and the Fidelity Funds Luxembourg prospectus dated February 2011 respectively. The aim of these restrictions on investment and borrowing powers is to set the minimum standards for the investments that may be held by the Target Fund.

Please note that all references in this section headed “Investment Restrictions and Scope of the Target Fund” to “fund”, unless otherwise expressly stated, are references to any sub-fund of the Fidelity Funds. The Target Fund is one of the sub-funds of the Fidelity Funds.

Fidelity Funds is structured as an umbrella fund and because of this, the investment restrictions of Fidelity Funds are not segregated according to that particular sub-fund, such as the Target Fund. Therefore, certain portions of the below investment restrictions would not be applicable to the Target Fund.

The following definitions shall apply for the purpose of the investment restrictions of the Fidelity Funds set forth hereafter:

Connected Person	‘Connected Person’ of any investment adviser, investment manager, custodian or any Share Distributor means: a) any person beneficially owning, directly or indirectly, 20% or more of the ordinary share capital of that company or able to exercise, directly or indirectly, 20% or more of the total votes in that company;
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	<p>b) any person controlled by a person who meets one or both of the requirements set out in a) above;</p> <p>c) any company 20% or more of whose ordinary share capital is beneficially owned, directly or indirectly, by any investment adviser, investment manager or Share Distributor taken together; and any company 20% or more of the total votes in which can be exercised, directly or indirectly by such investment adviser, investment manager or Share Distributor taken together; and</p> <p>d) any director or officer of any investment adviser or investment manager or Share Distributor or of any Connected Person of that company, as defined in a), b) or c) above.</p>
EU	European Union
Eligible Market	a Regulated Market in an Eligible State.
Eligible State	any Member State of the EU or any other state in Eastern and Western Europe, Asia, Africa, Australia, North and South America and Oceania.
FATF State	any state having joined the Financial Action Task Force.
Money Market Instruments	instruments normally dealt in on a money market (having a residual maturity or regular yield adjustment of 397 days or less or having a risk profile corresponding to this), which are liquid, and have a value which can be accurately determined at any time.
OECD	Organisation for Economic Co-operation and Development.
other UCI	an undertaking for collective investment within the meaning of the first and second indents of Article 1 (2) of Council Directive 85/611/EEC, as amended.
Regulated Market	a market within the meaning of Article 1.13 of directive 93/22/EEC and any other market which is regulated, operates regularly and is recognised and open to the public. For the avoidance of any doubt, this shall include the US OTC Bond Market, the Russian Trading System Stock Exchange (RTS Stock Exchange) as well as the Moscow Interbank Currency Exchange (MICEX).
Transferable Securities	<p>shall mean:</p> <ul style="list-style-type: none"> • shares and other securities equivalent to shares; • bonds and other debt instruments; • any other negotiable securities which carry the right to acquire any such transferable securities by subscription or exchange. <p>excluding techniques and instruments relating to transferable securities and money market instruments.</p>
UCITS	an undertaking for collective investment in Transferable Securities authorised pursuant to Council Directive 85/611/EEC, as amended.

A. Investment restrictions

1. Fidelity Funds, including any fund, such as the Target Fund, may invest in:
 - a) Transferable Securities and Money Market Instruments admitted to or dealt in on an Eligible Market;
 - b) recently issued Transferable Securities and Money Market Instruments, provided that the terms of issue include an undertaking that application will be made for admission to official listing on an Eligible Market and such admission is secured within one year of the issue;
 - c) units/shares of UCITS and/or other UCIs, whether situated in an EU Member State or not, provided that:

- such other UCIs have been authorised under the laws of any Member State of the EU or recognised as equivalent by the CSSF, such as Canada, Hong Kong, Japan, Norway, Switzerland or the United States of America;
 - the level of protection for unit holders/shareholders in such other UCIs is equivalent to that provided for unit holders/shareholders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of Transferable Securities and Money Market Instruments are equivalent to the requirements of directive 85/611/EEC;
 - the business of such other UCIs is reported in both half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period;
 - no more than 10% of the assets of the UCITS or of the other UCIs, whose acquisition is contemplated, can, according to their constitutional documents, in aggregate be invested in units/shares of other UCITS or other UCIs.
- d) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a country recognised by the CSSF such as an OECD member state or a FATF State;
- e) financial derivative instruments, including equivalent cash-settled instruments, dealt in on an Eligible Market and/or financial derivative instruments dealt in over-the-counter (“OTC derivatives”), provided that:
- the underlying consists of instruments covered by this section I 1., financial indices, interest rates, foreign exchange rates or currencies, in which the funds may invest according to their investment objective;
 - the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the Luxembourg supervisory authority;
 - the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Fund’s initiative;
- and/or
- f) Money Market Instruments other than those dealt in on an Eligible Market and referred to under ‘Definitions’, if the issue or the issuer of such instruments are themselves regulated for the purpose of protecting investors and savings, and provided that such instruments are:
- issued or guaranteed by a central, regional or local authority or by a central bank of an EU Member State, the European Central Bank, the EU or the European Investment Bank, a non-EU Member State or, in case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more EU Member States belong, or
 - issued by an undertaking any securities of which are dealt in on Eligible Markets, or
 - issued or guaranteed by a credit institution which has its registered office in a country recognised by the CSSF such as an OECD member state or a FATF State, or
 - issued by other bodies belonging to the categories approved by the CSSF provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least ten million Euro (10,000,000 Euro) and which presents and publishes its annual accounts in accordance with the fourth Directive 78/660/EEC, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.
2. In addition, Fidelity Funds may invest a maximum of 10% of the net assets of any fund, such as the Target Fund, in transferable securities and Money Market Instruments other than those referred to under 1. above.

II The Fidelity Funds may hold ancillary liquid assets up to 49% of the net assets of each fund such as the Target Fund; this percentage may exceptionally be exceeded if the directors of the Fidelity Funds consider this to be in the best interests of the shareholders of the Fidelity Funds.

- III 1 a) The Fidelity Funds will invest no more than 10% of the net assets of any fund, such as the Target Fund, in Transferable Securities or Money Market Instruments issued by the same issuing body.
- b) The Fidelity Funds may not invest more than 20% of the net assets of any fund, such as the Target Fund in deposits made with the same body.
- c) The risk exposure of a fund, such as The Target Fund, to a counterparty in an OTC derivative transaction may not exceed 10% of its net assets when the counterparty is a credit institution referred to in I 1. d) above or 5% of its net assets in other cases.

2 Moreover, where the Fidelity Funds holds on behalf of a fund, such as the Target Fund, investments in Transferable Securities and Money Market Instruments of issuing bodies which individually exceed 5% of the net assets of such fund, the total of all such investments must not account for more than 40% of the total net assets of such fund.

This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.

Notwithstanding the individual limits laid down in paragraph 1, the Fidelity Funds may not combine for each fund:

- investments in Transferable Securities or Money Market Instruments issued by a single body;
- deposits made with a single body; and/or
- exposures arising from OTC derivative transactions undertaken with a single body in excess of 20% of its net assets.

3. The limit of 10% laid down in sub-paragraph 1. a) above is increased to a maximum of 35% in respect of Transferable Securities or Money Market Instruments which are issued or guaranteed by an EU Member State, its local authorities, or by another Eligible State or by public international bodies of which one or more EU Member States are members.

4. The limit of 10% laid down in sub-paragraph 1. a) is increased to 25% for certain bonds when they are issued by a credit institution which has its registered office in a Member State of the EU and is subject by law, to special public supervision designed to protect bondholders. In particular, sums deriving from the issue of these bonds must be invested in conformity with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in case of bankruptcy of the issuer, would be used on a priority basis for the repayment of principal and payment of the accrued interest.

If a fund, such as the Target Fund, invests more than 5% of its net assets in the bonds referred to in this sub-paragraph and issued by one issuer, the total value of such investments may not exceed 80% of the net assets of the fund.

Notwithstanding the above provisions, Fidelity Funds is authorised to invest up to 100% of the net assets of any fund, such as the Target Fund, in accordance with the principle of risk spreading, in Transferable Securities and Money Market Instruments issued or guaranteed by a Member State of the EU, by its local authorities or agencies, or by another member State of the OECD or by public international bodies of which one or more Member States of the EU are members, provided that such fund must hold securities from at least six different issues and securities from one issue do not account for more than 30% of the net assets of such fund.

5. The Transferable Securities and Money Market Instruments referred to in paragraphs 3. and 4. shall not be included in the calculation of the limit of 40% in paragraph 2.

The limits set out in sub-paragraphs 1., 2., 3. and 4. may not be aggregated and, accordingly, investments in Transferable Securities or Money Market Instruments issued by the same issuing body, in deposits or in derivative instruments effected with the same issuing body may not, in any event, exceed a total of 35% of any fund's net assets.

Companies which are part of the same group for the purposes of the establishment of consolidated accounts, as defined in accordance with directive 83/349/EEC or in accordance with recognised international accounting rules, are regarded as a single body for the purpose of calculating the limits contained in this paragraph III.

The Fidelity Funds may cumulatively invest up to 20% of the net assets of a fund, such as the Target Fund, in Transferable Securities and Money Market Instruments within the same group.

- IV
1. Without prejudice to the limits laid down in paragraph V, the limits provided in paragraph III are raised to a maximum of 20% for investments in shares and debt securities issued by the same issuing body if the aim of the investment policy of a fund, such as the Target Fund, is to replicate the composition of a certain stock or bond index which is sufficiently diversified, represents an adequate benchmark for the market to which it refers, is published in an appropriate manner and disclosed in the relevant fund's investment policy.
 2. The limit laid down in paragraph 1. is raised to 35% where this proves to be justified by exceptional market conditions, in particular on Regulated Markets where certain Transferable Securities or Money Market Instruments are highly dominant. The investment up to this limit is only permitted for a single issuer.
- V
1. Fidelity Funds may not acquire shares carrying voting rights which should enable it to exercise significant influence over the management of an issuing body.
 2. The Fidelity Funds may acquire no more than:
 - 10% of the non-voting shares of the same issuer;
 - 10% of the debt securities of the same issuer;
 - 10% of the Money Market Instruments of the same issuer.
 3. These limits under second and third indents may be disregarded at the time of acquisition, if at that time the gross amount of debt securities or of the Money Market Instruments cannot be calculated.

The provisions of paragraph V shall not be applicable to Transferable Securities and Money Market Instruments issued or guaranteed by a Member State of the EU or its local authorities or by any non-Member State of the EU, or issued by public international bodies of which one or more Member States of the EU are members.

These provisions are also waived as regards shares held by the Target Fund in the capital of a company incorporated in a non-Member State of the EU which invests its assets mainly in the securities of issuing bodies having their registered office in that State, where under the legislation of that State, such a holding represents the only way in which the Target Fund can invest in the securities of issuing bodies of that State provided that the investment policy of the company from the non-Member State of the EU complies with the limits laid down in paragraph III, V 1. and 2. and VI.

The limits set forth here above also do not apply when investments of any fund are made in the capital of subsidiary companies which, exclusively on behalf of Fidelity Funds or such fund, such as the Target Fund, carry on only the business of management, advice or marketing in the country where the subsidiary is located, with regard to the redemption of Shares at the request of Shareholders.

- VI
1. The Fidelity Funds may acquire units/shares of the UCITS and/or other UCIs referred to in paragraph I 1. c), provided that no more than 10% of a fund's net assets be invested in the units of a UCITS or other UCI. In aggregate, the Fidelity Funds will invest no more than 10% of its assets in units of other UCITS or other UCIs.

For the purpose of the application of this investment limit, each compartment of a UCI with multiple compartments is to be considered as a separate issuer provided that the principle of segregation of the obligations of the various compartments vis-à-vis third parties is ensured.
 2. The underlying investments held by the UCITS or other UCIs in which the Fidelity Funds invests do not have to be considered for the purpose of the investment restrictions set forth under III above.

3. When the Fidelity Funds invests in the units of UCITS and/or other UCIs linked to the Fidelity Funds by common management or control, no subscription or redemption fees may be charged to Fidelity Funds on account of its investment in the units of such other UCITS and/or UCIs.

In the event a fund, such as the Target Fund, invests a substantial portion of its assets in UCITS and other UCIs linked to Fidelity Funds, as described in the preceding paragraph, the total management fee (excluding any performance fee, if any) charged to such fund and each of the UCITS or other UCIs concerned shall not exceed 3% of the relevant net assets under management.

The Fidelity Funds will indicate in its annual report the total management fees charged both to the relevant fund, such as the Target Fund and to the UCITS and other UCIs in which such fund has invested during the relevant period.

4. The Fidelity Funds may acquire no more than 25% of the units of the same UCITS or other UCI. This limit may be disregarded at the time of acquisition if at that time the net amount of the units in issue cannot be calculated. In case of a UCITS or other UCI with multiple compartments, this restriction is applicable by reference to all units issued by the UCITS or other UCI concerned, all compartments combined.

- VII The Fidelity Funds shall ensure for each fund that the global exposure relating to derivative instruments does not exceed the net assets of the relevant fund, such as the Target Fund.

The exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, foreseeable market movements and the time available to liquidate the positions. This shall also apply to the following subparagraphs.

If the Fidelity Funds invests in financial derivative instruments, the exposure to the underlying assets may not exceed in aggregate the investment limits laid down in paragraph III above. When the Fidelity Funds invests in index-based financial derivative instruments, these investments do not have to be combined to the limits laid down in paragraph III.

When a transferable security or Money Market Instrument embeds a derivative, the latter must be taken into account when complying with the requirements of this paragraph VII.

- VIII
1. The Fidelity Funds may not borrow for the account of any fund, such as the Target Fund, amounts in excess of 10% of the net assets of that fund, any such borrowings to be from banks and to be effected only on a temporary basis, provided that the Fidelity Funds may acquire foreign currencies by means of back to back loans.
 2. The Fidelity Funds may not grant loans to or act as guarantor on behalf of third parties. This restriction shall not prevent Fidelity Funds from acquiring Transferable Securities, Money Market Instruments or other financial instruments referred to in I 1. c), e) and f) which are not fully paid.
 3. The Fidelity Funds may not carry out uncovered sales of Transferable Securities, Money Market Instruments or other financial instruments.
 4. The Fidelity Funds may not acquire movable or immovable property.
 5. The Fidelity Funds may not acquire either precious metals or certificates representing them.

- IX
1. The Fidelity Funds needs not comply with the limits laid down in this chapter when exercising subscription rights attaching to Transferable Securities or Money Market Instruments which form part of its assets. While ensuring observance of the principle of risk spreading, recently created funds may derogate from paragraphs III, IV and VI 1., 2. and 3. for a period of six months following the date of their creation.
 2. If the limits referred to in paragraph 1. are exceeded for reasons beyond the control of the Fidelity Funds or as a result of the exercise of subscription rights, it must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interest of its shareholders.
 3. To the extent that an issuer is a legal entity with multiple compartments where the assets of the compartment are exclusively reserved to the investors in such compartment and to those creditors whose claim has arisen in connection with the creation, operation or liquidation of that

compartment, each compartment is to be considered as a separate issuer for the purpose of the application of the risk spreading rules set out in paragraphs III, IV and VI.

B. Other safeguards

In addition, the Fidelity Funds shall not:

1. borrow money except on a short-term basis, and then only to the extent of 10% of the total value of the net assets of the Fidelity Funds;
2. mortgage, pledge, charge or in any manner transfer as security for indebtedness any assets of the Fidelity Funds other than as may be necessary in connection with permitted borrowings (within the above limit of 10%) except that the foregoing shall not prevent the Fidelity Funds from segregating or pledging assets as may be required in constituting margins for the purposes of using investment and hedging techniques as more fully described under D. below;
3. underwrite or participate (except as an investor) in the marketing of securities of any other company;
4. make loans or guarantee the obligations of third parties, save that the Fidelity Funds may make deposits with the custodian or any bank or deposit-taking institution approved by the custodian or hold debt instruments. Securities lending does not rank as a loan for the purpose of this restriction;
5. issue warrants or other rights to subscribe for shares in the Fidelity Funds to its shareholders or to any third parties;
6. except with the consent of the directors of the Fidelity Funds, purchase, sell, borrow or lend portfolio investments from or to or otherwise execute transactions with any appointed investment manager or investment adviser of the Fidelity Funds, or any Connected Person of either of them;
7. invest in documents of title to merchandise.

C. Risk management procedures

The Fidelity Funds will employ a risk-management process which enables it to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of each fund, such as the Target Fund. The Fidelity Funds will employ, if applicable, a process for accurate and independent assessment of the value of any OTC derivative instruments. The risk management framework is available upon request from the Fidelity Fund's registered office.

D. Securities Lending and Borrowing and Repurchase Transactions

To the maximum extent allowed by, and within the limits set forth in, the Law of 2002 as well as any present or future related Luxembourg laws or implementing regulations, circulars and CSSF's positions (the "Regulations"), in particular the provisions of (i) article 11 of the Grand-Ducal regulation of 8 February 2008 relating to certain definitions of the Law of 2002 and of (ii) CSSF Circular 08/356 relating to the rules applicable to undertakings for collective investments when they use certain techniques and instruments relating to transferable securities and money market instruments (as these pieces of regulations may be amended or replaced from time to time), each fund may for the purpose of Efficient Portfolio Management (a) enter, either as purchaser or seller, into repurchase transactions (*opérations à réméré*) and reverse repurchase and repurchase agreements transactions (*opérations de prise/mise en pension*) and (b) engage in securities lending transactions. A summary of the Regulations may be obtained at the registered office of the Fund.

Under no circumstances shall these operations cause a fund to diverge from its investment objective as laid down in the Prospectus or result in additional risk higher than its profile as described in the Prospectus.

The Fund will ensure to maintain the volume of these transactions at a level such that is able, at all times, to meet redemption requests.

The counterparties to such transactions must be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by Community law and specialised in this type of transaction.

Collateral with regard to securities lending transactions must be in the form of: (i) liquid assets (i.e., cash and short term bank certificates, money market instruments as defined in Council Directive 2007/16/EC of 19 March 2007) and their equivalent (including letters of credit and a guarantee at first-demand given by a first class credit institution not affiliated to the counterparty); (ii) bonds issued or guaranteed by a Member State of the OECD or their local authorities or by supranational institutions and undertakings with EU, regional or world-wide scope; (iii) shares or units issued by money market UCIs calculating a net asset value on a daily basis and assigned a rating of AAA or its equivalent; (iv) shares or units issued by UCITS investing mainly in bonds/shares satisfying the conditions under (v) and (vi) hereafter; (v) bonds issued or guaranteed by first class issuers offering an adequate liquidity; or (vi) shares admitted to or dealt in on a Regulated Market or on a stock exchange of a Member State of the OECD, provided that these shares are included in a main index. Securities that are the subject of purchase with a repurchase option or that may be purchased in reverse purchase agreements are limited to the type of securities mentioned under items (i), (ii), (iii), (v) and (vi).

Cash collateral received by the Fund in relation to these transactions will not be reinvested unless otherwise specifically permitted for a specific fund in the Prospectus. In that event, cash collateral received by such fund in relation to any of these transactions may be reinvested in a manner consistent with the investment objectives of such fund in (a) shares or units issued by money market undertakings for collective investment calculating a daily net asset value and being assigned a rating of AAA or its equivalent, (b) short-term bank deposits, (c) money market instruments as defined in the above referred Grand-Ducal regulation, (d) short-term bonds issued or guaranteed by an EU member state, Switzerland, Canada, Japan or the United States or by their local authorities or by supranational institutions and undertakings with EU, regional or world-wide scope, (e) bonds issued or guaranteed by first class issuers offering an adequate liquidity, and (f) reverse repurchase agreement transactions according to the provisions described under section I.C.a) of the above referred CSSF Circular. Such reinvestment will be taken into account for the calculation of each concerned fund's global exposure, in particular if it creates a leverage effect.

E. Miscellaneous

1. The Fidelity Funds need not comply with the investment limit percentages set out above when exercising subscription rights attaching to securities, which form part of its assets.
2. Such restrictions shall apply to each fund, such as the Target Fund, as well as to the Fidelity Funds as a whole.
3. If the investment limit percentages set out above are exceeded as a result of events or actions after investment that are beyond the control of the Fidelity Funds or by reason of the exercise of subscription rights attaching to securities held by it, the Fidelity Funds shall give priority, consistent with the best interests of shareholders of the Fidelity Funds, upon sale of securities to disposing of these securities to the extent that they exceed such percentages; provided, however, that in any case where the foregoing percentages are lower than relevant percentages imposed by Luxembourg Law, the Fidelity Funds need not give priority to disposing of such securities until the law's higher limits have been exceeded, and then only to the extent of such excess.
4. The Fidelity Funds follows a risk-spreading policy regarding the investment of cash and other liquid assets.
5. The Fidelity Funds will not purchase or sell real estate or any option right or interest therein, provided that the Fidelity Funds may invest in securities secured by real estate or interests therein or issued by companies which invest in real estate or interests therein.
6. The Investment Manager of the Fidelity Funds and any of its Connected Persons may effect transactions by or through the agency of another person with whom the Investment Manager of the Fidelity Funds and any of its Connected Persons have an arrangement under which that party will from time to time provide to or procure for the Investment Manager of the Fidelity Funds and any of its Connected Persons goods, services or other benefits, such as research and advisory services, computer hardware associated with specialised software or research services and performance measures etc, the nature of which is such that their provision can reasonably be expected to benefit the Fidelity Funds as a whole and may contribute to an improvement in the Fidelity Fund's performance and that of the Investment Manager or any of its Connected Persons in providing services to the Fidelity Funds and for which no direct payment is made but instead the Investment Manager of the Fidelity Funds and any of its Connected Persons undertake to place business with that party. For the avoidance of doubt, such goods and services do not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries or direct money payments.

7. The Investment Manager of the Fidelity Funds and any Connected Person shall not retain the benefit of any cash commission rebate (being cash commission repayment made by a broker or dealer to the Investment Manager of the Fidelity Funds and/or any Connected Person) paid or payable from any such broker or dealer in respect of any business placed with such broker or dealer by the Investment Manager of the Fidelity Funds or any Connected Person for or on behalf of the Fidelity Funds. Any such cash commission rebate received from any such broker or dealer shall be held by the Investment Manager and any Connected Person for the account of the Fidelity Funds. Brokerage rates will not be excessive of customary brokerage rates. All transactions will be done with best execution.

Market timing practises applicable to the Target Fund

Fidelity Funds (of which the Target Fund is a sub-fund) is designed and managed to support long-term investment and active trading is discouraged. Short-term or excessive trading into and out of the Fidelity Funds may harm performance by disrupting portfolio management strategies and by increasing expenses. In line with general Fidelity policy and practise and CSSF circular 04/146, Fidelity Funds and its distributors is committed not to permit transactions which they know to be or have reasons to believe to be related to market timing.

Accordingly, Fidelity Funds and its distributors may refuse to accept applications for or switching of shares, especially where transactions are deemed disruptive particularly from market timers or investors who, in Fidelity Fund's or any of the distributors' opinion, have a pattern of short-term or excessive trading or whose trading has been or may be disruptive to the Fund. For these purposes, the Fidelity Funds and its distributors may consider an investors, trading history in a fund or other Fidelity UCIs and accounts under common ownership or control.

Temporary Suspension of the determination of net asset value and of the issue, switching and redeeming of the Target Fund shares

The directors of the Fidelity Funds reserve the right to suspend the determination of net asset value of shares of the Target Fund, the issue of such shares, the switching of such shares and the redemption of such shares:

- a. during any period (other than ordinary holidays or customary weekend closings) when any market or stock exchange is closed on which a significant portion of the Fund's investments relating to that fund is quoted and which is the main market or stock exchange for such investments, provided that the closing of such exchange or market affects the valuation of the investments quoted thereon; or during any period when dealings on such market or stock exchange are substantially restricted or suspended, provided such restriction or suspension affects the valuation of the investments of the Fund relating to that fund quoted thereon;
- b. during any period when an emergency exists as a result of which disposal by the Fund of investments relating to that fund which constitute a substantial portion of the assets of the fund is not practically feasible or would be seriously prejudicial to the Shareholders;
- c. during any breakdown in the means of communication normally employed in determining the price of any of the Fund's investments relating to that fund or of current prices on any market or stock exchange;
- d. when for any other reason the prices of any investments owned by the Fund relating to that fund cannot promptly or accurately be ascertained;
- e. during any period when remittance of monies which will or may be involved in the realisation of or in the payment for any of the Fund's investments relating to that fund cannot, in the opinion of the Directors, be carried out at normal rates of exchange; and
- f. in the event of the publication of a notice convening an Extraordinary General Meeting of Shareholders for the purpose of winding up the Fund as from the time of such publication.

Suspension of AGDPF's valuation

In an event that **the Target Fund's valuation is suspended**, the Manager reserves the **right to suspend AGDPF's valuations**, upon the approval from the Trustee as AGDPF will be governed by the Target Fund's policies and the prices of AGDPF's units will be as per the price of these units at the re-commencement of valuations/trading as elaborated further in the Prospectus of the Target Fund. Please be advised that prices of units in AGDPF may appreciate or depreciate in value.

About HSBC GEM Treasures Fund (“HGTF”)

HSBC GEM Treasures Fund is a sub-fund of HSBC Investment Funds, an open-ended umbrella unit trust established in Singapore. The Inception Date for the HGTF was 21 November 2007.

The Investment Manager and Sub-Manager

The Investment Manager of the HGTF is HSBC Global Asset Management (Singapore) Limited, and the Sub-Manager is HSBC Global Asset Management (France), both being wholly-owned subsidiaries within the HSBC Group.

The Investment Manager was incorporated in Singapore on 20 September 1986 and is regulated by the Monetary Authority of Singapore (“MAS”). The Investment Manager holds a Capital Markets Services Licence for Fund Management issued by MAS.

The Investment Manager is part of HSBC Global Asset Management which is the core global investment solutions platform of the HSBC Group. With a global network of dedicated offices, HSBC Global Asset Management is able to create and deliver solutions to clients worldwide.

As one of the world's leading emerging markets asset management businesses, through its network of offices in over 30 countries around the world, HSBC Global Asset Management has strong relationships with corporates, institutions and financial intermediaries of all sizes and types.

HSBC Global Asset Management offers clients around the world a diverse and full range of active and quantitative investment products including equity, fixed income, liquidity and alternative strategies. Their objective is to manage focused investment strategies that are responsive to client needs while delivering long-term value. As of 31 October 2011, HSBC Global Asset Management had total assets under management of USD 419.25 billion of which the Singapore office contributes USD 5.99 billion.

The Sub-Manager was established in 1989 in France and has 20 years of experience in managing discretionary funds and collective investment schemes. As at 31 August 2011, the Sub-Manager has USD 98.56 billion worth of assets under its management.

Investment Objective

The HGTF seeks long-term returns from capital growth and income by investing about 70% of its non-cash assets in a portfolio of investments in equity and equity equivalent securities of companies of emerging markets. These companies will be those that at the time of purchase have their registered office in and with an official listing on a major stock exchange or other regulated market of an emerging country as well as those companies that carry out a preponderant part of their business activities in any emerging markets country. The remaining assets will be invested in a diversified portfolio of fixed income securities including but not limited to global bonds, inflation linked bonds, investment grade corporate bonds and emerging market debt.

The HGTF will invest in the equity markets of emerging countries, such as Latin America, Eastern Europe, Asia, Africa and the Middle East and fixed income instruments from around the world.

The HGTF (US\$ denominated Units) will be measured against a composite benchmark consisting 70% MSCI Emerging Markets Free Index in USD, un-hedged, and 30% JP Morgan Govt Bond Index, in USD, currency-hedged.

Investment Strategy

The HGTF will be managed in accordance with a “balanced” approach. The neutral position and allowable range are as follows:

	Neutral Position	Max Weight	Min Weight
Global emerging market equities (Equity and equity-related securities)	70%	80%	20%
Global bonds (Fixed-income securities and money market instruments)	30%	80%	20%
Cash	0%	30%	-

The primary indicators used by the Sub-Manager to assess the opportunity to possibly reduce the allocation to equities in favour of bonds or cash are equity valuations and risk indicators, using proprietary models. In particular, whenever these models are showing large over-valuation of equities, and/or a high probability of heightened market volatility in the following days and weeks, the equity exposure could be, at the discretion of the Sub-Manager and according to their best judgement, reduced to a level below 70%.

The Sub-Manager’s Global Fixed-Income model is based on the belief that markets are efficient on average, that is they fully and correctly reflect all relevant information determining security prices in the long run. However, in the short run, one can observe significant gaps between market risk premiums and fair risk premiums, a function of economic and financial fundamentals. These moments of significant market under-valuation (overvaluation) represent a tactical opportunity for investors, as research has shown that deviations between the observed and the fair risk premium drastically decrease within a three (3) to six (6) month period, resulting in significant predictable return movements. The Sub-Manager’s valuation tools are precisely designed to identify these opportunities, through the estimation of the asset fair value and the estimation of the average time of convergence between the observed price and the fair value of the market.

Distribution of Income and Capital

Distributions (if any) will be at the sole discretion of Investment Manager.

Investment Philosophy

- There is an assumption of rationality within the financial markets, in which asset prices cannot durably differ from their fundamental value.
- The Sub-Manager focuses on the relationship between key fundamental drivers and asset prices, unlike traditional fundamental analysis, which develops an independent expectation of future fundamentals. Anticipation of changes in market expectations is critical to their process.
- Markets are efficient on average. They fully and correctly reflect all relevant information in determining long-term security prices. Thus, an asset equilibrium or fair price can be identified at any given moment. However, there are times when market risk premiums and fair risk premiums differ, which represents a tactical opportunity for the investor.
- Using quantitative analysis, based on sound economic and financial theory, the Sub-Manager is able to identify information with the highest actionable content, thereby, reducing the number of variables necessary to explain the phenomena they aim to predict. The core theory underlying their models is documented in various published studies conducted within the academic environment. They have advanced this research internally to determine commercial applicability and implementation process.
- Each unit of risk in a portfolio must be rewarded with appropriate expected return. Therefore, portfolio exposures are optimised to produce the highest probability return.

Authorised Investments

Detailed below are excerpts of the investment scope and limits applicable to the HGTF pertaining to prudent spread of risk management. The excerpts are taken from the HGTF Replacement Prospectus dated 30 September 2011. The aim of these restrictions on investments and borrowing powers sets the minimum standards for the investments that may be held by the HGTF.

The HGTF is, subject to compliance with its investment objectives, authorised to invest in the following investments ("Authorised Investments"):

1. any Quoted Investment⁵
2. any Investment⁶ in respect of which application for listing or for permission to deal has been made to a Recognised Stock Exchange⁷ and the subscription for or purchase of which is either conditional upon such listing or permission to deal being granted within a specified period not exceeding twelve (12) weeks (or such other period as may be agreed between the Investment Manager and the Trustee of HGTF) or in respect of which the Investment Manager is satisfied that the subscriptions or other transactions will be cancelled if the application is refused;
3. any Unquoted Investment⁸;
4. any Investment which is a unit in any unit trust scheme or a share or participation in an open-ended mutual fund or other collective investment scheme;
5. any Investment denominated in any currency;
6. the currency of any country or any contract for the spot purchase or sale of any such currency or for hedging purposes, any foreign exchange transaction or any forward contract of such currency; or
7. any other investment not covered by paragraphs (1) to (6) above but selected by the Investment Manager for investment of the deposited property of the HGTF and approved by the Trustee of the HGTF.

APPENDIX 1 - Investment and Borrowing Guidelines for the HGTF

1 Permissible Investments

1.1 The scheme's underlying investments may only consist of the following permissible investments:

- a) transferable securities;
- b) money market instruments;
- c) eligible deposits;
- d) units in other schemes;
- e) financial derivatives; and
- f) shares or securities equivalent to shares that are not listed for quotation or quoted and have not been approved for listing for quotation or quotation on an organised exchange.

1.2 For the purpose of paragraph 1.1,

- a) "transferable securities" refer to:
 - i) shares or securities equivalent to shares; and

⁵ "Quoted Investment" means any Investment which is quoted or listed or in respect of which permission to deal is effective on any Recognised Stock Exchange.

⁶ "Investment" means any share, stock, bond, note, debenture, debenture stock, unit or sub-unit in any unit trust scheme, participation in a mutual fund, warrant or other stock purchase right, futures, option, loan convertible into security, money market instrument, indices, forwards, options and other derivatives transactions, index and forward currency exchange contract or any other security which may be selected by the Investment Manager for the purpose of investment of the deposited property of the Fund or which may for the time being form part thereof.

⁷ "Recognised Stock Exchange" means any stock exchange, futures exchange, organised securities exchange or over-the-counter market or other market of sufficient repute in any part of the world as may be approved by the Investment Manager and the Trustee and includes, in relation to any particular Authorised Investment, any responsible firm, corporation or association in any part of the world which deals in the Authorised Investment as to be expected generally to provide in the opinion of the Investment Manager a satisfactory market for such Authorised Investment.

⁸ "Unquoted Investment" is means any Investment which is not quoted, listed or dealt in on any Recognised Stock Exchange.

ii) bonds or other securitised debt instruments,

that meet the requirements of paragraph 1.3 but do not include:

A) money market instruments; or

B) any security the title to which cannot be transferred or can be transferred only with the consent of a third party.

b) “eligible deposits” refer to deposits with banks licensed under the Banking Act (Cap. 19), finance companies licensed under the Finance Companies Act (Cap. 108), merchant banks approved as financial institutions under section 28 of the Monetary Authority of Singapore Act (Cap. 186) or any other deposit-taking institution licensed under an equivalent law in a foreign jurisdiction.

Requirements of transferable securities

1.3 Transferable securities should meet the following requirements:

- a) the maximum potential loss which may be incurred as a result of the investment is limited to the amount paid for it;
- b) the investment is liquid;
- c) the investment is subject to reliable and verifiable valuation on a daily basis; and
- d) there is appropriate information available to the market on the investment or, where relevant, on the portfolio.

Guidance

In determining whether information on a transferable security is appropriate, the manager should consider if the information available on the market is regular and accurate, as well as sufficient to analyse the investment. For example, reliance on annual or financial reports is acceptable if the manager is of the view that it is appropriate.

Requirements on investments in other schemes

1.4 A scheme may invest in other schemes only if the underlying scheme is:

a) an authorised or recognised scheme;

Guidance

Notwithstanding paragraph 1.4(a), the scheme should not invest in an underlying scheme which is a hedge fund or fund-of-hedge funds even if the underlying scheme complies with Appendix 3 of the Code.

b) a scheme which:

- i) is constituted and regulated in a jurisdiction where the laws and practices afford to participants in Singapore protection at least equivalent to that afforded to participants of schemes which are wholly managed in Singapore;
- ii) adheres to investment and borrowing guidelines which are substantially similar to those set out in the relevant Appendices of the Code; and
- iii) has a manager that is reputable and supervised by an acceptable financial supervisory authority;

c) a scheme which is invested in permissible investments, commodities or real estate, meets the requirements set out in paragraph 1.3(a) to (d) and, for the purposes of this paragraph, the units in the scheme are listed for quotation and traded on an organised exchange.

Guidance

Restricted schemes may be acceptable as underlying investments if they can meet the conditions in paragraph 1.4(b) or (c).

- 1.5 A scheme may feed substantially into an underlying fund-of-funds but the underlying fund-of-funds should invest in other schemes directly and not through another fund-of-funds.

Requirements of financial derivatives

- 1.6 Financial derivatives should meet the following requirements:
- a) the underlying consists of instruments referred to in paragraph 1.1, commodities, indices which meets the requirements in Appendix 5: Index Funds, interest rates, foreign exchange rates or currencies. In the case of financial derivatives on commodities, such transactions should be settled in cash at all times. The manager should also undertake in the trust deed to settle such transactions in cash and disclose the fact in the prospectus;
 - b) the financial derivatives are liquid;
 - c) the financial derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value; and
 - d) the financial derivatives should not result in the delivery of investments other than those described in paragraph 1.1(a) to (f).

OTC financial derivatives

- 1.7 In the case of OTC financial derivatives, reliable and verifiable valuation stated in paragraph 1.6(c) refers to:
- a) a valuation made by the manager based on a current market value; or
 - b) where such value is not available, a fair value based on an appropriate valuation model which is checked at an appropriate frequency by an independent party.

The valuation by the manager should not be based solely on a valuation provided by the counterparty to the transaction.

Guidance

The party who carries out the verification should be independent of the counterparty as well as the manager's fund management function.

2 Spread of Investments

Single entity limit and group limit

- 2.1 A scheme should comply with the following limits:
- a) Investments in:
 - i) transferable securities; or
 - ii) money market instrumentsissued by a single entity should not exceed 10% of the scheme's NAV ("single entity limit").
 - b) Aggregate investments in, or exposures to, a group of entities through:
 - i) transferable securities;
 - ii) money market instruments;
 - iii) eligible deposits; and
 - iv) counterparty risk exposures arising from the use of OTC financial derivativesshould not exceed 20% of the scheme's NAV ("group limit"). For the purposes of this paragraph, a group of entities refers to an entity, its subsidiaries, fellow subsidiaries and its holding company.

Guidance 1

Investments in transferable securities and money market instruments issued by a trust should be included in the single entity limit and group limit.

Guidance 2

The group of entities referred to in the group limit also applies to aggregate investments in, or exposures to, special purpose vehicles (SPVs) where the substance of the relationship between a sponsor and its SPV, determined in accordance with the Interpretation of Financial Reporting Standard 12, indicates that the SPV is controlled by that sponsor.

Short-term deposits

- 2.2 The group limit does not apply to placements of eligible deposits arising from:
- a) subscription monies received at any point in time pending the commencement of investment by the scheme; or
 - b) liquidation of investments prior to the termination or maturity of a scheme, where the placing of these monies with various institutions would not be in the interests of participants.

Benchmark limit

- 2.3 Where the scheme and its reference benchmark comply with sections 4 and 5 of Appendix 5: Index Funds, the scheme may invest in a transferable security that is a constituent of the reference benchmark, up to a single entity limit of two percentage points above the benchmark weight. The group limit of 20% may be raised to 25% of the scheme's NAV.

Government and other public debt securities

- 2.4 The single entity limit of 10% may be raised to 35% of the scheme's NAV where:
- a) the issuing entity or trust is, or the issue is guaranteed by, either a government, government agency or supranational, that has a minimum long-term rating of BBB by Fitch, Baa by Moody's or BBB by Standard and Poor's (including such sub-categories or gradations therein); and
 - b) except for schemes with a fixed maturity, not more than 20% of the scheme's NAV may be invested in any single issue of transferable securities by the same entity or trust.
- 2.5 If there is a downgrade in rating to that below the minimum rating as stated in paragraph 2.4 (a), or if the rating agencies no longer rate the entity or the guarantor, the single entity limit should revert to 10%.
- 2.6 The single entity limit of 10% does not apply where:
- a) the issuing entity or trust is, or the issue is guaranteed by, either a government, government agency or supranational, that has a minimum long-term rating of AA by Fitch, Aa by Moody's or AA by Standard and Poor's (including such sub-categories or gradations therein); and
 - b) except for schemes with a fixed maturity, not more than 20% of the scheme's NAV may be invested in any single issue of transferable securities by the same entity or trust.
- 2.7 If there is a downgrade in rating to that below the minimum rating as stated in paragraph 2.6(a), or if the rating agencies no longer rate the entity or the guarantor, the single entity limit as specified in paragraph 2.1(a) or 2.4, as the case may be, should apply accordingly.

Unrated and non-investment grade corporate debt securities

- 2.8 The single entity limit of 10% in paragraph 2.1 (a) for bonds and other securitised debt instruments is lowered to 5% of the scheme's NAV if the issuing entity or trust:
- a) is not rated; or
 - b) has a long-term rating below that of BBB by Fitch, Baa by Moody's or BBB by Standard and Poor's (including such sub-categories or gradations therein).
- 2.9 Notwithstanding paragraph 2.8(a), the manager may rely on:

- a) the rating of an unrated issuer's parent company provided that an explicit guarantee by the parent company for the issuer is in place; or
- b) its internal rating of an unrated issuer if the manager has satisfied the trustee that its internal rating is comparable to a rating issued by Fitch, Moody's or Standard & Poor's.

Guidance

For the purpose of paragraph 2.9(b), the trustee may consider the manager's internal rating methodology.

Commodity-backed debt securities

- 2.10 A scheme may invest in debt securities that are undated, secured by physical commodities, listed for quotation and traded on an organised exchange, subject to the limit in paragraph 2.13.

Investment in other schemes

- 2.11 A scheme may invest up to 100% of its NAV in another scheme only if the underlying scheme satisfies paragraph 1.4(a) or (b).
- 2.12 Investments in an underlying scheme which does not satisfy paragraph 1.4(a) or (b) but satisfies:
- a) paragraph 1.4(c) and is invested in permissible investments or real estate should not exceed 10% of the scheme's NAV; or

Guidance

For example, investments in a real estate investment trust which do not satisfy paragraph 1.4(a) or (b) but satisfy the requirements in paragraph 1.3(a) to (d) should not exceed 10% of the scheme's NAV.

- b) paragraph 1.4(c) and is invested directly in commodities is subject to the limit in paragraph 2.13.

Guidance

Investments in a commodity-backed exchange-traded fund which satisfies the requirements in paragraph 1.3 (a) to (d) will be subject to the limit in paragraph 2.13.

Alternative exposure limit

- 2.13 Investments in:
- a) shares or securities equivalent to shares that are not listed for quotation or quoted, and have not been approved for listing for quotation or quotation, on an organised exchange;
 - b) debt securities which are undated, secured by physical commodities, listed for quotation and traded on an organised exchange; and
 - c) underlying schemes which do not satisfy paragraph 1.4 (a) or (b) but satisfy paragraph 1.4 (c) and are invested directly in commodities,

are subject to an aggregate limit of 10% of a scheme's NAV.

Concentration limit

- 2.14 A scheme should not invest in more than:
- a) 10% of the total outstanding shares, or securities equivalent to shares, of any single entity or trust;
 - b) 10% of each individual issuance of debt securities of any single issuing entity or trust, where such issuance is not part of a debt issuance programme; or where debt securities are issued under a debt issuance programme, 20% of each tranche, subject to a limit of 10% of the overall programme size; and
 - c) 10% of the money market instruments of a single issuing entity or trust.

3 Global Exposure

- 3.1 The global exposure of a scheme to financial derivatives or embedded financial derivatives should not exceed 100% of the scheme's NAV at all times.
- 3.2 The manager should calculate the global exposure of a scheme based on the:
- a) Commitment Approach; or
 - b) Value at Risk (VaR) Approach (including any other variants of the VaR Approach), subject to prior consultation with the Authority.

Commitment Approach

- 3.3 The global exposure of a scheme is calculated as the sum of:
- a) the absolute value of the exposure of each individual financial derivative not involved in netting or hedging arrangements;
 - b) the absolute value of the net exposure of each individual financial derivative after netting or hedging arrangements; and
 - c) the sum of the values of cash collateral received pursuant to:
 - i) the reduction of exposure to counterparties of OTC financial derivatives; and
 - ii) EPM techniques relating to securities lending and repurchase transactions, and that are reinvested.

Netting arrangements

- 3.4 Netting arrangements may be taken into account to reduce a scheme's exposure to financial derivatives.
- 3.5 A scheme may net positions between:
- a) financial derivatives on the same underlying assets, even if the maturity dates are different; or
 - b) financial derivatives and the same corresponding underlying asset, if those underlying assets are transferable securities, money market instruments or units in other schemes.

Hedging arrangements

- 3.6 Hedging arrangements may be taken into account to reduce a schemes' exposure to financial derivatives.
- 3.7 The marked-to-market value of transferable securities, money market instruments or units in schemes involved in hedging arrangements may be taken into account to reduce a scheme's exposure to financial derivatives.
- 3.8 For the purposes of paragraphs 3.6 and 3.7, the hedging arrangement should:
- a) not be aimed at generating a return;
 - b) result in an overall verifiable reduction of the risk of the scheme;
 - c) offset the general and specific risks linked to the underlying being hedged;
 - d) relate to the same asset class being hedged; and
 - e) be able to meet its hedging objective in all market conditions.

Guidance

Strategies which seek to offset the beta (market risk) but do not aim to offset the specific risks linked to the underlying investment and keep the alpha would not comply with the requirements in paragraph 3.8. Such strategies would include market neutral or long/short strategies.

- 3.9 Notwithstanding paragraph 3.8, financial derivatives used for the purposes of hedging currency exposure may be netted when calculating the global exposure.

Exposure arising from reinvestment of cash collateral

- 3.10 A scheme which reinvests cash collateral received from counterparties of OTC financial derivatives, securities lending or repurchase transactions to generate a return in excess of high quality 3-month government bonds should include in its global exposure calculations the cash amount reinvested.

VaR Approach or its variants

- 3.11 The manager may apply to the Authority to use the VaR Approach or its variants to calculate the global exposure of a scheme instead of the Commitment Approach.
- 3.12 The global exposure of the scheme should also take into account exposures arising from the reinvestment of cash collateral.
- 3.13 The manager should comply with guidelines in Annex 1B in lieu of paragraphs 4.9 to 4.14 of this Appendix.

Risk management process

- 3.14 In its submission, the manager should provide the Authority with the following information in the risk management process document:
- a) details of all financial derivatives to be used in the scheme, the purpose of the use and the risks the financial derivatives might pose to the scheme;
 - b) description of the valuation and pricing methodology for financial derivatives;
 - c) description of the risk management processes and systems used in relation to financial derivatives;
 - d) description of the VaR methodology (including whether the model has been verified by an independent party such as a financial supervisory authority) and any other risk measures used;
 - e) details of the entities, units and personnel responsible for risk management;
 - f) description of systems and technology used, including description of stress testing and back-testing methodologies;
 - g) details of the manager's policies on expertise required to trade financial derivatives as well as manage their related risks including how they are monitored and validated; and
 - h) description of how the relevant guidelines in the Code are adhered to.

4 Use of Financial Derivatives

Spread of underlying assets

- 4.1 The exposure of a scheme to the underlying assets of financial derivatives should be sufficiently diversified on a portfolio basis.
- 4.2 In the case where the underlying assets are:
- a) transferable securities, money market instruments, eligible deposits or units in other schemes, the limits in section 2 of this Appendix, except for the concentration limits, apply;
 - b) commodities, the limits in section 4 of Appendix 5: Index Funds apply; and

Guidance

In determining whether the underlying assets of financial derivatives are sufficiently diversified, exposures to commodities through investments referred to in paragraph 2.10 and paragraph 2.12(b) of this Appendix should also be included.

- c) indices, paragraphs 4.2(a) and (b) of this Appendix apply to each constituent of the index, where

applicable, on a portfolio basis.

Embedded financial derivatives

- 4.3 Where a transferable security or money market instrument embeds a financial derivative, the requirements in sections 3 and 4 apply to the embedded financial derivative.
- 4.4 Where the counterparty risk of the embedded derivative is or may be transferred to the scheme, the requirements in section 5 also apply to the embedded financial derivative.
- 4.5 A transferable security or money market instrument is considered to be embedding a financial derivative if it contains a component which fulfils the following criteria:
- a) the component results in some or all of the cash flows that otherwise would be required by the transferable security or money market instrument which functions as host contract to be modified according to a variable including but not limited to a specified interest rate, price of a financial instrument, foreign exchange rate, index of prices or rates, credit rating or credit index, and therefore vary in a way similar to a stand-alone financial derivative;
 - b) the component's economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and
 - c) the component has a significant impact on the risk profile and pricing of the transferable security or money market instrument.
- 4.6 A transferable security or a money market instrument should not be regarded as embedding a financial derivative where it contains a component which is contractually transferable independently of the transferable security or the money market instrument. Such a component should be deemed to be a separate financial instrument.
- 4.7 Where an instrument is structured as an alternative to an OTC financial derivative or tailor-made to meet the specific needs of a scheme, the instrument should be deemed as embedding a financial derivative.

Cover

- 4.8 A transaction in financial derivatives which gives rise, or may give rise, to a future commitment on behalf of a scheme should be covered as follows:
- a) in the case of financial derivatives which will, or may at the option of the scheme, be cash settled, the scheme should hold, at all times, liquid assets sufficient to cover the exposure;
 - b) in the case of financial derivatives which will, or may at the option of the counterparty, require physical delivery of the underlying assets, the scheme should hold the underlying assets in sufficient quantities to meet the delivery obligation at all times. If the manager deems the underlying assets to be sufficiently liquid, the scheme may hold as coverage other liquid assets in sufficient quantities, provided that such alternative assets may be readily converted into the underlying asset at any time to meet the delivery obligation.

Exposure to financial derivatives – Commitment Approach

- 4.9 The exposure of the scheme to financial derivatives under the Commitment Approach in paragraph 3.3 of this Appendix is described below. Exposure is determined by converting the positions in financial derivatives into equivalent positions in the underlying assets.

Calculation methods

- 4.10 Table 1 below sets out the methods for calculating the exposure of various financial derivatives under the Commitment Approach.
- 4.11 The exposure to financial derivatives under the Commitment Approach should be converted into the base currency of the scheme by using the spot rate.
- 4.12 Where a currency financial derivative has two legs that are not in the base currency of the scheme, the exposure to both legs should be accounted for under the Commitment Approach.

- 4.13 For financial derivatives not covered in Table 1 below or where the methods do not provide an adequate and accurate assessment of the risks relating to the financial derivatives, the manager should inform and justify to the Authority of the alternative method applied.
- 4.14 The calculation methodology of the alternative method referred to in paragraph 4.13 should be based on the market value of the equivalent position in the underlying asset, although the notional value or price of the financial derivative may be used if it is more conservative. Where a more conservative calculation is used, hedging and netting arrangements, as set out in paragraphs 3.4 to 3.9, should not be taken into account to reduce the exposure to the financial derivative involved if it results in an underestimation of the global exposure.

Guidance

Financial derivatives which do not qualify for the standard conversion method are, for instance, digital options, barrier options, or more complex options with a highly volatile delta.

Types of financial derivatives	Method for calculating exposure
Plain Vanilla Options (Include bought/sold puts and calls)	
Bond option	No. of contracts x face value x underlying price x delta
Currency option	Contract's notional value (of currency leg) x delta
Equity option	No. of contracts x no. of equity shares x underlying price x delta
Index option	No. of contracts x contract's notional value x index level x delta
Interest rate option	Contract's notional value x delta
Warrant and Rights	No. of shares/bonds x market value of underlying referenced asset x Delta
Futures	
Bond future	No. of contracts x contract's notional value x market value of the future; or No. of contracts x contract's notional value x market price of the cheapest bond to deliver, adjusted by the conversion factor
Currency future	No. of contracts x contract's notional value
Equity future	No. of contracts x contract's notional value x market price of underlying equity share
Index future	No. of contracts x value of 1 point x index level
Interest rate future	No. of contracts x contract's notional value
Commodity future	No. of contracts x contract's notional value
Swaps	
Contract for differences	No. of shares/bonds x market value of underlying referenced instrument
Credit default swap	Protection buyer: market value of the underlying reference asset Protection seller: the higher of the market value of the underlying reference asset or the notional value of the credit default swap
Currency swap	Notional value of currency leg(s)
Interest rate swap	Market value of underlying; or Notional value of the fixed leg
Total return swap	Underlying market value of reference asset(s)
Forwards	
Forward rate agreement	Notional value
FX forward	Notional value of currency leg(s)

Table 1: Calculation Methods

5 Counterparty of Financial Derivatives

OTC financial derivatives

- 5.1 The counterparty of an OTC financial derivative should be subject to prudential supervision by a financial supervisory authority in its home jurisdiction.
- 5.2 Subject to the group limit in paragraph 2.1, the maximum exposure of a scheme to the counterparty of an OTC financial derivative may not exceed:
- in the case of an eligible financial institution described in paragraph 5.3, 10% of the scheme's NAV; or
 - in any other case, 5% of the scheme's NAV
- ("counterparty limits").
- 5.3 For purposes of paragraph 5.2, an eligible financial institution should have a minimum long-term rating of A by Fitch, A by Moody's or A by Standard and Poor's (including sub-categories or gradations therein). Alternatively, where the financial institution is not rated, the scheme should have the benefit of a guarantee by an entity which has a long-term rating of A (including sub-categories or gradations therein).
- 5.4 The exposure to a counterparty of an OTC financial derivative should be measured based on the maximum potential loss that may be incurred by the scheme if the counterparty defaults and not on the basis of the notional value of the OTC financial derivative.

Calculation method

- 5.5 The exposure to a counterparty of an OTC financial derivative should be calculated as follows:
- Stage 1: Determine the current replacement cost of each OTC financial derivative by carrying out a valuation at market price.
 - Stage 2: Derive the "add-on factor" by multiplying the notional principal amount or the market value of the underlying asset of the OTC financial derivative, whichever is more conservative, by the percentages in Table 2 to reflect the potential credit risk:

Residual Term	Interest contracts	rate	Exchange contracts	rate	Equity derivative contracts	Other contracts
1 year or less	0%		1%		6%	10%
> 1 year and < 5 years	0.5%		5%		8%	12%
> 5 years	1.5%		7.5%		10%	15%

Table 2: Add-on Factors

- For total return swaps and credit default swaps, the relevant percentage is 10% regardless of the residual term.
 - In the case of credit default swaps where the scheme acts as protection seller, the relevant percentage may be set at 0% unless the credit default swap contract incorporates a provision on closeout upon insolvency. In the latter case, the amount to be taken into account for the add-on factor will be limited to the premium or interest to be received (i.e. unpaid premium at the time of the calculation).
- The counterparty exposure arising from an OTC financial derivative contract is the sum of the positive replacement cost computed in Stage 1 and the add-on factor computed in Stage 2.
 - The total exposure to a single counterparty, or group of counterparties, is calculated by summing the exposures arising from all OTC financial derivative transactions entered into with the same counterparty or group.

Recognition of collateral

- 5.6 The exposure to a counterparty may be construed as being lower if collateral is tendered to the scheme. The

collateral should meet the following requirements:

- a) it is marked-to-market daily;
- b) it is liquid;
- c) it is taken into account, on a portfolio basis, for the purposes of the requirements on spread of investments in section 2 of this Appendix;
- d) it is not issued by the counterparty or its related corporations;
- e) it is held by a custodian which is:
 - i) a financial institution subject to prudential supervision by a financial supervisory authority in its home jurisdiction; and
 - ii) independent of the counterparty;
- f) it is legally secured from the consequences of the failure of the custodian, counterparty and their related corporations;
- g) it can be fully enforced by the trustee at any time;
- h) it is free from all prior encumbrances; and
- i) it cannot be sold or given as security interests.

Guidance

Security interests include, among others, charges, pledges or hypothecations.

5.7 Collateral may only consist of:

- a) cash;
- b) money market instruments; or
- c) bonds.

5.8 For the purpose of paragraph 5.7, money market instruments and bonds should be issued by, or have the benefit of a guarantee from, a government, government agency or supranational, that has a long-term rating of AAA by Fitch, Aaa by Moody's or AAA by Standard and Poor's (including sub-categories or gradations therein).

5.9 Notwithstanding paragraph 5.7, securitised debt instruments as well as money market instruments or bonds with embedded financial derivatives are not eligible as collateral.

5.10 The manager should ensure that it has the appropriate legal expertise to put in place proper collateral arrangements, as well as appropriate systems and operational capabilities for proper collateral management.

5.11 Additional collateral should be provided to the scheme no later than the close of the next business day if the current value of the collateral tendered is insufficient to satisfy the counterparty limits in paragraph 5.2.

Guidance

A marked-to-market shortfall on day T should be rectified by the receipt of additional collateral by T+1 business days. For the purpose of this guidance, business days should be based on those of the counterparty's.

Reinvestment of collateral

5.12 Collateral obtained in the form of cash by the scheme may be reinvested subject to the following requirements:

- a) it is invested in financial instruments consistent with paragraphs 5.7 and 5.8;
- b) the investments are taken into account, on a portfolio basis, for the purposes of the requirements on

spread of investments in section 2 of this Appendix;

- c) the investments are held by a custodian which is:
 - i) a financial institution subject to prudential supervision by a financial supervisory authority in its home jurisdiction; and
 - ii) independent of the counterparty;
- d) the investments are legally secured from the consequences of the failure of the custodian, counterparty and their related corporations;
- e) the investments cannot be sold or given as security interests; and
- f) the manager is reasonably satisfied that any investment of cash collateral by the scheme will enable the scheme to meet its redemption obligations and other payment commitments.

5.13 Notwithstanding paragraph 5.12, the cash collateral obtained should not be invested in transferable securities issued by, or placed on deposit with, the counterparty or its related corporations.

5.14 Non-cash collateral obtained by the scheme may not be reinvested.

Recognition of netting

5.15 A scheme may net its OTC financial derivative positions with the same counterparty through bilateral contracts for novation or other bilateral agreements between the scheme and its counterparty provided that such netting arrangements satisfy the following conditions:

- a) in the case of a bilateral contract for novation, mutual claims and obligations are automatically amalgamated in such a way that this novation fixes one single net amount each time novation applies and thus creates a legally binding, single new contract extinguishing former contracts;
- b) the scheme has a netting arrangement with its counterparty which creates a single legal obligation, covering all included transactions, such that, in the event of the counterparty's failure to perform owing to default, bankruptcy, liquidation or any other similar circumstance, the scheme would have a claim to receive or an obligation to pay only the net sum of the positive and negative mark-to-market values of the individual included transactions;
- c) the manager obtains written and reasoned legal opinions to the effect that, the netting arrangement is legally enforceable by the scheme against its counterparty, and in particular, in the event of a legal challenge, the relevant courts and administrative authorities would find that the scheme's claims and obligations would be limited to the net sum, as described in paragraph 5.15(b), under:
 - i) the law of the jurisdiction in which the counterparty is incorporated and, if a foreign branch of an entity is involved, also under the law of the jurisdiction in which the branch is located;
 - ii) the law that governs the individual included transactions; and
 - iii) the law that governs the netting agreement;
- d) the manager has procedures in place to ensure that the legal validity of the netting arrangement is kept under review in the light of possible changes in the relevant laws; and
- e) the manager is reasonably satisfied that the netting arrangement is legally valid under the law of each of the relevant jurisdictions.

Exchange-traded financial derivatives

5.16 Financial derivatives which:

- a) are transacted on an exchange where the clearing house performs a central counterparty role; and
- b) have trades which are characterised by a daily marked-to-market valuation of the financial derivative positions and subject to at least daily margining,

would not be subject to the counterparty limits in paragraph 5.2.

Margins

- 5.17 Any exposure arising from initial margin posted and the variation margin receivable from a counterparty relating to OTC or exchange-traded financial derivatives, which is not protected against insolvency of the counterparty, is to be included in the counterparty limit.

Guidance

The exposures from margins held with brokers need not be included if the margins are maintained in trust accounts.

6 Efficient Portfolio Management Techniques

Securities lending and repurchase transactions

- 6.1 A scheme may carry out the following activities for the sole purpose of EPM:
- a) securities lending; and
 - b) repurchase transactions.
- 6.2 The scheme may lend transferable securities and money market instruments:
- a) directly;
 - b) through a standardised lending system facilitated by a clearing house which performs a central counterparty role; or
 - c) through securities lending agents, who are recognised as specialists in securities lending.
- 6.3 Securities lending and repurchase transactions should be effected in accordance with good market practice.

Counterparty

- 6.4 The counterparty to a securities lending agreement or repurchase transactions should:
- a) be a financial institution subject to prudential supervision by a financial supervisory authority in its home jurisdiction; and
 - b) have a minimum long-term rating of A by Moody's, A by Standard and Poor's or A by Fitch (including sub-categories or gradations therein). Alternatively, where the counterparty is not rated, it is acceptable if an entity which has and maintains a rating as stated above indemnifies the scheme against losses suffered as a result of the counterparty's failure.
- 6.5 Where the manager engages in securities lending and repurchase transactions with any of its related corporations, the manager should have effective arrangements in place to manage potential conflicts of interest.
- 6.6 The agreement between the scheme and the counterparty, either directly or through its agent, should require the counterparty to provide additional collateral to the scheme or its agent no later than the close of the next business day if the current value of the eligible collateral tendered is insufficient.

Guidance

A marked-to-market shortfall on day T should be rectified by the receipt of additional collateral by T+1 business days. For the purpose of this guidance, business days should be based on those of the counterparty's.

Recognition of collateral

- 6.7 The collateral should meet the following requirements:
- a) it is marked-to-market daily;
 - b) it is liquid;

- c) it exceeds the value of the transferable securities or money market instruments transferred;

Guidance

Eligible collateral provided should take into consideration exchange rate or market risks inherent to the eligible collateral.

- d) it is taken into account, on a portfolio basis, for the purposes of the requirements on spread of investments in section 2 of this Appendix;
- e) it is not issued by the counterparty or its related corporations;
- f) it is held by a custodian or agent which is:
 - i) a financial institution subject to prudential supervision by a financial supervisory authority in its home jurisdiction; and
 - ii) independent of the counterparty;
- g) it is legally secured from the consequences of the failure of the custodian, counterparty or agent and their related corporations;
- h) it can be fully enforced by the trustee at any time;
- i) it is free from all prior encumbrances; and
- j) it cannot be sold or given as security interests.

6.8 For the purposes of securities lending and repurchase transactions, collateral may only consist of:

- a) cash;
- b) money market instruments; or
- c) bonds.

6.9 For the purpose of paragraph 6.8, money market instruments and bonds should be issued by, or have the benefit of a guarantee from, an entity or trust that has a minimum long-term rating of A by Fitch, A by Moody's or A by Standard and Poor's (including sub-categories or gradations therein) (collectively, "eligible collateral").

6.10 Notwithstanding paragraph 6.8, securitised debt instruments as well as money market instruments or bonds with embedded financial derivatives are not eligible as collateral.

Settlement

6.11 The scheme or its agent should receive eligible collateral before, or simultaneously with, the transfer of ownership of the transferable securities lent.

6.12 Upon termination of the securities lending or repurchase transaction, the eligible collateral may be remitted by the scheme or its agent after, or simultaneously with the restitution of the transferable securities lent.

Reinvestment of collateral

6.13 Collateral obtained in the form of cash by the scheme or its agent may be reinvested subject to the following requirements:

- a) it is invested in financial instruments consistent with paragraphs 6.8 and 6.9;
- b) the investments are taken into account, on a portfolio basis, for the purposes of the requirements on spread of investments in section 2 of this Appendix;
- c) the investments are held by a custodian which is:
 - i) a financial institution subject to prudential supervision by a financial supervisory authority in its home jurisdiction; and

- ii) independent of the counterparty;
 - d) the investments are legally secured from the consequences of the failure of the custodian, counterparty or agent and their related corporations;
 - e) the investments cannot be sold or given as security interests; and
 - f) the manager is reasonably satisfied that any investment of cash collateral by the scheme or its agent, will enable the scheme to meet its redemption obligations and other payment commitments.
- 6.14 Notwithstanding paragraph 6.13, the cash collateral obtained should not be invested in transferable securities issued by, or placed on deposit with, the counterparty or its related corporations.
- 6.15 Non-cash collateral obtained by the scheme or its agent may not be reinvested.

Liquidity

- 6.16 The manager should ensure that:
- a) the volume of securities lending or repurchase transactions is kept at an appropriate level; and
 - b) the scheme or its agent is entitled to terminate the securities lending or repurchase transaction and request the immediate return of its transferable securities lent without penalty, in a manner which enables the scheme to meet its redemption obligations and other payment commitments.

7 Borrowings

- 7.1 The scheme may borrow, on a temporary basis, for the purposes of meeting redemptions and bridging requirements.
- 7.2 The scheme may only borrow from banks licensed under the Banking Act (Cap. 19), finance companies licensed under the Finance Companies Act (Cap. 108), merchant banks approved as financial institutions under section 28 of the Monetary Authority of Singapore Act (Cap. 186) or any other deposit-taking institution licensed under an equivalent law in a foreign jurisdiction.
- 7.3 The borrowing period should not exceed one month.
- 7.4 Aggregate borrowings for the purposes of paragraph 7.1 should not exceed 10% of the scheme's NAV at the time the borrowing is incurred.

Guidance

Credit balances (e.g. cash) may not be offset against borrowings when determining the percentage of borrowings outstanding.

8 Disclosure Requirements

- 8.1 The use of back-testing or simulated past performance data for disclosure of performance figures in the prospectus, reports and marketing materials is prohibited.
- 8.2 Where the scheme's NAV is likely to have a high volatility due to its investment policies or portfolio management techniques, a prominent statement drawing attention to this possibility should be included in the marketing material of the scheme.

Use of financial derivatives

Prospectus

- 8.3 Where a scheme intends to use or invest in financial derivatives, the prospectus should include the following:
- a) whether financial derivatives employed in the scheme are used for the purposes of hedging, EPM, optimising returns or a combination of all three objectives;
 - b) the method used to determine the scheme's exposure to financial derivatives (i.e. commitment approach, relative VaR or absolute VaR), a description of the method and:

- i) if the VaR Approach is used, the expected level of leverage, based on the sum of the notional of the derivatives used, and the possibility of higher leverage levels should be included;
 - ii) if the relative VaR Approach is used, the reference portfolio (or benchmark) and the rationale for using the reference portfolio (or benchmark) should be included; and
 - iii) if the absolute VaR Approach is used, the absolute VaR limit and the rationale for the absolute VaR limit should be included; and
- c) a statement that the manager will ensure that the risk management and compliance procedures are adequate and has been or will be implemented and that it has the necessary expertise to manage the risk relating to the use of financial derivatives.

Semi-annual and annual report

8.4 Where a scheme uses or invests in financial derivatives, the semi-annual and annual reports should include the following:

- a) the method and a description of the method used to calculate the global exposure;

Guidance

The description of the VaR Approach should include at least the lowest, highest and average utilisation of the VaR limit calculated during the relevant period, as well as the model and inputs used for calculation.

- b) information on the reference portfolio (or benchmark) where the relative VaR Approach is used; and
- c) the level of leverage employed, based on the sum of the notional value of the derivatives used, during the relevant period where the VaR Approach is used.

Marketing material

8.5 Where a scheme intends to use or invest in financial derivatives, a prominent statement drawing attention to this intention should be included in the marketing material of the scheme.

Counterparty of financial derivatives

Prospectus

8.6 Where the scheme nets its OTC financial derivative positions, the prospectus should include a statement that the manager has obtained the legal opinions as stipulated in paragraph 5.15.

Semi-annual and annual report

8.7 Where collateral is used to mitigate the scheme's exposure to the counterparty of OTC financial derivatives, the scheme's semi-annual and annual reports should provide a description of the collateral holdings, including the:

- a) nature of the collateral;
- b) identity of the counterparty providing the collateral;
- c) marked-to-market value of the non-cash collateral with a breakdown by asset class and credit rating (if applicable); and
- d) value and types of investments made with the cash collateral with a breakdown by asset class and credit rating (if applicable).

EPM techniques

Prospectus

8.8 Where the scheme intends to carry out securities lending or repurchase transactions, the prospectus should contain disclosures on:

- a) all the securities lending or repurchase transactions that the scheme may participate in;
- b) the purpose of the securities lending or repurchase transactions, as well as the conditions and limits within which they are conducted;
- c) any conflicts of interest and how they are mitigated, as well as whether the manager intends to lend the securities of the scheme to its related corporations;
- d) the inherent risks of the securities lending or repurchase transactions; and
- e) the revenue sharing arrangement between the scheme and the manager if any of the income from securities lending also accrues to the manager.

Semi-annual and annual report

8.9 Where the scheme carries out securities lending or repurchase transactions, the scheme's semi-annual and annual report should contain disclosures on the:

- a) total value of the transferable securities lent;
- b) description and nature of the collateral holdings;
- c) marked-to-market value of non-cash collateral with a breakdown by asset class and credit rating (if applicable);
- d) value and types of investments made with the cash collateral with a breakdown by asset class and credit rating (if applicable);
- e) identity of the counterparty providing the collateral; and
- f) revenue earned by the scheme and the manager arising from securities lending for the scheme's financial year (if applicable).

Commodity exposures

Prospectus

8.10 Where the scheme will have exposures to commodities through financial derivatives or investments referred to in paragraph 2.10 or 2.12(b) of this Appendix, the prospectus should include a description of the commodities which would be highly correlated and therefore treated as giving exposure to the same commodity when applying the limits in section 4 of Appendix 5: Index Funds, and how such correlation is determined.

ANNEX 1A

ILLUSTRATION ON AGGREGATE BENCHMARK LIMIT

Suppose companies A and B are both subsidiaries of Company X (X and its subsidiaries to be collectively known as a "Group") and the reference benchmark complies with section 4 of Appendix 5.

Example 1: Assume that both A and B are not included in the reference benchmark

A scheme may invest up to 10% of its NAV in transferable securities issued by A and another 10% of its NAV in transferable securities issued by B. The scheme may invest up to 20% of its NAV in transferable securities issued by companies in this Group.

Example 2: Assume that A and B are included in the reference benchmark with weights of 2% and 5% respectively

A scheme may invest up to 10% of its NAV in transferable securities issued by A and another 10% of its NAV in transferable securities issued by B. The scheme may invest up to 20% of its NAV in transferable securities issued by this Group.

Example 3: Assume that A is included in the reference benchmark with weight of 20% and B is a deposit-taking institution with which the scheme has placed deposits

A scheme may invest up to 22% [20+2] of its NAV in transferable securities issued by A and another 3% [25-2] in deposits with B.

ANNEX 1B

ALTERNATIVE APPROACH FOR CALCULATING GLOBAL EXPOSURE – VAR APPROACH

1 Scope

- 1.1 These guidelines apply to a scheme which elects to use the VaR Approach for calculating the scheme's exposure to financial derivatives arising from all the positions of the scheme's portfolio. For the avoidance of doubt, all EPM exposures as a result of reinvestment of cash collateral are to be included in the calculation of VaR.
- 1.2 Where an internal VaR model is used by the manager, there should be verification by an operationally independent party of its VaR model at an appropriate frequency.
- 1.3 The manager should consult the Authority on any material changes to the risk management process document referred to in paragraph 3.14 of Appendix 1 at least one month in advance.

2 Calculation Methodology

- 2.1 The exposure of a scheme to financial derivatives may be determined using the VaR Approach described below. The exposure of the scheme should be limited as follows:
 - a) where a reference portfolio (or benchmark for the scheme) can be determined, the scheme should use a relative VaR calculation where the VaR of the scheme should not be more than 1.5 times the VaR of the reference portfolio. The manager should explain the rationale for the reference portfolio (or benchmark) used in the risk management process document submitted to the Authority.
 - b) where there is no reference portfolio (or benchmark for the scheme), an absolute VaR limit should be used. The global exposure of a scheme based on the absolute VaR Approach should generally not exceed 20% of its NAV. The choice of the absolute VaR limit should be commensurate with the investment objective, approach and investment universe of the scheme. The manager should explain the rationale for the absolute VaR limit used in the risk management process document submitted to the Authority.
- 2.2 Under the VaR Approach, the following parameters should be used:
 - One-tailed confidence level: 99%
 - Holding period: one month (20 business days)
 - Observation period: one year (250 business days), unless a shorter period is justified by a significant increase in volatility
 - Update of the data: quarterly
 - Calculation frequency: daily

A different confidence interval or holding period may be used with prior approval of the Authority provided a conversion is made to bring the VaR to an equivalent value.

3 Stress Tests

- 3.1 The manager should perform a rigorous program of stress tests on the scheme at a frequency which is in line with the scheme's risk profile, but at a minimum, monthly.
- 3.2 The program should:

- a) cover all the risk factors having a non-negligible influence on the scheme's NAV; and
- b) take into account correlation changes between risk factors.

4 Back-Testing of Model

4.1 The manager should back-test its VaR model, with a frequency which is in line with the scheme's risk profile, but at a minimum, monthly.

4.2 Back-testing is the comparison of daily profit or loss ("trading outcomes") with model-generated risk measures. The back-testing policy should conform to the following standards:

- a) the back-tests to be applied should compare whether the observed percentage of outcomes covered by the risk measure is consistent with a 99th percentile, one-tailed confidence interval calibrated to a one-day holding period;
- b) trading outcomes used for back-testing should be based on the hypothetical changes in the scheme's NAV which would occur if end-of-day positions were to remain unchanged over the one-day holding period. This hypothetical profit and loss does not account for other factors such as fees, commissions, bid-ask spreads, net interest income and intra-day trading;
- c) computation of VaR for the purpose of back-testing should be performed on a daily basis using at least 250 business days of observed results. On a quarterly basis, the manager should analyse the back-testing exceptions and submit a report to senior management;
- d) the results of back-testing and any follow-up action taken should be clearly documented. All back-testing exceptions, i.e. where trading outcomes are not covered by the risk measure, should be investigated and accounted for on a timely basis;
- e) back-testing exceptions generated should be classified as follows:
 - i) basic integrity of the model;
 - ii) model accuracy can be improved;
 - iii) market moved in a fashion unanticipated by the model;
- f) back-testing exceptions relating to the basic integrity of the risk measurement model should be reported to the manager's board of directors and senior management immediately and rectified as soon as practicable; and
- g) a back-testing report should be prepared for the manager's board of directors and senior management on a quarterly basis, incorporating an analysis of the back-testing results and exceptions and any implications for the scheme.

4.3 The manager should perform back-tests using actual trading outcomes. If there are significant back-testing exceptions using actual trading outcomes, the manager should implement additional risk measures to monitor its intra-day trading risk in line with sound risk management practices.

4.4 The following are some examples which may be classified under the three exception categories described in paragraph 4.2 (e):

- a) Basic integrity of the model:
 - i) the systems of the scheme are not capturing the market risk of the positions; or
 - ii) model volatilities or correlations are calculated incorrectly.
- b) Model accuracy can be improved: the risk measurement model is not assessing the risk of some instruments with sufficient precision (e.g. too few maturity buckets or an omitted spread); and
- c) Market moved in a manner unanticipated by the model:
 - i) random chance (i.e. a very low probability event);

- ii) markets moved by more than the model predicted was likely (i.e. volatility was significantly higher than expected); or
- iii) market did not move together as expected (i.e. correlations were significantly different than what was assumed by the model).

4.5 The manager should classify its back-testing outcomes into three zones depending on the number of exceptions arising from back-testing.

Zone	Number of exceptions	Cumulative probability
Green Zone	0	8.1%
	1	28.58%
	2	54.32%
	3	75.81%
	4	89.22%
Yellow Zone	5	95.88%
	6	98.63%
	7	99.60%
	8	99.89%
	9	99.97%
Red Zone	10 or more	99.99%

The table defines the Green, Yellow and Red Zones used to assess back-testing results of the scheme. The boundaries shown in the table are based on a sample of 250 observations. For other sample sizes, the Yellow Zone begins at the point where the cumulative probability equals or exceeds 95%, and the Red Zone begins at the point where the cumulative probability equals or exceeds 99.99%. The cumulative probability is the probability of obtaining equal or less than a given number of exceptions in a sample of 250 observations when the true coverage level is 99%. For example, the cumulative probability shown for four exceptions is the probability of obtaining between zero and four exceptions.

4.6 The manager should notify the Authority within three business days whenever exceptions arise. In the event that the scheme enters the:

- a) Green Zone [4 or less exceptions]: the manager need not make any changes to its VaR model;
- b) Yellow Zone [5 - 9 exceptions]: the manager is to investigate and propose to the Authority the remedial actions; or
- c) Red Zone [10 or more exceptions]: the manager should stop adding new positions and wind down existing positions in order to reduce market risks.

Where the scheme enters the Red Zone, the Authority may require the scheme to revert to the Commitment Approach.

Guidance

Although results within the Green Zone are preferred, a market risk measurement model which constantly yields little or no back-testing exceptions may suggest that the model is too conservative. If the model shows no exceptions for long periods of time, the manager should reassess its model to determine if it overstates risk.

4.7 Where the market risk measurement model is found to be inadequate for modeling the risks involved, the manager may continue investing in such financial instruments only if the manager is reasonably satisfied that it is prudent to do so. If the problem with the model is significant, the manager should cease trading in those financial instruments immediately.

Dealing Currency

The Base Currency of the HGTF is the US Dollar. Any payment made in a currency different to the Base Currency of the HGTF will be converted prior to purchasing the units. The cost of the currency conversion and other expenses will be borne by the investors of the HGTF.

Liquidation of the Company/Termination of Fund

As extracted from HSBC Investment Funds' 14th Amending and Restating Deed - Termination of the Trust

Notice of Termination

- (1) The party terminating the Trust or the HGTF or Class shall give notice thereof to the Holders fixing the date at which such termination is to take effect which date shall not be less than six (6) months after the service of such notice and the Investment Managers shall give written notice thereof to the Authority not less than seven days (or such other period as may be permitted by the Authority) before such termination.
- (2) Notwithstanding sub-paragraph (1) above, with effect from 1 December 2005, the party terminating the HGTF or Class shall give notice thereof to the Holders fixing the date at which termination is to take effect which date shall not be less than one month after the service of such notice.

By Extraordinary Resolution

The Trust may at any time after ten years from the date of the Principal Deed and the HGTF may at any time from the date of establishment be terminated by Extraordinary Resolution of a meeting of the Holders of all the Sub-Funds of the Trust or HGTF (as the case may be) duly convened and held in accordance with the provisions contained in the Schedule hereto and such termination shall take effect from the date on which the said Extraordinary Resolution is passed or such later date (if any) as the said Extraordinary Resolution may provide.

Manner of liquidation

Upon the Trust or the HGTF or Class being terminated, the Trustee of HGTF or the Investment Manager, as appropriate, shall subject to authorisations or directions (if any) given to it by the Holders pursuant to their powers contained in the Schedule hereto, proceed as follows:

- (A) The HGTF's Trustee or the Investment Manager, as appropriate, shall sell all Authorised Investments of the Trust or the HGTF or the relevant Class then remaining in its hands as part of the Deposited Property of the Trust or the HGTF and shall repay out of the proceeds of such sale any borrowing effected by the Trust or the HGTF or the relevant Class (together with any interest accrued but remaining unpaid) for the time being outstanding and such sale shall be carried out and completed in such manner and within such period after the termination of the Trust or the HGTF or the relevant Class as the Trustee thinks advisable; and
- (B) The Trustee of the HGTF shall from time to time distribute to the Holders in proportion to their respective interests in the Deposited Property of the Trust or the HGTF or the relevant Class all net cash proceeds derived from the realisation of the Deposited Property of the Trust or the HGTF or the relevant Class and available for the purposes of such distribution provided that the Trustee of the HGTF shall not be bound (except in the case of the final distribution) to distribute any of the moneys for the time being in its hands the amount of which is insufficient to pay \$10 in respect of each undivided share in the Deposited Property of the Trust or the HGTF or the relevant Class and provided also that the Trustee shall be entitled to retain out of any moneys in its hands as part of the Deposited Property of the Trust or the HGTF under the provisions of this Clause full provision for all fees, costs, charges, expenses, claims and demands incurred, made or apprehended by the Trustee in connection with or arising out of the liquidation of this Trust or the HGTF and out of the moneys so retained to be indemnified and saved harmless against any such costs, charges, expenses, claims and demands. Every such distribution shall be made, in the case of Holders who have not made requests for Certificates to be issued in respect of Units, to the Holders and in the case of Holders holding Certificates, only against the production of the Certificates relating to the Units in respect of which the same is made and upon delivery to the Trustee of such form of request for payment as the Trustee shall in its absolute discretion require. Any unclaimed proceeds or other cash held by the Trustee under the provisions of this Clause may at the expiration of 12 months from the date upon which the same were payable be paid into court subject to the right of the Trustee to deduct there from any expenses it may incur in making such payment.

United States Residents

As the HSBC Investment Funds is not registered under the United States Securities Act of 1933 (the "Securities Act") or under the securities laws of any state of the United States of America ("US"), the HGTF may not be offered or sold to or for the account of any US Person (as defined in Rule 902 of Regulation S under the Securities Act).

Rule 902 of Regulation S under the Securities Act defines a US Person to include, inter alia, any natural person resident in the US and with regards to investors other than individuals (i) a corporation or partnership organised or incorporated under the laws of the US or any state thereof; (ii) a trust: (a) of which any trustee is a US Person except if such trustee is a professional fiduciary and a co-trustee who is not a US Person has sole or shared investment discretion with regard to trust assets and no beneficiary of the trust (and no settlor if the trust is revocable) is a US Person or (b) where a court is able to exercise primary jurisdiction over the trust and one or more US fiduciaries have the authority to control all substantial decisions of the trust; and (iii) an estate: (a) which is subject to US tax on its

worldwide income from all sources or (b) for which any US Person is executor or administrator except if an executor or administrator of the estate who is not a US Person has sole or shared investment discretion with regard to the assets of the estate and the estate is governed by foreign law.

The term "US Person" also means any entity organized principally for passive investment (such as a commodity pool, investment company or other similar entity) that was formed: (a) for the purpose of facilitating investment by a US Person in a commodity pool with respect to which the operator is exempt from certain requirements of Part 4 of the regulations promulgated by the United States Commodity Futures Trading Commission by virtue of its participants being non-US Persons or (b) by US Persons principally for the purpose of investing in securities not registered under the Securities Act, unless it is formed and owned by "accredited investors" (as defined in Rule 501 (a) under the Securities Act) who are not natural persons, estates or trusts.

Fees charged by FGLOE, FABF, FGPF & HGTF

Currently FGLOE, FABF, FGPF and HGTF charges a fee as management fee, which will be paid from the portion of management fee received from AGEF, AABF, AGDPF & AAGTF respectively. **There will be no double charging of management fee.**

Fund	Management Fee	Trustee Fee	Custodian Fee
FGLOE	Currently 0.60% p.a., Maximum 1.5% p.a.	Currently not more than 0.1% p.a., Maximum 0.25% p.a., subject always to a minimum of S\$15,000 p.a.	Currently not more than 0.1% p.a.
FABF	1% p.a.	Currently not more than 0.1% p.a., Maximum 0.25% p.a., subject always to a minimum of S\$15,000 p.a.	Currently not more than 0.1% p.a.
FGPF	1.5% p.a.	Nil	A range from 0.003% of the net assets of the Fund in developed markets to 0.35% of the net assets of the Fund in emerging markets (excluding transaction charges and reasonable disbursements and out-of-pocket expenses)
HGTF	1.5% p.a. (Maximum 1.5% p.a.)	0.05% p.a. (Maximum 0.15% p.a., subject to minimum of S\$7,500 p.a.)	Nil

Performance of Target Funds

FGLOE (as at 30 November 2011)

	1 mth	3 mths	6 mths	1 yr	3 yrs	Since inception (annualised)
FGLOE (in SGD)	-2.67%	-0.91%	-12.52%	-9.15%	10.91%	2.80%
Benchmark Composite (in SGD)	-3.39%	-0.74%	-11.99%	-7.83%	14.49%	3.63%
MSCI US (12%)						
MSCI Japan (12%)						
MSCI UK (4%)						
MSCI France (4%)						
MSCI Germany (4%)						
MSCI Taiwan (10%)						
MSCI Korea (10%)						
MSCI Singapore (8%)						
MSCI Malaysia (8%)						
MSCI Australia (8%)						
MSCI Hong Kong (6%)						
MSCI Thailand (6%)						
MSCI China (4%)						
MSCI Indonesia (2%)						
MSCI India (2%)						

FABF (as at 30 November 2011)

	1 mth	3 mths	6 mths	1 yr	3 yrs	Since inception (annualised)
FABF (in SGD)	-0.96%	-1.98%	-1.45%	2.36%	-	7.97%
Benchmark JACI Investment Grade Total Return Index (in SGD)	-0.38%	-1.16%	0.61%	3.02%	-	6.95%

FGPF (as at 30 November 2011)

	1 mth	3 mths	6 mths	1 yr	3 yrs	Since inception (annualised)
FGPF (in USD)	-5.58%	-6.92%	-14.73%	-3.11%	61.53%	-0.60%
Benchmark FTSE EPRA/NAREIT Developed Index (in USD)	-5.62%	-6.97%	-14.48%	-1.47%	66.64%	1.10%

HGTF (as at 30 November 2011)

	1 mth	3 mths	6 mths	1 yr	3 yrs	Since inception (annualised)
HGTF [^]	-2.92%	-4.90%	-12.17%	-6.45%	56.09%	-0.09%
Composite Benchmark* 70% MSCI Emerging Markets Free Index in USD un-hedged 30% JP Morgan Govt Bond Index in USD currency-hedged	-4.73%	-6.64%	-12.84%	-6.64%	65.21%	-0.28%

[^] Source: Morningstar (USD terms)

* Source: HSBC Global Asset Management (France) (USD)

Past performance is not indicative of future performance.

Note: Investors may be subjected to higher fees arising from layered investment structure by the Target Funds

The permitted investments for AFF, AVF, AMF, ATGF, AOIF, ADA, ADL & AIMMF

The Funds are permitted by its Deed to invest in the following:

	LOCAL FUNDS					LOCAL SHARIAH-BASED FUNDS		
	AFF	AVF	AMF	ATGF	AOIF	ADA	ADL	AIMMF
Securities of companies listed on Bursa Malaysia;	√	√	√	√	√			
Securities of Shariah-compliant companies listed on Bursa Malaysia;	√	√	√	√	√	√	√	
Securities listed on a foreign stock exchange;	√	√		√				
Units or shares of local collective investment schemes;	√	√	√	√	√	√	√	
Units or shares of foreign collective investment schemes;	√	√		√				
Securities not traded in, or under the rules of an eligible market but that have been approved by the SC for listing and quotation on Bursa Malaysia, which are offered directly by the company approved for listing, by way of private placement or on a tender basis;	√	√	√	√	√			
Securities not traded that have been approved by the SC for listing and quotation on Bursa Malaysia, which are offered directly by the company approved for listing by way of private placement or a tender basis and for Islamic Funds, the securities must be classified as Shariah-compliant;	√	√	√	√	√	√	√	
Malaysia Government Securities, Treasury Bills, Bank Negara Malaysia Certificates and Government Investment Certificates;	√	√	√	√	√			
Malaysian Government Investment Issues ("GII"), Bank Negara Malaysia Monetary Notes-i/Certificates, Islamic Accepted Bills, Cagamas Sukuk and any other government Islamic papers;	√	√	√	√	√	√	√	√

	LOCAL FUNDS					LOCAL SHARIAH-BASED FUNDS		
	AFF	AVF	AMF	ATGF	AOIF	ADA	ADL	AIMMF
Malaysian currency balances in hand, Malaysian currency deposits with commercial banks, finance companies, merchant banks and Bank Islam Malaysia Berhad including Negotiable Certificates of Deposit and placements of money at call with discount houses;	√	√	√	√	√			
Negotiable Islamic Debt Certificates (“NIDC”), General Investment Account, Islamic money market instruments, Shariah-based time deposit and placements of money at call with licensed financial institution;	√	√	√	√	√	√	√	√
Cagamas bonds and Bankers Acceptances, unlisted loan stocks and corporate bonds that are traded in the money market and either bank-guaranteed or carrying at least a BBB rating by RAM and private debt securities that have an equivalent rating by RAM;	√	√	√	√	√			
Futures contracts traded in a futures market of an exchange company approved or an exempt futures market declared, by the Minister under the CMSA 2007 and securities lending subject to the provisions in the Guidelines;	√	√	√	√	√			
Warrants and Options including futures option and eligible exchange traded options as permitted by the SC;	√	√	√	√	√			
Fixed-income securities of foreign governments and companies that meet a minimum rating of ‘BBB’ as ascertained by reputable international rating agencies like those by Standard & Poor’s or Moody’s;	√	√		√				
Fixed-income securities/sukuk and approved Stock Market and non-traded fixed-income securities/sukuk or any other market considered as eligible market and non-traded fixed-income securities which are either bank-guaranteed or rated by RAM and/or other recognised rating agencies;	√	√	√	√	√	√	√	√
Any other form of investments as may be permitted by the SC from time to time;	√	√	√	√	√			
Any other form of investments as may be approved by the SACSC and/or the Shariah Adviser and in accordance with Shariah requirements from time to time.	√	√	√	√	√	√	√	√

The permitted investments for AGEF, AABF, AGDPF & AAGTF

	GLOBAL FUNDS			
	AGEF	AABF	AGDPF	AAGTF
To invest in the collective investment scheme of FGLOE;	√			
To invest in the collective investment scheme of FABF;		√		
To invest in the collective investment scheme of FGPF;			√	
To invest in the collective investment scheme of HGTF;				√
Liquid assets including cash and deposits on call;	√	√	√	√
Any other investments, which may be permitted by the relevant authorities from time to time.	√	√	√	√

The investment restrictions for AFF, AVF, AMF, ATGF, AOIF, ADA, AIMMF & ADL

The Funds are subject to the following restrictions imposed by the Deed and/or the Guidelines:

	LOCAL FUNDS					LOCAL SHARIAH-BASED FUNDS		
	AFF	AVF	AMF	ATGF	AOIF	ADA	ADL	AIMMF
The value of a fund's investments in ordinary shares issued by any single issuer must not exceed 10% of the fund's NAV;	√	√	√	√	√	√	√	
The value of a fund's investments in unlisted securities must not exceed 10% of the fund's NAV;	√	√	√	√	√	√	√	
The value of a fund's investments in transferable securities and money market instruments issued by any single issuer must not exceed 15% of the fund's NAV;	√	√		√	√	√	√	
The value of a fund's placement in deposits with any single institution must not exceed 20% of the fund's NAV;	√	√	√	√	√	√	√	√
For investments in derivatives: (a) the exposure to the underlying assets must not exceed the investment spread limits stipulated in this Guidelines; (b) the value of a fund's OTC derivatives transaction with any single counterparty must not exceed 10% of the fund's NAV.	√	√	√	√	√	√	√	

	LOCAL FUNDS					LOCAL SHARIAH-BASED FUNDS		
	AFF	AVF	AMF	ATGF	AOIF	ADA	ADL	AIMMF
The value of the fund's investments in structured products issued by a single counter-party must not exceed 15% of the fund's NAV;	√	√	√	√	√	√	√	
The aggregate value of a fund's investments in transferable securities, money market instruments, deposits, OTC derivatives and structured products issued by or placed with (as the case may be) any single issuer/institution must not exceed 25% of the fund's NAV;	√	√	√	√	√	√	√	
The value of a fund's investments in units/shares of any collective investment scheme must not exceed 20% of the fund's NAV;	√	√	√	√	√	√	√	
The value of a fund's investments in transferable securities and money market instruments issued by any group of companies must not exceed 20% of the fund's NAV;	√	√		√	√	√	√	
The value of a bond/fixed-income fund's investments in debentures issued by any single issuer must not exceed 20% of the fund's NAV;			√					
The single issuer limit of 20% for bond/fixed-income/sukuk fund's may be increased to 30% if the debentures are rated by any domestic or global rating agency to be of the best quality and offer highest safety for timely payment of interest/profit and principal;			√					√
The value of a bond/fixed-income fund's investments in debentures issued by any group of companies must not exceed 30% of the fund's NAV;			√					
A fund's investments in transferable securities (other than debentures) must not exceed 10% of the securities issued by any single issuer;	√	√	√	√	√	√	√	
A fund's investments in debentures must not exceed 20% of the debentures issued by any single issuer;	√	√	√	√	√	√	√	√
A fund's investments in money market instruments must not exceed 10% of the instruments issued by any single issuer;	√	√	√	√	√	√	√	

	LOCAL FUNDS					LOCAL SHARIAH-BASED FUNDS		
	AFF	AVF	AMF	ATGF	AOIF	ADA	ADL	AIMMF
A fund's investment in collective investment schemes must not exceed 25% of the units/shares in any one collective investment scheme;	√	√	√	√	√	√	√	√
The value of a fund's investments in permitted investments must not be less than 90% of the fund's NAV (applicable for money market fund only);								√
The value of fund's investments in permitted investments which have a remaining maturity period of not more than 365 days must not be less than 90% of the fund's NAV (applicable for money market fund only);								√
The value of a fund's investments in permitted investments which have a remaining maturity period of more than 365 days but fewer than 732 days must not exceed 10% of the fund's NAV (applicable for money market fund only);								√
The value of fund's investments in Islamic debentures and Islamic money market instruments issued by any single issuer must not exceed 20% of the fund's NAV (applicable for money market fund only);								√
The value of a fund's investments in Islamic debentures and Islamic money market instruments issued by any group of companies must not exceed 30% of the fund's NAV;								√
A fund's investments in Islamic money market instruments must not exceed 20% of the instruments issued by any single issuer (applicable for money market fund only).								√

Investment restrictions for AGEF, AABF, AGDPF & AAGTF

	GLOBAL FUNDS			
	AGEF	AABF	AGDPF	AAGTF
The Fund may not invest in: (a) a Fund-of-Fund; (b) a Feeder Fund; (c) any sub-fund of an umbrella scheme which is a Fund-of Funds or a Feeder Fund.	√	√	√	√
The Target Fund has to be regulated and registered or authorised or approved by the relevant regulatory authority in its home jurisdiction;	√	√	√	√
The Target Fund has to be managed by another management company or Manager;	√	√	√	√
The Fund's net market exposure of the futures contracts position must not exceed the Fund's NAV. The participation of the Fund in future contacts must be for hedging purposes only. In addition, the future contracts must be traded in or under the rules of eligible market;	√	√	√	√
The value of a fund's placement in deposits with any single institution must not exceed 20% of the fund's NAV.	√	√	√	√

The investment restrictions and limits must be complied with at all times based on the most up-to-date value of the Funds' investments. However, a 5% allowance in excess of the restrictions is permitted where the restrictions is breached because of increase in value of investments. Once the relevant limit is breached, no further acquisitions of the particular securities involved shall be made and the Manager should, within a reasonable period of not more than three (3) months from the date of the breach, take all necessary steps and actions to rectify the breach.

Bases of valuation of investments

The Funds shall adopt the bases of valuation of investments prescribed in the Guidelines on Unit Trust Funds.

Securities listed on any exchange	<p>Market price.</p> <p>However, if :</p> <p>(a) a valuation based on the market price does not represent the fair value of the securities, for example during abnormal market conditions; or</p> <p>(b) no market price is available, including in the event of a suspension in the quotation of the securities for a period exceeding fourteen (14) days, or such shorter period as agreed by the trustee;</p> <p>then the securities should be valued at fair value, as determined in good faith by the management company or its fund management delegate, based on the methods or bases approved by the trustee after appropriate technical consultation.</p>
Unlisted bonds/sukuk denominated in Malaysian Ringgit	<p>Price quoted by a bond pricing agency (“BPA”) registered with the SC.</p> <p>Where a management company is of the view that the price quoted by a BPA for a specific bond/sukuk differs from the “market price” by more than twenty (20) basis points, the management company or its fund management delegate may use the “market price”, provided that the management company or its fund management delegate:</p> <p>(a) records its basis for using a non-BPA price;</p> <p>(b) obtains necessary internal approvals to use the non-BPA price;</p> <p>(c) keeps an audit trail of all decisions and basis for adopting the “market yield”.</p>
Other unlisted bonds/sukuk	<p>Fair value by reference to the average indicative yield quoted by three (3) independent and reputable institutions.</p>
Unlisted collective investment schemes	<p>Last published repurchase price.</p>
Any other investment (including suspended counter)	<p>Fair value as determined in good faith by the management company or its fund management delegate on methods or bases, which have been verified by the auditor of the fund and approved by the trustee and adequately disclosed in the prospectus of the fund.</p>

Gearing and other policies

There shall be at all times a level of liquid assets in the Funds to pay for the repurchase of units. Except for securities lending as provided under the Guidelines or CMSA, none of the cash or investments of the Funds may be lent. Furthermore, the Funds may not assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness to any person. However, the Funds are allowed to borrow cash for the purpose of meeting redemption/repurchase requests of units.

The Manager should ensure that the Fund’s cash borrowing is only on a temporary basis and the borrowings are not persistent. The borrowing period should not exceed **one (1)** month and the aggregate borrowings of the Funds should **not exceed 10%** of the respective Funds’ NAV at the time it is incurred. As for Shariah-based Funds, such Funds shall seek an Islamic financing facility to meet the above conditions.

THE FUNDS' PERFORMANCE

LOCAL FUNDS

AFF

Average total return of AFF for the financial years ended 31 December 2010

Details	1-Year	3-Years	5-Years	10-Years	Since Inception
AFF (%)	15.36	2.20	9.91	11.33	8.59
Benchmark (%)	12.80	2.39	10.05	9.65	5.12

Annual total return for the financial years ended 31 December

Details	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
AFF (%)	15.36	24.19	-25.85	19.58	17.88	-7.55	5.02	26.40	5.07	11.04
Benchmark (%)	12.80	28.97	-24.34	21.98	15.49	0.75	10.59	16.14	-3.25	2.97

Benchmark

60% FBM KLCI and 40% of the monthly average Malayan Banking Berhad (Maybank) 12 month fixed-deposit rate.

1 year fund performance review

For the financial year ended 31 December 2010, based on its NAV, the Fund recorded a gain of 15.36% against its benchmark performance of 12.80%. The out-performance was largely the result of our overweight call in equities for 2010. In addition, our overseas investments in Singapore performed well for the year.

After a volatile first half, the FBM-KLCI gathered momentum and performed strongly in the second half of the year. This was largely on account of the influx of short-term capital into emerging markets, which was reinforced by the country's improved economic fundamentals and an appreciating currency. During the period, AFF adopted a more aggressive strategy in the second half, in view of more positive market outlook. The Fund increased its equity exposure and invested in growth and higher beta stocks. This strategy proved to be beneficial for the performance of the Fund.

Distribution

Details	2010	2009	2008
Distribution record (sen) (gross)	4.50	3.50	3.50
Distribution record (sen) (net)	4.40	3.40	3.38

Distribution is by cash and reinvestment into additional units. Please refer to page 141 for further details.

Portfolio Turnover Ratio (PTR)

Details	2010	2009	2008
PTR	0.36 times	0.82 times	0.31 times

The portfolio turnover ratio was at 0.36 times for 2010, lower than the previous year due to the overall decrease in equities turnover as compared to previous year.

Asset allocation as at 31 December

Asset class (% of NAV)	2010	2009	2008
Equity & derivative securities	57.42	66.40	46.30
Unquoted fixed-income securities/sukuk	4.33	9.70	44.00
Liquid assets	38.25	23.90	9.70

We were cautious in the first half of 2010 as concerns on European debt crisis emerged. However, we adopted a more aggressive stance in the asset allocation in second half in view of the improved global economic growth outlook. Equity was raised close to the maximum allowable limit while fixed-income exposure dropped to 4.2% as a result of the sale of Kesturi Bond. Cash holdings was increased correspondingly to 38.3%. For foreign holdings, we have equity exposure in Singapore only.

AVF

Average total return of AVF for the financial years ended 31 March 2011

Details	1-Year	3-Years	5-Years	10-Years	Since Inception
AVF (%)	21.00	9.09	19.36	24.68	12.16
Benchmark (%)	18.48	8.66	15.38	15.20	4.25

Annual total return for the financial years ended 31 March

Details	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
AVF (%)	21.00	50.85	-30.27	9.36	41.40	-3.62	-11.38	55.01	-10.62	49.78
Benchmark (%)	18.48	57.11	-32.32	1.09	38.88	4.09	-6.73	42.72	-17.42	20.90

Benchmark

FTSE Bursa Malaysia Emas Index.

1 year fund performance review

For the financial year ended 31 March 2011, the Fund outperformed its benchmark. The strong market performance can be attributed to improving global economic outlook. The concern associated with an escalation of the Eurozone sovereign debt crisis had gradually subsided and with improving economic numbers the double dip scenario appeared to be remote. The 11 March 2011 earthquake in Japan did not have a lasting impact and markets were looking at the reconstruction theme after the initial shock. The Fund maintained a high equity exposure for much of the period with stock selection made up of a combination of undervalued mid and small capitalised stocks. The portfolio was also invested up to the maximum allowable limit in large capitalisation stocks. The Fund performance remained positive over the medium to long-term and the Fund achieved its overall investment objective of providing medium to long-term capital growth.

Distribution

No distribution has been declared for AVF for the past three financial years.

Portfolio Turnover Ratio (PTR)

Details	2011	2010	2009
PTR	0.85 times	0.80 times	0.55 times

The PTR for the year 2011 was slightly higher at 0.85 times mainly due to the overall increase in equities turnover as compared to previous year.

Asset allocation as at 31 March

Asset class (% of NAV)	2011	2010	2009
Equity & derivative securities	82.41	88.00	62.30
Unquoted fixed-income securities/sukuk	-	-	-
Liquid assets	17.59	12.00	37.70

For the financial year ended 31 March 2011, the Fund Manager exercised caution with its investments in smaller capitalised stocks during the initial stages of the market recovery, given the possibility of the global economic recovery running aground. However, the Fund Manager progressively adopted a less defensive strategy and increased equity exposure as global economic outlook improved. Subsequently equity exposure was reduced as the market climbed higher towards the end of the period. In addition to focusing on fundamentally sound and undervalued small and medium capitalisation stocks, the Fund also traded on larger capitalisation stocks.

AMF

Average total return of AMF for the financial years ended 30 June 2011

Details	1-Year	3-Years	5-Years	Since Inception
AMF (%)	2.60	2.70	4.96	4.67
Benchmark (%)	4.16	5.95	5.62	5.21

Annual total return for the financial years ended 30 June

Details	2011	2010	2009	2008	2007	2006	2005	2004	2003
AMF (%)	2.60	3.65	1.67	4.37	10.62	-1.66	6.05	4.62	5.10
Benchmark (%)	4.16	4.94	7.82	-1.40	10.23	0.22	8.80	5.18	5.64

Benchmark

RAM Quant Shop MGS All Bond Index.

1 year fund performance review

For the financial year ended 30 June 2011, the Fund gave a return of 2.60%. It underperformed the benchmark RAM-Quant Shop MGS Index which gained 4.16%. The Fund maintained liquidity in view of the expectation that interest rates would be moving up in response to a strengthening economic recovery. The Fund had also invested in high

dividend yielding REITs to enhance the rate of return. Our priority remained on capital preservation and to minimise credit and interest rate risks.

Distribution

Details	2011	2010	2009
Distribution record (sen) (gross)	2.00	2.00	2.00
Distribution record (sen) (net)	1.97	2.00	2.00

Distribution is by cash and reinvestment into additional units. Please refer to page 141 for further details.

Portfolio Turnover Ratio (PTR)

Details	2011	2010	2009
PTR	0.08 times	0.08 times	0.72 times

The PTR for the year 2011 was consistent with the previous year.

Asset allocation as at 30 June

Asset class (% of NAV)	2011	2010	2009
Equity & derivative securities	9.55	7.70	4.00
Unquoted fixed-income securities/sukuk	17.12	13.50	11.00
Liquid assets	73.33	78.80	85.00

As at 30 June 2011, AMF's exposure to fixed-income securities was 17.1% compared to 13.5% as at the end of last financial year. This is due to the net effect of fund redemptions. The strategy adopted was to maintain moderate exposure. The Fund's equity exposure rose to 9.5 from 7.7% due to the effect of higher stock prices and fund redemptions. Currently, the Fund is holding REITs, which are high-dividend yielding and low volatility property trusts. Cash portion was invested in money market (repurchase agreement or short-term deposits) with financial institutions at prevailing interest rates.

ATGF

Average total return of ATGF for the financial years ended 31 August 2011

Details	1-Year	3-Years	5-Years	Since Inception
ATGF	0.69	6.56	10.61	12.67
Benchmark (%)	4.49	11.64	11.88	10.41

Benchmark

60% FTSE Bursa Malaysia Emas Shariah Index and 40% Malayan Banking Berhad (Maybank) 1-month General Investment Account (GIA) rate.

1 year fund performance review

For the financial year ended 30 September 2011, ADL based on its NAV gave a return of -3.50% compared to its benchmark of -0.90%. During the period, we reduced Shariah-compliant equities exposure to lower the risk arising from the European debt crisis. The stock markets globally declined due to risk of a collapse in the Eurozone banking sector owing to exposure to the debts of the affected countries.

Distribution

Details	2011	2010	2009
Distribution record (sen) (gross)	3.50	4.38	N/a
Distribution record (sen) (net)	3.50	3.88	N/a

Distribution is by cash and reinvestment into additional units. Please refer to page 141 for further details.

Portfolio Turnover Ratio (PTR)

Details	2011	2010	2009
PTR	0.67 times	0.48 times	0.75 times

The PTR for the year 2011 was consistent with previous year.

Asset allocation as at 30 September

Asset class (% of NAV)	2011	2010	2009
Shariah-compliant Equity & Islamic derivative securities	51.28	61.94	58.90
Unquoted sukuk	2.06	15.44	12.80
Shariah-based Liquid assets	46.66	22.62	28.30

The Fund Manager decreased Shariah-compliant equity holdings progressively on expectations of worsening debt crisis in the European region and the risk of contagion in the banking sector. Shariah-compliant investments were disposed to raise cash in order to re-invest at lower market levels.

Annual total return for the financial years ended 31 August

Details	2011	2010	2009	2008	2007	2006	2005
ATGF (%)	0.69	17.48	1.19	-14.23	49.07	6.14	3.19
Benchmark (%)	4.49	19.67	7.89	-14.86	38.78	5.30	2.18

Benchmark

FTSE Bursa Malaysia EMAS Index (FBM EMAS)

1 year fund performance review

For the financial year ended 31 August 2011, the Fund underperformed its benchmark largely due to investments in sectors such as construction, property and oil and gas sectors which have lagged the market performance although these are strongly performing sectors in the real economy.

Distribution

No distribution has been declared for the past three (3) financial years for the Fund. Please refer to page 141 for further details.

Portfolio Turnover Ratio (PTR)

Details	2011	2010	2009
PTR	1.26 times	1.16 times	0.94 times

The PTR for the year 2011 was consistent with those of previous year.

Asset allocation as at 31 August

Asset class (% of NAV)	2011	2010	2009
Equity & derivative securities	91.86	91.30	82.30
Liquid assets	8.14	8.70	17.70

As at 31 August 2011, ATGF's investment focus was mainly on large capitalized stocks. The Fund's equity exposure stood at 91.9% of which 63.4% of its NAV is invested in the current preferred sectors. These are Banking & Finance, Property, Construction, Telecommunication and Oil & Gas. The balance is invested in selected stocks from other sectors. The Fund adopted an aggressive trading and asset allocation model throughout the period.

AOIF

Average total return of AOIF for the financial years ended 31 August 2011

Details	1-Year	3-Years	5-Years	Since Inception
AOIF	11.86	12.59	9.64	10.03
Benchmark (%)	1.74	10.50	10.21	9.94

Annual total return for the financial years ended 31 August

Details	2011	2010	2009	2008	2007	2006
AOIF (%)	11.86	11.13	10.82	-18.03	31.25	4.76
Benchmark (%)	1.74	21.14	6.70	-13.61	32.96	4.88

Benchmark

FBM KLCI

1 year fund performance review

For the financial year ended 31 August 2011, the Benchmark Index, FBM KLCI gain 1.74% while AOIF based on its NAV recorded a return of 11.86%. The Management has decided to pay a gross dividend of 2.0 sen (or 4.1% based on the year's average NV per unit) as the final dividend payment, resulting in a total dividend of 3.5 sen for the year (or 7.1% based on the year's average NAV per unit). This is higher than current fixed deposit rates.

AOIF outperformed its benchmark as it benefited from the defensive nature of the Fund during the recent market sell-down.

Distribution

Details	2011	2010	2009
Distribution record (sen) (gross)	Interim: 1.50 Final: 2.00 Total: 3.50	Interim: 1.50 Final: 2.00 Total: 3.50	Interim: 1.00 Final: 1.50 Total: 2.50
Distribution record (sen) (net)	Interim: 1.50 Final: 1.90 Total: 3.40	Interim: 1.48 Final: 1.87 Total: 3.35	Interim: 0.93 Final: 1.45 Total: 2.38

Distribution is by cash and reinvestment into additional units. Please refer to page 141 for further details.

Portfolio Turnover Ratio (PTR)

Details	2011	2010	2009
PTR	1.00 times	0.88 times	0.79 times

The PTR for the year 2011 was consistent with those of the previous year.

Asset allocation as at 31 August

Asset class (% of NAV)	2011	2010	2009
Equity & derivative securities	74.50	75.00	73.50
Unquoted fixed-income securities/sukuk	-	0.70	8.70
Liquid assets	25.50	24.30	17.80

As at 31 August 2011, AOIF continued to be invested in companies that pay high dividends to its shareholders. The search for these companies is a continuous effort aimed at replacing stocks that have been disposed for profits or change in the company's fundamental outlook.

LOCAL SHARIAH-BASED FUNDS

ADA

Average total return of ADA for the financial years ended 30 April 2011

Details	1-Year	3-Years	5-Years	Since Inception
ADA (%)	13.35	4.73	15.46	12.23
Benchmark (%)	13.42	4.35	12.16	9.28

Annual total return for the financial years ended 30 April

Details	2011	2010	2009	2008	2007	2006	2005
ADA (%)	13.35	25.76	-19.90	3.62	49.85	3.37	2.37
Benchmark (%)	13.42	31.50	-24.21	-0.18	42.18	6.78	-1.02

Benchmark

FTSE Bursa Malaysia Emas Shariah Index (FBMS). FBMS took over as benchmark from the Kuala Lumpur Syariah Index (KLSI) effective November 2007.

1 year fund performance review

For the financial year ended 30 April 2011, ADA adopted a more aggressive strategy. This decision was supported by our view that economic outlook was improving and that market direction should reflect this development. The Fund increased its Shariah-compliant equity exposure and invested in growth companies. This strategy proved to be beneficial and contributed to the performance of the Fund which saw the NAV per unit rise in line with benchmark during the financial year.

Distribution

No distribution has been declared for the past three (3) financial years for the Fund.

Portfolio Turnover Ratio (PTR)

Details	2011	2010	2009
PTR	0.76 times	1.10 times	0.72 times

The PTR for the year 2011 was lower at 0.76 times mainly due to the overall decrease in Shariah-compliant equities turnover as compared to previous year.

Asset allocation as at 30 April

Asset class (% of NAV)	2011	2010	2009
Shariah-compliant Equity & Islamic derivative securities	86.27	79.70	55.50
Shariah-based Liquid assets	13.73	20.30	44.50

For the financial year ended 30 April 2011, given the improved economic environment, the Fund Manager adopted an aggressive strategy investing into growth and high beta Shariah-compliant stocks.

In view of the increased volatility, the Fund Manager implemented short-term trades when opportunities arose. Shariah-compliant equity weighting for ADA was kept close to 90% in view of the positive trend in the Shariah-compliant stock market and the Fund Manager's decision to maintain a high Shariah-compliant investment exposure level.

AIMMF

Average total return of AIMMF for the financial years ended 30 September 2011

Details	1-Year	3-Years	5-Years	Since Inception
AIMMF	2.79	2.65	2.97	3.02
Benchmark (%)	2.91	2.62	2.75	2.85

Annual total return for the financial years ended 30 September

Details	2011	2010	2009	2008	2007	2006
AIMMF (%)	2.79	2.36	2.59	3.12	3.16	2.81
Benchmark (%)	2.91	2.38	2.38	2.31	2.64	2.62

Benchmark

Malayan Banking Berhad (Maybank) 1-month General Investment Account (GIA) rate.

1 year fund performance review

For the financial year ended 30 September 2011, AIMMF based on its NAV gave a return of 2.79%. AIMMF underperformed its benchmark, which recorded a return of 2.91%. The Fund managed to achieve its overall investment objective, which is to provide a regular stream of income by investing in Islamic money market instruments and other sukuk which comply with Shariah requirements.

Distribution

Details	2011	2010	2009
Distribution record (sen) (gross)	Interim: 1.26 Final: 0.13 Total: 1.39	Interim: 1.06 Final: 0.11 Total: 1.17	Interim: 1.17 Final: 0.11 Total: 1.28

Distribution is reinvested in the form of additional units. Please refer to page 141 for further details.

Portfolio Turnover Ratio (PTR)

Details	2011	2010	2009
PTR	18.26 times	20.46 times	18.81 times

The PTR for the year 2011 was lower at 18.26 times mainly due to overall decrease in portfolio rebalancing activities undertaken by the Fund.

Note: For the years 2010 & 2009, the auditor has included the money market placement in the calculation of PTR.

Asset allocation as at 30 September

Asset class (% of NAV)	2011	2010	2009
Unquoted sukuk	30.15	51.42	50.90
Shariah-based Liquid assets	69.85	48.58	49.10

For the year ended 30 September 2011, AIMMF's asset allocation was in sukuk, short-term Islamic CPs and Shariah-based deposits.

During the year under review, we maintained exposure to Islamic CPs to achieve steady income. This was in line with our strategy, which is to achieve a stable rate of return. Exposure in longer term sukuk investments were kept low so as not to subject the portfolio to excessive market valuation fluctuations as a result of changes to profit rate.

As at 30 September 2010, the Fund's exposure to Islamic CPs stood at 37.19%. The low exposure was due to the shortage of high quality Islamic CPs. AIMMF's exposure to sukuk at the same date was 14.23%. There was an increase during the year to improve the average yield of the portfolio. The exposure as at year end was lower compared to the interim period due to maturity of securities. By the end of the financial year 30 September 2011, the sukuk had matured and there were no sukuk investments as at 30 September 2011. As at that date, the funds exposure to Islamic CPs stood at 30.15%

ADL

Average total return of ADL for the financial years ended 30 September 2011

Details	1-Year	3-Year	Since Inception
ADL	-3.50	8.88	2.12
Benchmark (%)	-0.90	7.65	0.84

Note: Inception date is 1 October 2007, when ADL was transferred to the Manager for management. Prior to that, the Fund was known as KL City Dana Imbang.

Annual total return for the financial years ended 30 September

Details	2011	2010	2009	2008	2007	2006	2005	2004
ADL (%)	-3.50	13.42	15.72	-14.72	24.93	-2.31	-1.66	0.44
Benchmark (%)	-0.90	9.60	13.19	-26.96	48.38	5.79	0.80	12.08

GLOBAL FUNDS

AGEF

Average total return of AGEF for the financial years ended 31 January 2011

Details	1-Year	3-Years	Since Inception
AGEF (%)	11.66	-0.77	3.56
Benchmark (%)	13.95	2.04	6.52

Annual total return for the financial years ended 31 January

Details	2011	2010	2009	2008	2007
AGEF (%)	11.66	37.10	-36.19	4.00	14.74
Benchmark (%)	13.95	49.61	-37.80	3.86	18.77

Benchmark

Composite of the MSCI indices of the fifteen (15) countries. The indices of the composite benchmark are subject to quarterly rebalancing and comprise of the following: MSCI US (12%), MSCI Japan (12%), MSCI UK (4%), MSCI France (4%), MSCI Germany (4%), MSCI Taiwan (10%), MSCI Korea (10%), MSCI Singapore (8%), MSCI Malaysia (8%), MSCI Australia (8%), MSCI Hong Kong (6%), MSCI Thailand (6%), MSCI China (4%), MSCI Indonesia (2%) and MSCI India (2%). The different composition of the countries investment is in line with investment objective of the Fund is will be investing in MSCI indices of fifteen (15) countries of Fullerton Global Equities Fund and to mitigate the relevant country risk.

1 year fund performance review

For the financial year ended 31 January 2011, AGEF returned 11.66%, compared against the benchmark which performed 13.95%. The Fund underperformed its benchmark by 2.29 percentage points. AGEF maintained its investment strategy by investing approximately two-thirds in Asian countries and one-third in G5 countries.

The period saw the Eurozone sovereign debt crisis and the patchy US recovery. The second half was characterised by confidence returning to the markets after the Federal Reserve confirmed that it will embark on further quantitative easing and the European central Bank and IMF combined to provide back up funding for financially weak Euro countries.

At the country level, the underweight in China was positive for performance. However, this was more than offset by underweighting in Hong Kong and Thailand. Stock selection was most positive in Australia and Malaysia, with exposure to resources and infrastructure stock contributing strongly. The gains were pared by the underperformance the portfolio's Thai holdings.

Distribution

No distribution has been declared for AGEF for the past three (3) financial years.

Portfolio Turnover Ratio (PTR)

Details	2011	2010	2009
PTR	0.38 times	0.09 times	0.03 times

The PTR for the year 2011 was higher mainly due to increase in portfolio rebalancing activities undertaken by the Fund as compared with previous year.

Asset allocation as at 31 January

Asset class (% of NAV)	2011	2010	2009
Foreign collective investment scheme	96.75	98.60	97.70
Liquid assets	3.25	1.40	2.30

There is no significant change in the asset allocation of the Fund as it is invested in the collective investment scheme, namely FGLOE, an open ended unit trust fund in Singapore, managed by Fullerton Fund Management Company Ltd.

Alliance Asian Bond Fund (AABF)

On 5 May 2010 (new inception date), the Fund changed its name to AABF from Alliance Global Bond Fund (AGBF) to reflect the change of objective, benchmark and its target fund from Fullerton Global Bond Fund (FGLOB) to Fullerton Asian Bond Fund.

Average total return of AABF the financial years ended 31 January 2011

Details	1-Year	Since Inception
AABF (%)	-1.25	6.98
Benchmark (%)	-9.00	-0.74

Note: Inception date is 5 May 2010, when the Fund changed its name to AABF.

Annual total return for the financial years ended 31 January 2011

Details	2011
AABF (%)	-1.25
Benchmark (%)	-9.00

Benchmark

JACI Investment Grade Total Return Index.

1 year fund performance review

For the period since the new inception date (5 May 2010) to 31 January 2011, the Fund recorded a positive return of 6.98% and outperformed its benchmark which recorded a negative return of 0.74%.

The portfolio's overweight in Asian currencies was positive for performance. The exposure to Chinese, Indonesian and Philippine credits also contributed to relative returns. However, this was partially offset by duration allocation, which was largely negative across markets.

The AABF does not have any Portfolio Turnover Ratio and also not declared any income distribution for last three years.

Asset allocation as at 30 June

Asset class (% of NAV)	2011	2010	2009
Foreign collective investment scheme	97.49	100.68	97.83
Liquid assets	2.51	-0.68	2.17

There is no significant change in the asset allocation of the Fund as it is invested in the collective investment scheme, namely FABF, an open ended unit trust fund in Singapore, managed by Fullerton Fund Management Company Ltd.

AGDPF

Average total return of AGDPF for the financial years ended 30 June 2011

Details	1-Year	3-Year	Since Inception
AGDPF (%)	18.84	-3.14	-8.18
Benchmark (%)	20.82	-2.81	-7.19

Annual total return for the financial years ended 30 June

Details	2011	2010	2009	2008
AGDPF (%)	18.84	15.28	-33.87	-24.80
Benchmark (%)	20.82	36.09	-44.31	-16.38

Benchmark

FTSE EPRA/NAREIT Developed Index.

1 year fund performance review

For the financial year ended 30 June 2011, the Fund, based on its NAV and foreign exchange conversion registered a return of 18.84%. Its benchmark, the FTSE EPRA/NAREIT Developed Index rose by 20.82%. Thus, the Fund underperformed its benchmark by 1.98 percentage points.

AGDPF's performance has been negative since its inception as global property stocks have not recovered to their levels before the onset of the financial market turmoil caused by the sub-prime crisis. The Fund's relatively high exposure in US contributed significantly to the negative performance as the US property sector has yet to fully recover from the setback it suffered as a result of the credit crisis. The slow recovery in the property sector can also be attributed to high unemployment and the patchy economic recovery that still requires policy support. The property market is traditionally a late cycle performer and will continue to see improvements throughout the economic recovery period and beyond.

Distribution

No distribution has been declared for AGDPF for the past three (3) financial years.

Portfolio Turnover Ratio (PTR)

Details	2011	2010	2009
PTR	0.22 times	0.08 times	0.05 times

The PTR for the financial year 2011 was consistent with those of previous year.

Asset allocation as at 30 June

Asset class (% of NAV)	2011	2010	2009
Foreign collective investment scheme	98.63	98.10	96.30
Liquid assets	1.37	1.90	3.70

The offensive/defensive trade theme that the designated Fund Manager had been pursuing since the credit crisis played out during the year. The designated Fund Manager subsequently shifted his focus to firms with the ability to grow their businesses through acquisitions. Consequently, the designated Fund Manager built up positions in companies with balance sheet strength and management capability that make them particularly well equipped to pursue merger and acquisition activity. The designated Fund Manager also maintained a high exposure to REITs, which offer attractive yields in an otherwise low interest rate environment.

AAGTF

Average total return of AAGTF for the financial years ended 30 September 2011

Details	1-Year	3-Year	Since Inception
AAGTF (%)	-10.39	1.47	-4.32
Benchmark (%)	-6.35	5.18	-2.86

Annual total return for the financial years ended 30 September

Details	2011	2010	2009	2008
AAGTF (%)	-10.39	1.78	14.47	-20.50
Benchmark (%)	-6.35	4.03	18.57	-22.73

Benchmark

70% MSCI Emerging Markets Free Index in USD un-hedged and 30% JP Morgan Government Bond Index in USD currency-hedged.

1 year fund performance review

GEM Treasures recorded a negative return of 10.4% for the financial year ended 30 September 2011, and did not achieve its objective of providing capital growth and income. The performance was lower than the benchmark, which recorded a negative return of 6.4%.

Distribution

No distribution has been declared for AAGTF for the past three (3) financial years.

Portfolio Turnover Ratio (PTR)

Details	2011	2010	2009
PTR	0.27	0.12	0.07 times

The PTR for the financial year 2011 was consistent with those of previous year.

Note: For the years 2010 & 2009 the auditor has excluded the gain or loss from sale of investment and foreign exchange in the calculation of PTR.

Asset allocation as at 30 September

Asset class (% of NAV)	2011	2010	2009
Foreign collective investment scheme	100.94	97.90	98.50
Liquid assets	-0.94	2.10	1.50

The Fund maintained its exposure in the collective investment scheme above 95%, with little variation in line with the strategy as stated in the Master Prospectus.

Past performance of the Funds is not an indication of its future performance.

Average total return of all the Funds above are based on the following calculation:

$$\text{Annualised return (\%)} = \frac{\text{Total returns}}{\text{Number of years}}$$

Total return of all the Funds above are based on the following calculation:

$$\text{Total return (\%)} = [(\text{Rate of Price Return} \times \text{Rate of Income Return}) - 1] \times 100$$

Portfolio Turnover Ratio (PTR)

PTR is a measure of the volume of trading undertaken by a fund in relation to the fund's size.

The formula for calculating portfolio turnover is as follows:

$$\frac{(\text{Total acquisitions of the unit trust fund} + \text{Total disposals for the year}) / 2}{\text{Average fund size}}$$

HISTORICAL FINANCIAL HIGHLIGHTS OF THE FUNDS

LOCAL FUND

Extracts of financial statements of the Funds

AFF

Extract of statement of income and expenditure for the financial years ended 31 December.

Details	2010 (RM'000)	2009 (RM'000)	2008 (RM'000)
Total investment income	8,017	11,083	(15,259)
Total expenses	(844)	(830)	(988)
Net income/(Loss) before tax	7,173	10,253	(16,247)
Net income/(Loss) after tax	7,107	10,158	(16,355)

Extract of statement of assets and liabilities as at 31 December.

Details	2010 (RM'000)	2009 (RM'000)	2008 (RM'000)
Total investment	54,693	50,337	43,351
Total other assets	1,503	2,537	1,271
Total assets	56,196	52,874	44,622
Total liabilities	(8,940)	(5,131)	(3,193)
NAV	47,256	47,743	41,429
Unit holders' capital	47,256	47,743	41,429

AVF

Extract of statement of income and expenditure for the financial years ended 31 March.

Details	2011 (RM'000)	2010 (RM'000)	2009 (RM'000)
Total investment income	4,082	7,502	(6,176)
Total expenses	(461)	(337)	(341)
Net income/(Loss) before tax	3,621	7,165	(6,517)
Net income/(Loss) after tax	3,597	7,135	(6,561)

Extract of statement of assets and liabilities as at 31 March.

Details	2011 (RM'000)	2010 (RM'000)	2009 (RM'000)
Total investment	16,339	16,731	9,124
Total other assets	3,618	3,093	7,008
Total assets	19,957	19,824	16,132
Total liabilities	(126)	(809)	(1,479)
NAV	19,831	19,015	14,653
Unit holders' capital	19,831	19,015	14,653

AMF

Extract of statement of income and expenditure for the financial years ended 30 June.

Details	2011 (RM'000)	2010 (RM'000)	2009 (RM'000)
Total investment income	115	212	122
Total expenses	(48)	(57)	(57)
Net income/(Loss) before tax	67	155	65
Net income/(Loss) after tax	66	153	65

Extract of statement of assets and liabilities as at 30 June.

Details	2011 (RM'000)	2010 (RM'000)	2009 (RM'000)
Total investment	471	472	801
Total other assets	1,593	1,863	4,783
Total assets	2,064	2,335	5,584
Total liabilities	(308)	(107)	(230)
NAV	1,756	2,228	5,354
Unit holders' capital	1,756	2,228	5,354

ATGF

Extract of statement of income and expenditure for the financial years ended 31 August.

Details	2011 (RM'000)	2010 (RM'000)	2009 (RM'000)
Total investment income	859	5,813	914
Total expenses	(735)	(579)	(512)
Net income/(Loss) before tax	124	5,234	402
Net income/(Loss) after tax	26	5,161	270

Extract of statement of assets and liabilities as at 31 August.

Details	2011 (RM'000)	2010 (RM'000)	2009 (RM'000)
Total investment	32,656	30,832	25,016
Total other assets	3,003	3,390	6,132
Total assets	35,659	34,222	31,148
Total liabilities	(106)	(459)	(757)
NAV	35,553	33,763	30,391
Unit holders' capital	35,553	33,763	30,391

AOIF

Extract of statement of income and expenditure for the financial years ended 31 August.

Details	2011 (RM'000)	2010 (RM'000)	2009 (RM'000)
Total investment income	1,952	1,900	1,838
Total expenses	(248)	(271)	(242)
Net income/(Loss) before tax	1,704	1,629	1,596
Net income/(Loss) after tax	1,677	1,580	1,565

Extract of statement of assets and liabilities as at 31 August.

Details	2011 (RM'000)	2010 (RM'000)	2009 (RM'000)
Total investment	9,520	10,983	14,101
Total other assets	3,823	4,163	3,671
Total assets	13,343	15,146	17,772
Total liabilities	(561)	(641)	(604)
NAV	12,782	14,505	17,168
Unit holders' capital	12,782	14,505	17,168

LOCAL SHARIAH-BASED FUNDS

ADA

Extract of statement of income and expenditure for the financial years ended 30 April.

Details	2011 (RM'000)	2010 (RM'000)	2009 (RM'000)
Total Shariah-compliant investment income	9,478	11,730	(7,153)
Total expenses	(1,333)	(890)	(622)
Net income/(Loss) before tax	8,145	10,840	(7,775)
Net income/(Loss) after tax	8,039	10,772	(7,871)

Extract of statement of assets and liabilities as at 30 April.

Details	2011 (RM'000)	2010 (RM'000)	2009 (RM'000)
Total Shariah-compliant investment	52,198	46,832	22,718
Total other assets	8,920	12,649	18,771
Total assets	61,118	59,481	41,489
Total liabilities	(619)	(742)	(554)
NAV	60,499	58,739	40,935
Unit holders' capital	60,499	58,739	40,935

The Shariah Adviser confirms that the investment portfolio of the Alliance Dana Adib comprises securities which have been classified as Shariah-compliant by the SACSC. As for the securities which are not certified by the SACSC, the Shariah Adviser has reviewed the said securities and opine that these securities are designated as Shariah-compliant.

AIMMF

Extract of statement of income and expenditure for the financial years ended 30 September.

Details	2011 (RM'000)	2010 (RM'000)	2009 (RM'000)
Total Shariah-compliant investment income	3,496	3,662	8,042
Total expenses	(505)	(603)	(1,206)
Net income/(Loss) before tax	2,991	3,059	6,836
Net income/(Loss) after tax	2,991	3,059	6,836

Extract of statement of assets and liabilities as at 30 September.

Details	2011 (RM'000)	2010 (RM'000)	2009 (RM'000)
Total Shariah-compliant investment	124,878	106,330	169,862
Total other assets	336	595	340
Total assets	125,214	106,925	170,202
Total liabilities	(386)	(293)	(13,710)
NAV	124,828	106,632	156,492
Unit holders' capital	124,828	106,632	156,492

The Shariah Adviser confirms that the investment portfolio of the Alliance Islamic Money Market Fund comprises securities which have been classified as Shariah-compliant by the SACSC. As for the securities which are not certified by the SACSC, the Shariah Adviser has reviewed the said securities and opine that these securities are designated as Shariah-compliant.

ADL

Extract of statement of income and expenditure for the financial years ended 30 September.

Details	2011 (RM'000)	2010 (RM'000)	2009 (RM'000)
Total Shariah-compliant investment income	(108)	2,202	2,680
Total expenses	(332)	(282)	(268)
Net income/(Loss) before tax	(440)	1,920	2,412
Net income/(Loss) after tax	(433)	1,892	2,385

Extract of statement of assets and liabilities as at 30 September.

Details	2011 (RM'000)	2010 (RM'000)	2009 (RM'000)
Total Shariah-compliant investment	6,631	11,190	12,192
Total other assets	6,631	4,319	4,860
Total assets	13,262	15,509	17,052
Total liabilities	(835)	(1,049)	(64)
NAV	12,427	14,460	16,988
Unit holders' capital	12,427	14,460	16,988

The Shariah Adviser confirms that the investment portfolio of the Alliance Dana Alif comprises securities which have been classified as Shariah-compliant by the SACSC. As for the securities which are not certified by the SACSC, the Shariah Adviser has reviewed the said securities and opine that these securities are designated as Shariah-compliant.

GLOBAL FUNDS

AGEF

Extract of statement of income and expenditure for the financial years ended 31 January.

Details	2011 (RM'000)	2010 (RM'000)	2009 (RM'000)
Total investment income	2,836	6,307	(9,197)
Total expenses	(395)	(366)	(399)
Net income/(Loss) before tax	2,441	5,941	(9,596)
Net income/(Loss) after tax	2,441	5,941	(9,596)

Extract of statement of assets and liabilities as at 31 January.

Details	2011 (RM'000)	2010 (RM'000)	2009 (RM'000)
Total investment	22,088	24,996	16,175
Total other assets	1,449	928	670
Total assets	23,537	25,924	16,845
Total liabilities	(708)	(577)	(282)
NAV	22,829	25,347	16,563
Unit holders' capital	22,829	25,347	16,563

AABF

Extract of statement of income and expenditure for the financial years ended 31 January.

Details	2011 (RM'000)	2010 (RM'000)	2009 (RM'000)
Total investment income	260	84	113
Total expenses	(59)	(47)	(55)
Net income/(Loss) before tax	201	37	58
Net income/(Loss) after tax	201	37	58

Extract of statement of assets and liabilities as at 31 January.

Details	2011 (RM'000)	2010 (RM'000)	2009 (RM'000)
Total investment	2,788	1,216	937
Total other assets	99	102	46
Total assets	2,887	1,318	983
Total liabilities	(28)	(110)	(25)
NAV	2,859	1,208	958
Unit holders' capital	2,859	1,208	958

AGDPF

Extract of statement of income and expenditure for the financial year ended 30 June.

Details	2011 (RM'000)	2010 (RM'000)	2009 (RM'000)
Total investment income	980	817	(2,217)
Total expenses	(121)	(132)	(122)
Net income/(Loss) before tax	859	685	(2,339)
Net income/(Loss) after tax	859	685	(2,339)

Extract of statement of assets and liabilities as at 30 June.

Details	2011 (RM'000)	2010 (RM'000)	2009 (RM'000)
Total investment	4,301	4,785	4,329
Total other assets	130	150	194
Total assets	4,431	4,935	4,523
Total liabilities	(70)	(55)	(28)
NAV	4,361	4,880	4,495
Unit holders' capital	4,361	4,880	4,495

AAGTF

Extract of statement of income and expenditure for the financial year ended 30 September.

Details	2011 (RM'000)	2010 (RM'000)	2009 (RM'000)
Total investment income	(2,676)	2,877	12,327
Total expenses	(1,087)	(1,682)	(1,442)
Net income/(Loss) before tax	(3,763)	1,195	10,885
Net income/(Loss) after tax	(3,763)	1,195	10,885

Extract of statement of assets and liabilities as at 30 September.

Details	2011 (RM'000)	2010 (RM'000)	2009 (RM'000)
Total investment	37,111	70,075	89,225
Total other assets	614	5,075	1,537
Total assets	37,725	75,150	90,762
Total liabilities	(961)	(3,570)	(217)
NAV	36,764	71,580	90,545
Unit holders' capital	36,764	71,580	90,545

Total annual expenses incurred by the Funds

The following are the total annual expenses incurred by the Funds in the preceding financial year/period:

Fund Name	Management Fee		Trustee Fee		Other Expenses		Total Annual Expenses	
	RM	%	RM	%	RM	%	RM	%
LOCAL FUNDS								
AFF	751,853	1.50	26,033	0.06	66,128	0.12	844,014	1.68
AVF	279,570	1.50	35,000	0.18	26,996	0.17	341,566	1.85
AMF	24,320	1.00	7,410	0.08	14,255	0.81	45,985	1.89
ATGF	572,704	1.50	26,726	0.07	135,515	0.35	734,945	1.92
AOIF	216,214	1.50	10,090	0.07	21,599	0.15	247,903	1.72
LOCAL ISLAMIC FUNDS								
ADA	932,808	1.50	43,531	0.07	40,058	0.06	1,016,397	1.63
AIMMF	405,602	0.38	75,712	0.07	23,278	0.02	504,592	0.47
ADL	219,536	1.50	18,000	0.12	27,916	0.19	265,452	1.81
GLOBAL FUNDS								
AGEF	355,558	1.50	18,000	0.08	21,379	0.09	394,937	1.67
AABF	27,127	1.00	18,000	0.63	14,058	0.55	59,185	2.18
AGDPF	88,515	1.80	18,000	0.41	13,987	0.24	120,502	2.45
AAGTF	1,023,416	1.80	45,485	0.08	18,530	0.03	1,087,431	1.91

The percentage is reflected as a percentage of average NAV.

The audited financial statements of the Funds are disclosed in the respective Fund's annual report.

The annual report is available upon request.

The MER of the Funds for the past 3 financial years:

Fund Name	MER		
	2011	2010	2009
LOCAL FUNDS			
AFF	1.68	1.76	1.79
AVF	1.85	1.85	1.86
AMF	1.89	1.51	1.55
ATGF	1.92	1.79	1.90
AOIF	1.72	1.70	1.75
LOCAL ISLAMIC FUNDS			
ADA	1.63	1.75	1.71
AIMMF	0.47	0.46	0.46
ADL	1.81	1.75	1.80
GLOBAL FUNDS			
AGEF	1.67	1.70	1.71
AABF	2.18	2.88*	4.36*
AGDPF	2.45	2.50	2.57
AAGTF	1.91	1.90	1.91

Past performance of the Funds is not an indication of its future performance.

The respective Funds' annual report is available upon request.

* Note: The MER for AABF for the year 2010 was lower at 2.88% as a result of the overall increase in average NAV as compared to the year 2009.

FEES, CHARGES AND EXPENSES

CHARGES DIRECTLY INCURRED

Sales Charge

The Manager will impose a Sales Charge to pay for advertising and promotion as well as commission to authorised agents/distributors, which are as follows:

FUND NAME	SALES CHARGE*
AFF, AVF, ATGF, AOIF, ADA, ADL, AGEF, AAGTF & AGDPF	Up to 6.50% of the NAV per unit.
AABF	Up to 1% of the NAV per unit.
AMF & AIMMF	Nil

* The maximum Sales Charge to be imposed by each distribution channel (Manager, Agents and IUTAs) during the life of this Master Prospectus. For investment through the EPF Investment Scheme, a Sales Charge of up to 3% of the NAV is imposed.

Sales Charge imposed by our respective distribution channels are as follows:

DISTRIBUTION CHANNEL	SALES CHARGE
Direct investment with the Manager	Up to 6.50% of the NAV
Investment through EPF	Up to 3.00% of the NAV
Authorised Tied-Agents	Up to 6.50% of the NAV
Authorised IUTAs	Up to 6.50% of the NAV

Investors may negotiate for a reduced/lower Sales Charge regardless of the quantum of Sales Charge that is disclosed in this Master Prospectus with their respective Agents or IUTAs. This principle will permit any investors to negotiate on the Sales Charge being paid or borne by them based on their respective investments/switching amounts or any other form of tiering that may be practised or imposed by the respective sales distribution channels/agents distributing the Funds.

Please refer to **page 136** for illustration of Sales Charge computation.

Repurchase/Redemption charge

The Manager does not impose any charges for repurchase purposes except for the exit fee/repurchase charge on AMF, AGDPF and AAGTF, which are as follows:

FUND NAME	REPURCHASE CHARGE/EXIT FEE
AMF	Up to 1% of the NAV if Investors exit within a period of one (1) year from the date of investment; except during cooling-off period.
AGDPF & AAGTF	Up to 1% of the NAV if Investors exit within the first six (6) months from the date of investment; except during cooling-off period.

The units are purchased back from investors at NAV per unit, which is the repurchase price. Please refer to **page 136** for illustration on repurchase charge computation.

FEES AND EXPENSES INDIRECTLY INCURRED

Annual management fee

The Manager is entitled to the following annual management fees during the term of this Master Prospectus, which are utilised for the administration expenses of the respective Funds. These fees are calculated and accrued on a daily basis and payable monthly to the Manager.

FUND NAME	ANNUAL MANAGEMENT FEE
AFF, AVF, ATGF, AOIF, ADA, ADL & AGEF	1.50% of NAV
AMF & AABF	1.00% of NAV
AIMMF	0.375% of NAV
AGDPF & AAGTF	1.80% of NAV

Illustration 1: Computation of the Fund's Annual Management Fee for the day

Management Fee for the day = NAV of the Fund x Management Fee rate for the Fund (%) / 365 days

Example: Assuming the NAV of the Fund is RM100 million, the Management Fee for the day
 = RM100 million x 1.50% / 365 days
 = RM4,109.59

Annual trustees' fee

The Trustees are entitled to the following annual trustee fee during the term of this Master Prospectus in respect of each of the Funds. These fees are calculated on a daily basis and payable quarterly to the Trustees.

FUND NAME	ANNUAL TRUSTEE FEE
AFF	Size of the Fund
	First RM20 million
	Next RM20 million
	Next RM20 million
	Next RM20 million
	Next RM20 million
	Any amount above RM100 million
Trustee fee	
	RM12,000
	RM10,000
	RM8,000
	RM6,000
	RM4,000
	RM15,000
	Being the custodian, the Trustee is also entitled to a custodian fee of RM30,000 per annum.
AVF	0.10% of NAV or a minimum of RM35,000
AIMMF, AGEF & AABF	0.07% of NAV or a minimum of RM18,000
ADA, ATGF & AOIF	0.07% of NAV
AMF & ADL	0.08% of NAV or a minimum of RM18,000
AGDPF & AAGTF	0.08% of NAV or a minimum of RM18,000 including local custodian but excluding foreign sub-custodian fees.

Illustration 2: Computation of the Trustee Fee for the day

Trustee Fee for the day = NAV of the Fund x Trustee Fee rate 0.10% for the Fund / 365 days

Example: Assuming that NAV of the Fund is RM100 million, the Trustee Fee for the day
 = RM100 million x 0.10% / 365 days
 = RM273.97 per day

EXPENSES OF THE FUNDS

There are annual operating expenses involved in running a Fund, including but not limited to those stated herein below and such expenses are paid out of the Fund's assets:

- a) Trustee expenses as permitted under the Deed(s);
- b) Commissions/fees paid to brokers in effecting dealings in the respective Funds investments;
- c) Tax and other duties charged on the respective Funds by the government and other authorities;
- d) Fees and other expenses properly incurred by the auditors appointed for the Funds;
- e) Fees for valuation of any investment of the respective Funds by an independent valuer for the benefit of the Fund;
- f) Costs incurred for the modification of the Deed(s) other than for the benefit of the management company or Trustee;
- g) Costs incurred for any meeting of the Unit holders other than those convened by or for the benefit of the Manager or Trustee;
- h) Administration charges like printing of annual reports, distribution of cheques and postage; and
- i) Investment Committee Members' fee for independent members.

The expenses incurred by each Fund over the past three (3) financial years may be obtained from the historical financial highlights included in this Master Prospectus.

OTHER FEES AND CHARGES

Switching fee

Switching among funds managed by the Manager is allowed at any period of time. Unit holders may switch their units between funds managed by the Manager and this facility enables Unit holders to change their investment from one fund to another to suit their investment objectives.

Switching fee is waived for the duration of this Master Prospectus. The Manager provides unlimited switches (either fully or partially). Please refer to **page 137** for details on switching.

Transfer fee

Unit holders may transfer their units in a fund to another person without selling their units provided that the principal transferor has attained the age of eighteen (18) at the time of the transfer. The transfer is allowed within the same Fund by completing a Transfer Form and signed by both the transferor and the transferee.

Transfer fee is waived for the duration of this Master Prospectus.

Other charges

Unit holders will incur bank charges/fees when they place a subscription based on accepted banking charges related to remittance of money.

Management Expense Ratio ("MER")

Management Expense Ratio ("MER") is the ratio of the sum of the fees and the recovered expenses of the Fund to the average value of the Fund **calculated on a daily basis**. This is the inherent cost incurred by the Fund and this includes the management fee, trustee fee and expenses incurred for the Fund's administration service. It also allow Unit holders to compare the cost effectiveness of other funds within the same category, i.e. growth fund category; to see if the costs incurred are reasonable and justifiable to its performance. The lower the MER, the more beneficial it is to the Unit holders.

The MER is calculated in the form of percentage of the total size of the Fund. The calculation of MER is as follows:

$$\text{MER (\%)} = \frac{\text{Fees of the unit trust fund} + \text{Recovered Expenses}}{\text{Average value of the Fund for the year calculated on daily basis}} \times 100$$

Portfolio Turnover Ratio (“PTR”)

Portfolio turnover of the Fund is the ratio of the total acquisitions and disposals of the Fund for the year to the average value of the Fund for the year calculated on a weekly basis.

$$\text{PTR} = \frac{\text{Total acquisitions of the Fund for the year} + \text{Total disposals of the Fund for the year}}{\text{Average value of the Fund for the year calculated on a weekly basis}} / 2$$

POLICY ON REBATES AND SOFT COMMISSION

It is the Manager’s policy to credit all rebates and soft commission to the account of the respective Funds.

The Manager does not receive any soft commissions from the brokers/dealers in consideration for directing dealings in the investments of the respective Funds. However, in the event the Manager were to receive any soft commission in future, they will only be retained by the Manager if they are in the form of goods and services which are of demonstrable benefit to the Unit holders.

POLICY ON ROUNDING ADJUSTMENT

The computation of buying and selling prices and also the NAV of the Funds will be rounded to four (4) decimal places. For units allocated to Unit holders, it will be rounded to two (2) decimal places.

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

TRANSACTION INFORMATION

COMPUTATION OF PRICES

Valuation point

Valuation point refers to such a time(s) on a Business Day as may be decided by the Manager wherein the NAV of the Fund is calculated. A final calculation for each Business Day is carried out at the end of the day immediately upon closing of Bursa Malaysia (i.e. forward pricing).

Pricing policy

We have adopted the single pricing policy in order to provide greater clarity on the cost incurred by Investors for investments made in the Funds. This will provide a greater degree of transparency to Investors on the charges imposed by each respective distribution channel.

The prices of units of **AFF, AVF, AMF, ATGF, AOIF, ADA, ADL & AIMMF** are calculated based on the forward pricing basis, which means that the investment will be calculated based on the end of the next valuation point, following an application either to purchase or to redeem the units of the respective Funds. The computation of repurchase and selling price will be based on the NAV per unit of the Funds. The NAV per unit is derived at by dividing the total NAV for the day by the units in circulation. For **AGEF, AABF, AGDPF & AAGTF**, unit prices are determined using the forward pricing (i.e. the units prices based on the closing market price of the Funds' underlying value of securities at the end of the Business Day), which are calculated on every Business Day.

Example: Valuation for **AGEF, AABF, AGDPF & AAGTF** for the market close on 5 January 2012, the valuation date will be the next day in which the Manager is open for trading, that is on 6 January 2012. Thus, the newspaper publication date for the prices as at 5 January 2012 will be on 7 January 2012.

Computation of NAV per unit

NAV is defined as the value of the cash, accrued income and investment together with an adjustment for brokerage, stamp duties, transfer fees and other charges, if any, in respect of such investments less liabilities including provisions and allowances for contingences for the time being in the Fund(s), at the valuation point. For the purposes of computing annual management fee and annual trustee fee, the NAV of the Fund(s) should include management and trustee fee for that day.

The NAV per unit of the Fund is calculated at the end of each Business Day. It is determined by deducting the value of all the Fund's liabilities from the total assets value of the Fund to arrive at NAV, at the valuation point. Then, the total NAV of the Fund is divided by the number of units in circulation. As for **AGEF, AABF, AGDPF & AAGTF**, the price per unit of the Funds are determined using the forward pricing basis, the valuation point for the NAV per unit is based on the valuation of the Fund's investments, performed at the end of the next Business Day upon closing of the Singapore and Luxembourg collective investments scheme respectively.

Illustration 1: The calculation of NAV per unit for the Funds as at 5 January 2012 (hypothetical figures are used for the purpose of this illustration).

	RM
Equity securities/Money market instruments	77,196,497.84
Bonds/Other fixed-income securities	20,256,452.63
Other assets & income	<u>2,801,163.93</u>
	100,254,114.40
Less: Liabilities	<u>(1,152,553.83)</u>
NAV before deducting management fee and trustee fee for the day	99,101,560.57
Less: Management Fee for the day @ 1.50%/365days	(4,072.67)
Trustee Fee for the day @0.10/365days	<u>(271.51)</u>
NAV	<u>99,097,216.39</u>
Units in circulation	<u>98,100,000</u>
NAV per unit	<u>1.010165304</u>
NAV per unit rounded up to nearest four (4) decimal places	1.0102

Selling price per unit

The Manager's NAV per unit may be subject to a maximum Sales Charge of up to 3.50% for direct investment in AIMB, up to 3% for investment through EPF and up to 6.50% through other authorised distributional channels. Investors of the Funds will have to pay the Sales Charge separately on top of their investment, as computed below. The Manager utilises 90% to 100% of the Sales Charge to pay the authorised agents commission.

The Manager of the Fund may, for any reason at any time, waive, or reduce the amount of any fees (except for trustee fee) or other charges payable by the investor in respect of the Funds. This may apply either generally (for all investors) or specifically (for any particular Investor) and for any period or periods of time at the Manager's discretion.

Illustration 2 (hypothetical figures are used):

Assuming:

NAV per unit	=	RM0.50
Sales Charge	=	6.50%
Amount invested	=	RM10,000

Total amount invested	=	RM10,000.00
Add: Sales Charge paid @ 6.50%	=	<u>RM 650.00</u>
Total amount payable by investor	=	<u>RM10,650.00</u>

Since, the Unit holder invested RM10,000 on that day, the number of units credited into his/her investment account would be as follow:

$$\frac{\text{Amount invested}}{\text{NAV per unit}} = \frac{\text{RM10,000}}{\text{RM0.50}} = 20,000.00 \text{ units}$$

For **AMF & AIMMF**, the selling price per unit will be equivalent to the NAV per unit as no Sales Charges are imposed when the investor invests in these Funds.

Repurchase price per unit

The repurchase price per unit is the same as the NAV per unit of the Funds and the formula used to compute the repurchase proceeds are as follows:

Illustration 3 (hypothetical example for the computation on the repurchase charge and proceeds of the Funds):

Assuming

NAV per unit	=	RM0.6627
Redemption amount	=	RM10,000

Total amount redeemed	=	RM10,000.00
Less: Redemption charge paid (if any)	=	<u>RM 0.00</u>
Total amount payable to investor	=	<u>RM10,000.00</u>

If the Unit holders wish to redeem RM10,000 based on the NAV per unit of RM0.6627, he/she has to redeem 15,089.78 units from his or her account; as per the illustration shown below:

$$\begin{aligned} \text{Total amount to be redeemed} &= \text{RM10,000.00} \\ \text{NAV per unit} &= \frac{\text{RM 10,000.00}}{\text{RM 0.6627}} \\ &= 15,089.78 \text{ units} \end{aligned}$$

For **AGEF, AABF, AGDPF & AAGTF**, the repurchase/redemption price will only be available after **one (1)** day, i.e. assume that an investor redeems his/her units on 5 January 2012 and these units will be computed as per the NAV per unit, which will be available on 6 January 2012 and published on 7 January 2012.

Exit fee/Redemption charge

Exit fees of 1% of the NAV per unit shall be imposed on redemption/switching; **within the first year (for AMF) and six months (for AGDPF & AAGTF)** from the date of such investment. No exit fee shall be incurred for the redemption or switching after the said first year or six (6) months (whichever applicable). However, the exit fee will not be applicable during the cooling off period.

Illustration 4: The computation on how the exit fee/redemption charge is charged to AMF, AGDPF & AAGTF, respectively:

Assuming:

Redemption amount	=	RM10,000.00
Exit fee/Redemption charge	=	1% of NAV per unit
Total amount redeemed	=	RM10,000.00
Less: Exit fee/Redemption charge	=	<u>RM 100.00</u>
		<u>RM 9,900.00</u>

Switching between Funds

This is considered as a redemption/repurchase from one Fund and a simultaneous investment into another Fund based on the prevailing Manager's NAV per unit (using forward pricing) of the Fund after the "**Request to Switch**" form or letter is received by the Manager. Switching fee is waived for the duration of this Master Prospectus. The Manager provides unlimited switches (either fully or partially).

For the purpose for switching, balanced/equity Funds managed by the Manager are AFF, AVF, ATGF, AOIF, (local funds), ADA, ADL, (local Islamic funds), AGEF, AGDPF and AAGTF (global funds). The non-equity Funds are AMF (local fund), AIMMF (local Islamic fund) and AABF (global fund). In summary, the switching mechanism is as follows:

	TYPES OF FUNDS		PRICING		
	Existing Fund	Intended Fund	Units redeemed at	Units purchased at	
1	Balanced/Equity Funds	Balanced/Equity Funds	NAV per unit	NAV per unit	Note (i)
2	Non-equity Funds	Non-equity Funds	NAV per unit	NAV per unit	
3	Balanced/Equity Funds	Non-equity Funds	NAV per unit	NAV per unit	
4	Non-equity Funds	Balanced/Equity Funds	NAV per unit	NAV per unit + Sales Charge	Note (ii)

Note (i)

The **minimum** amount to switch is **RM1,000 for AFF, AVF, AMF, ATGF, AOIF, (local funds), ADA, ADL, (local Islamic funds) AGEF, AABF, AGDPF & AAGTF (global funds).**

For **AIMMF (local Islamic fund)**, the **minimum** amount to switch is **RM10,000.**

Note (ii)

If the Unit holders intend to switch their non-equity Funds to the Balance/Equity Funds, then there will be a Sales Charge imposed during switching as illustrated in the table above.

However, switching from Shariah-based Funds to conventional funds is discouraged especially for Muslim Investors.

For exit fee/repurchase charge on switching, please refer to **Illustration 4** for further information.

The Manager reserves the right to waive or reduce the Sales Charge or the repurchase charge/exit fee from time to time at its absolute discretion.

Transfer of units

A Unit holder can transfer all or part of his/her investments to another person provided that the principal transferor has attained the age of eighteen (18) at the time of the transfer. The transfer is allowed within the same Fund by completing a **Transfer Form** and signed by both the transferor and the transferee. There are **no** fees charged for the transfer.

The **minimum** amount to be transferred is **500 units** for **AFF, AVF, AMF, ATGF, AOIF, (local funds) ADA, ADL, (local Islamic funds), AGEF, AABF, AGDPF, AAGTF (global funds) and 10,000 units for AIMMF (local Islamic fund)** or any such amount that the Manager may decide from time to time. However, transfer between an individual account and a corporate account holder is **not** allowed for all the Funds.

Cooling-off period

The cooling-off period refers to the rights of a Unit holder to obtain a refund of his/her investment in the Funds. Any first time investor of any fund managed by the Manager, will be given a cooling-off period of six (6) Business Days from the date of receipt of the application by the Manager or any other period permitted by SC.

However, the cooling-off rights would NOT be applicable to the following group of investors:

- A Corporation or Institution;
- A staff of the Manager; and
- Persons registered to Deal in Unit Trusts (PDUTs) of the Manager.

During this period should a Unit holder change his/her mind about investing, he/she may exercise his/her right of cooling-off by calling for a refund of his/her investment without any deduction being made for Sales Charge or any other fees paid by him/her on the day the units were purchased. The Manager will refund the money back to the Investor within **ten (10) days** of receipt of the notice of cooling-off. In the case of an EPF Investor, cooling-off right is available subject to the terms and conditions imposed by EPF.

Refund is based on the computation stated below:

- The NAV per unit on the day the units were first purchased; and
- The Sales Charge per unit originally imposed on the day the units were purchased.

Incorrect pricing

In the event there is incorrect/error to the pricing of the Fund and if the error is at or above the significant threshold of 0.5% of the NAV per unit or if the impact is more than RM10.00, the Manager shall take immediate remedial action to rectify any incorrect valuation/pricing. Rectification shall be extended to the reimbursement of money–

- (a) by the management company to the fund;
- (b) from the fund to the management company; or
- (c) by the management company to unit holders and/or former unit holders.

However, if the error is below 0.5% of the NAV or the total impact on an individual is less than RM10.00 in absolute amount, of which no reimbursement is required as the reprocessing costs may in fact be greater than the amount of the adjustment.

A QUICK REFERENCE ON HOW TO INVEST, REDEEM, SWITCH AND TRANSFER

Purchasing units of the Fund

Any Investor who wishes to purchase units of any Funds must be willing to adhere to the following eligibility requirements and procedures.

Details	Operational requirements
Eligibility requirements	Individual Investor For a single applicant The applicant must be eighteen (18) years of age and above. For joint applicants The first named applicant must be eighteen (18) years of age and above. The joint applicant can be anyone of any age including a minor.

	<p>Corporate Investor Companies, co-operatives, societies, sole proprietors, institutions, etc</p>
Minimum initial investment amount	<p>Cash plan: RM1,000 for AFF, AVF, AMF, ATGF, AOIF, (local funds), ADA, ADL, (local Islamic funds), AGEF, AABF, AGDPF & AAGTF (global funds) or such amounts as the Manager may from time to time decide.</p> <p>Regular savings plan: RM100 for AFF, AVF, AMF, ATGF, AOIF, (local funds), ADA, ADL, (local Islamic funds), AGEF, AABF, AGDPF & AAGTF (global funds) or such amounts as the Manager may from time to time decide.</p> <p>AIMMF (local Islamic fund): RM10,000 or such amounts as the Manager may from time to time decide.</p>
Forms to be completed	<p>Individual Investor Completed Application Form Completed KWSP 9F (AHL) Form (if individual is an Investor investing via the EPF Member's Investment Scheme).</p> <p>Corporate Investor Completed Application Form.</p>
Attached compulsory documentation	<p>Individual Investor <i>For a single applicant</i> Photocopy of the National Registration Identity Card (NRIC)/MyKad or passport in the case of a foreign Investor.</p> <p><i>For joint applicants</i> Photocopy of the NRIC/MyKad/passport of first-named joint applicant and photocopy of the NRIC/MyKad/passport/birth certificate of joint applicant.</p> <p>Corporate Investor 1. A certified true copy of the Memorandum and Articles of Association or its equivalent; 2. A certified true copy of Forms 24, 44 and 49 or their equivalent; 3. An original copy of a Board Resolution approving investments in the Funds or its equivalent; 4. A certified true copy of the Certificate of Incorporation or Business Registration/License (Form 8 or 9); 5. Any other approvals necessary from the relevant authorities; and 6. Any other supporting documents (as necessary) from time to time.</p>
Manner of payment	<p>For AFF, AVF, AMF, ATGF, AOIF, (local funds), ADA, ADL, (local Islamic funds), AGEF, AABF, AGDPF & AAGTF (global funds), payments should be made using cheque, bank draft or money order payable to Alliance Investment Management Berhad ("AIMB"), the Manager. Any payments in terms of cash must be deposited into AIMB's account before 4:00 pm and the copy of the bank-in slip must be provided to AIMB via fax on the same day when the transaction is transacted.</p> <p>AIMMF (local Islamic fund): Any payments in terms of cash must be deposited into AIMB's account before 10:30 am and the copy of the bank-in slip must be provided to AIMB via fax on the same day when the transaction is transacted. In an event where AIMB receives payment or instructions after the cut-off time of 10:30 am, then the Investor will obtain the pricing for the following day.</p> <p>Payments can also be made to any Alliance Bank branches, AIMB's authorised independent Tied-Agents or any of AIMB's approved distributors.</p>
Submission	<p>The Application Form together with the bank-in slips should be faxed to AIMB at 03-2693 0792 or 03-2698 9566, followed by the original application form and all other relevant documents as mentioned above within three (3) Business Days.</p>

Notification to Investors	Applicants will be issued a Statement of Investment within a reasonable period of time and any unsuccessful applicants will be notified and the application money will be refunded to unsuccessful applicants within thirty (30) days from the receipt of the application.
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Investors are to take note different procedures may apply when transaction is done via the Manager's authorised distributors.

Making additional investments

Investors are allowed to make further additional investments or regular investments as they wish by completing the **Additional Investment Form** and their investment will be computed based on the prevailing NAV per unit (forward pricing) for that day.

The **Regular Investment Plan** will allow Investors to invest on a regular monthly or quarterly basis. Regular investments plan are available for AFF, AVF, AMF, ATGF, AOIF (local funds), ADA, ADL (local Islamic funds), AGEF, AABF, AGDPF & AAGTF (global funds) with minimum additional investment of RM100 under the Cash Plan and RM50 under the Regular Savings Plan.

For **AIMMF** (local Islamic fund), the minimum additional investment is RM5,000. Investors either can pay the Manager by cheque, direct bank-in, draft/money order or standing instructions by debiting their account at Alliance Bank (Malaysia) Berhad or other authorised distributors.

How to redeem/repurchase your investment

The investors may redeem their units on any Business Day by completing the **Request for Redemption/Repurchase form**.

The redemption notice must be given to the Manager on the same Business Day and the application will be processed based on the price of the next valuation point.

Payments will be made within ten (10) calendar days upon receipt of the request to redeem units is received by the Manager.

Any redemption request received after 4:00 pm, will be considered to be received on the next Business Day. The Manager reserves the right to vary the terms and conditions of redemption mode from time to time, which will be communicated to the Unit holder in writing.

Where units can be purchased and redeemed

The Manager shall sell or buy the units on any given Business Day, which is a day Bursa Malaysia is open for trading. Investors are advised to adhere to the cut-off time imposed and practised by the Manager as mentioned above for any investment or repurchase of units.

Unit holders can contact the Customer Service personnel or the Marketing Department for any general enquiries or for details of their investments in the Funds. A copy of the application form and the redemption form are available at:

- The Manager's business office;
- Any branches of Alliance Bank Malaysia Berhad;
- Independent Tied-Agents appointed by the Manager with valid authorisation cards issued by the Federation of Investment Managers (FIMM); and
- Any institutional advisers (IUTAs) appointed by the Manager, who is also a member of the FIMM.

Please refer to **page 178** for the list of distribution channels.

Frequency of valuation-redemption request

Valuation of the Fund is carried out at the end of every Business Day. Any redemption request received by the Manager for any redemption of units **at or before 4:00 pm** on any Business Day, the units will be cancelled based on the NAV per unit at the end of that particular Business Day.

Any request received after the cut-off time will be deemed to be received on the next Business Day.

What is the minimum balance to be held in the Fund's account

Unit holders of the Funds are required to maintain a minimum balance of units in the respective accounts. The minimum balance of units after partial repurchase/redemption at any time must be maintained on any such amount as the Manager may decide from time to time.

The Manager will not be obliged to comply with any request to repurchase if the effect thereof would be that the Unit holder holds less than the limit imposed by the Manager. Further investments will be required until the balance of the investment is restored at any one time. Otherwise, the Manager can withdraw the entire investment and forward the proceeds to the Unit holder.

There is no minimum repurchase amount subject to a minimum balance/unit holding to be maintained by the Unit holders in their respective accounts as follows:

AFF, AVF, AMF, ATGF & AOIF (local funds): 500 units
ADA & ADL (local Islamic funds): 500 units
AGEF, AABF, AGDPF & AAGTF (global funds): 500 units
AIMMF (local Islamic fund): 10,000 units

Switching

Unit holders are allowed to switch between various Funds within AIMB in response to changing market conditions and their own financial goals. They are required to complete the **Switching Form**, which is available at AIMB Head Office, AIMB's Independent Tied-Advisers and all Alliance Bank Malaysia Berhad branches and return the same to AIMB's Head Office.

Please refer to **page 137** for further information on switching.

Transfer

Unit holders are allowed to transfer their units to any person provided the Transfer satisfies eligibility requirements as stated on **page 138** of this Master Prospectus. A **Transfer Form** is required to be completed and details on effecting the Transfer returned to the head office of AIMB.

Please refer to **page 138** for further information on transfer.

Income distribution and reinvestment policies

Distribution may be declared by the Manager that is in line with the respective Funds' objective. Please refer to **page 15** for the respective Fund's distribution policy under the Key Data section.

Generally, in the absence of written instructions in the Application Form, income distribution will be automatically reinvested into additional units in the Fund at the NAV per unit on the income payment date. The reinvestment will be executed based on the NAV per unit of the Fund on the closing of the fifteenth day of the following month or such earlier date as may be determined by the Manager. There will be no additional charges incurred for any reinvestment of the income distribution.

The Unit holder has the option to either re-invest his/her distribution or to be paid out in the form of a cheque for any amount that exceeds RM50.00. The Manager shall automatically reinvest without any notification to the Unit holder for any income amounting to less than RM50.00.

Policy on unclaimed money/unclaimed distributions/unclaimed redemptions

All unclaimed distribution will be automatically reinvested as additional units at the expiry of the distribution warrant based on the Manager's NAV per unit on the expiry date of the cheque. For other cases, unclaimed monies shall be paid to the Federal Consolidated Trust Account in accordance with Unclaimed Moneys Act, 1965.

As for the redemption cheques that have not been banked-in by investors within six (6) months from date of issuance, will automatically be reinvested at the Manager's NAV per unit upon the expiry of the cheque.

Statements/reports to Unit holders and the availability of daily prices

When the First investment is Made	A Statement of Investment will be sent to Unit holders within a reasonable period of time to notify them of their investments.
Half-yearly Statement of Investments	A Statement of Investment will be sent to Unit holders every six (6) months. The Statement will show the balance of investment and all transactions made since the last Statement was sent.
Reports	Unit holders will receive an Interim/Annual financial report of the respective invested Fund(s) within two months of the financial period/year ended for the said Fund.
Income distribution	Unit holders will receive the income distribution vouchers, if any, for purpose of tax return computation.
Newspaper	Unit holders can have access to the current buying and selling prices, which are available daily in the leading newspapers. Alternatively, Unit holders can also view the prices at the Manager's website at www.allianceimb.com.my .

Keeping the Manager informed

The Manager should be informed in writing if there is a change in the Unit holders' correspondence address and of any changes from their initial instructions, such as to distribution payment.

Customer information service

Customer service is available during normal office hours for any enquiries and assistance required by Unit holders pertaining to their investments.

Enquiries can also be made via e-mail at feedback@alliancefg.com.my, general telephone line at **03-2698 4299** and fax lines **03-2693 0792/2698 9566** during office hours.

The Manager can be contacted at the following address and telephone numbers:

Alliance Investment Management Berhad

23rd Floor, Menara Multi-Purpose, Capital Square

8 Jalan Munshi Abdullah

50100 Kuala Lumpur

Tel: 03-2698 4299

Fax: 03-2693 0792

E-mail: feedback@alliancefg.com.my

Website: www.allianceimb.com.my

Investors are advised not to make payment in cash when purchasing units of a fund via any institutional/retail agent.

THE MANAGER OF THE FUNDS

Background of the Manager

Alliance Investment Management Berhad (“AIMB”) is a licensed fund management company under the CMSA.

A subsidiary of the Alliance Bank Malaysia Berhad, AIMB is led by a dynamic management team, following the successful merger between its unit trust business and asset management company on 2 April 2007. Established in 1995, the Manager has an authorised share capital of RM25 million of which RM11,286,802 paid-up capital was divided into 11,286,802 ordinary shares of RM1.00 each.

Presently AIMB has ten (10) local funds and six (6) global funds in its suite of offerings and our funds have continuously won numerous awards in the local and international arena. Our global funds are co-managed with reputable external investment managers such as Fullerton Fund Management Company Ltd, Fidelity Investment Management Ltd and HSBC Global Asset Management (France).

Our funds are distributed through institutional unit trust advisers (“IUTAs”) such as Alliance Bank Malaysia Berhad, Affin Bank Berhad, AmPrivate Banking, Areca Capital Sdn. Bhd., ECM Libra Avenue Securities Sdn. Bhd., HSBC Bank Malaysia Berhad, Phillip Mutual Berhad, RHB Investment Management Berhad, Standard Chartered Bank Malaysia Berhad and Maybank Berhad.

In addition, today there is a growing trend of investors who operate and perform their financial needs via the internet and AIMB is collaborating with iFast Capital Sdn Bhd who currently distributes eleven (11) of our funds online via a unit trust portal, at www.fundsupermart.com.my, that provides these segment of investors greater access to their funds via a cost-effective avenue.

Not to rest on our laurels and committed to being focused on growth, AIMB has embarked on an Agency distribution channel which is in tandem with the Group's tagline of "Banking Made Personal". The agency force, with a manpower of more than 200 agents is AIMB's alternative distribution channel which enables the Company to serve the growing investing public who seek personalised services.

Apart from being highly committed to identifying innovative financial solutions ahead of the market, AIMB seeks to give its corporate and retail client's consistent returns and superior fund performance in a bullish or bearish market environment and this philosophy has proven successful in growing our asset management business.

Our top-down and bottom-up investment approach complimented by meticulous fundamental research and robust investment process are testimony to us growing our assets under management to over RM2.5 billion.

At LPD, AIMB employs thirty six (36) personnel of whom thirty four (34) are executives and two (2) are non-executives. Our dedicated team of fund managers have a combined fund management experience in excess of a hundred (100) years.

Past performance of the Manager

The following is a summary of the past performance of the Manager based on audited accounts for the last three (3) years.

DETAILS	YEAR ENDED 31 MARCH		
	2011	2010	2009
Paid-up share capital (RM'000)	11,287	11,287	11,287
Shareholders' funds (RM'000)	15,292	14,666	14,694
Turnover (RM'000)	11,410	9,921	8,763
Pre-tax profit/(loss) (RM'000)	668	189	(1,733)
After tax profit/(loss) (RM'000)	459	(222)	(832)

The Board of Directors

The Board of Directors takes a proactive role in the activities and affairs of the management company and the unit trust funds under its management. The Board of Directors meet once every three (3) months and more frequently should circumstances require, ensuring the objectives of all the Funds are achieved within the relevant guidelines and mandates set forth.

Tan Sri Abu Talib bin Othman (Chairman and Non-Independent Director)

Tan Sri Abu Talib Othman holds a Barrister at Law from Lincoln's Inn, United Kingdom. He was a member of the Judicial and Legal Service of the Government of Malaysia from 1962 to 1993 where he served in various capacities including Attorney-General of Malaysia from 1980 to date of retirement. He was appointed Non-Executive Chairman of AIMB in 1998 and served in that capacity to date. He also sits on the Board of other public and private companies.

Yong Yit Hin (Executive Director)

Mr. Yong Yit Hin holds a Bachelor of Science degree with Honours from the University of Leeds majoring in Mathematics/Statistics. He is a member of the Malaysian Institute of Public Accountants and Malaysian Institute of Accountants. After a successful career with a leading accounting firm, Mr. Yong moved into the fund management industry with the investment department of Bumiputra Merchant Bankers in 1988. As a result of the banking mergers, group restructuring and corporatisation exercise, the investment department of BMBB evolved into Alliance Investment Management Berhad ("AIMB"). With over twenty (20) years of experience in the industry, Mr. Yong has been involved in various aspects of fund management, from serving as a research analyst, to leading a team of fund managers. He was seconded to KLCS Asset Management Sdn Bhd and served as the Chief Investment Officer/Executive Director for two (2) years from mid 2005. He returned to AIMB in mid 2007 and assumed the position of Chief Investment Officer with overall responsibility for the investment function of the company. With effect from 1st June 2011, Mr. Yong was appointed as the Acting-CEO of AIMB following the resignation of the previous CEO, Encik Nik Azhar.

Megat Dziauddin Megat Mahmud (Independent Director)

Tuan Haji Megat Dziauddin Megat Mahmud, a Bachelor of Science (Econs) with Honours from The Queen's University of Belfast, Northern Ireland is also a Fellow of the Institute of Chartered Accountants in Ireland and a Chartered Accountant with the Malaysian Institute of Accountants. He has more than thirty (30) years of experience in senior managerial positions. He was the Group Director of Finance in Golden Hope Plantations Berhad, General Manager, Operations and Investment in Arab-Malaysian Merchant Bank Berhad, Finance Manager in Bank Simpanan Nasional and Treasury Accountant in the Accountant-General's Department. He currently sits on the Boards of Alliance Financial Group Berhad, Alliance Bank Malaysia Berhad, Alliance Investment Bank Berhad, Alliance Islamic Bank Berhad, MNRB Holdings Berhad, MNRB Retakaful Berhad, Malaysian Reinsurance Berhad, Pernec Corporation Berhad, and three (3) subsidiaries of Felda Holdings Berhad.

Kuah Hun Liang (Independent Director)

Mr. Kuah has over twenty eight (28) years of experience in the financial services environment having begun his career in Public Bank in 1983. He later joined Deutsche Bank AG as Treasurer in 1989 and was subsequently promoted to be the Head of Global Markets when the bank ventured into investment banking. Mr. Kuah was

appointed Executive Director of Deutsche Bank (M) Berhad in 2000 and in 2002, he assumed the role and responsibilities of Chief Executive Officer and held the position till September 2006.

Mr. Kuah currently sits on the Boards of Alliance Investment Bank Berhad, Rexit Berhad and UBG Berhad.

A graduate from the University of East London with a Bachelor of Science (Hons) degree in Applied Economics, Mr. Kuah was the former Treasurer and Director of the Malaysian-German Chamber of Commerce and a former Chairman of the Star Publications (Malaysia) Berhad.

Key Management Staff

Yong Yit Hin (Executive Director/Chief Investment Officer). Profile is as set out on page 144.

Kenny Tan Wai Kuen (Vice President, Business Development and Support Services)

Mr. Kenny Tan Wai Kuen is a member of the Malaysian Institute of Certified Public Accountants ("MICPA"). He has over twenty (20) years of experience in financial services; of which seventeen (17) years are in the fund management industry, having joined an established unit trust management company in 1993 as an accountant. Prior to that, he received his articleship training with a leading accounting firm. He joined Multi-Purpose Unit Trust Management Bhd (now known as AIMB) in 1995 as Head of Finance and Operations and was instrumental in the setting up of the company. In 1997, he took charge of the overall management, covering business development, strategic and operative planning as well as operations aspects of the company. In 2007 he was entrusted to take on additional business risk and operational compliance functions in AIMB.

Lee Chee Ming (Vice President, Head of Marketing and Sales)

Mr. Lee Chee Ming graduated with a Bachelor of Science in Business Administration, majoring in Finance from University of Missouri, Columbia, USA. He is a Certified Financial Planner with more than sixteen (16) years experience in the financial services industry. He started his career in Malaysia British Assurance Berhad (now known as Allianz General Insurance Berhad) in 1992 and later joined Pacific Insurance Berhad in 1995. In 2000, he fast tracked his unit trust career by joining HLG Unit Trust Berhad. As the KL Branch Manager, he was responsible for managing and expanding the branch's unit trust sales. In 2003, he joined ING Funds as the Senior Manager, Business Development before assuming the role of Senior Regional Manager, Northern Region where he played a pivotal role in developing its direct distribution channels. He took up the present position in AIMB in 2008.

Cheah Chie Kin (Assistant Vice President, Operations)

Mr Cheah Chie Kin holds an diploma in Investment Analysis. He has more than twenty (20) years of experience in financial services; of which ten (10) years in the fund management industry, having joined an established asset management company in 2001 as assistant vice president, Operations. During his ten (10) years of employment, he has gained wide experience in middle and back office operations of asset management and unit trust management company. He took up his present position in AIMB in December 2011.

Hafizi Bin Ishak (Assistant Vice President, Corporate Communications & Agency Development)

En. Hafizi Bin Ishak has a Bachelor of Art (Marketing) with Honours, from the University of Lincolnshire & Humberside, United Kingdom. He joined AIMB in January 2010 with experiences in marketing, communications and event management field from various industries. From a modest start as Business Development Executive in a public listed company, he has since moved forward in various roles in the advertising industry and event management scenes while collecting valuable connections with established agencies, media and related suppliers. His experience in the unit trust industry has lead to his new appointment as Head of the Agency Development.

Thong Lai Kuan (Compliance Officer)

Ms. Thong Lai Kuan is an Associate Member of the Chartered Institute of Secretaries and Administrators ("ICSA"), United Kingdom. She started her career in 2000 with Southern Bank Berhad as a Private Assistant, Consumer Banking. She then moved to Avenue Invest Berhad as a Senior Executive of Marketing Support and Industry Research in 2002. She joined the Group Legal & Compliance Department of Alliance Bank Malaysia Berhad (now Group Compliance) in October 2009 and was subsequently appointed as the Compliance Officer for AIMB.

Fund Management Team

Yong Yit Hin (Designated Fund Manager of AGEF, AABF, AGDPF, AAGTF, AMF & AIMMF).

Profile is as set out on page 144.

Wan Ruzli Muzaffar Wan Salaidin (Vice President, Fund Management and Designated Fund Manager of ADA, AOIF & ADL)

Encik Wan Ruzli Muzaffar Wan Salaidin holds a Bachelor of Science with Honours in Biochemistry from University Kebangsaan Malaysia. He began his career in the financial industry as a stock broker and eventually become a fund manager in 1995. He had successfully managed unit trust funds, direct mandates for high net worth clients and corporate clients in reputable fund houses like PCB Asset Management Sdn Bhd, Melor Permata Capital Management Sdn Bhd and Abrar Unit Trust Management Berhad prior to joining Alliance Investment Bank Berhad in 2002 as a Manager in the Investment Department. He became a licensed Fund Manager of AIMB since 2003. **Alliance Dana Adib** was ranked the world's "Top 10 fund for the year 2006" in terms of return and stability by EurekaHedge, the world's largest independent hedge fund research company and was also named the "Best Equity Malaysia Islamic Fund Over 3 Years" for the year ended 31 December 2008 awarded by The Edge-Lipper.

Tai Suah Fun (Vice President, Fund Management and Designated Fund Manager of AFF & AVF)

Ms. Tai Suah Fun holds a Master in Business Administration from George Washington University, Washington DC USA. She started her career as a Money Market Dealer with the Treasury Department at Aseambankers Malaysia Berhad and subsequently moved to fund management in 1995. Prior to joining AIMB in 2004, she was a Manager and an analyst with Mayban Investment Management Sdn Bhd and JMF Asset Management Sdn Bhd, respectively for ten (10) years. During her eight (8) years stay with Mayban Investment Management Sdn Bhd, she conducted researches on companies and was responsible in managing various types of funds, such as insurance, provident and unit trust funds. She became a licensed Fund Manager of AIMB since 2004.

Mohammed Reza Abu Talib (Vice President, Fund Management and Designated Fund Manager for ATGF & direct mandates)

Encik Mohammed Reza Abu Talib holds a Degree in Business Administration, majoring in Finance from Boston University, USA. He started his career with Hong Leong Finance as a credit risk management trainee in 1993. A year later, he moved to Inter-Pacific Securities Sdn Bhd as a company dealer, managing institutional sales. Subsequently in 1995, he joined Capital Corp Securities Sdn Bhd as a commission dealer, buying and selling shares for high net worth clients. In 2000, he joined Rashid Hussain Securities Sdn Bhd and was responsible for managing the company's high net worth clients. He became a licensed Fund Manager of AIMB since 2003 and started his fund management career in the same year. Apart from handling the company's money market transactions, he also manages retirement funds and portfolios of high net-worth clients' portfolio. In 2010, he was appointed as the Designated Fund Manager for ATGF.

Functions, duties and responsibilities of the Manager

The Manager is responsible for the day-to-day management of the Funds in accordance with the provisions of the Deed and all relevant laws and guidelines. The Manager's functions include:

- Valuation and pricing of units;
- Implementing appropriate investment strategies to achieve the Funds' objectives;
- Administering Unit holders transactions;
- Issuing reports to Unit holders on a timely basis;
- Distributing income or additional units to Unit holders;
- Keeping proper records of the respective Funds; and
- Marketing the units of the respective Funds.

The Investment Committee

The role of the Investment Committee is to ensure that the investment management of the respective Funds is consistent with the Funds objectives, the Deed of the Funds, the Guidelines on Unit Trust Funds and other securities laws, and that the internal investment restrictions are acceptable and efficacious investment management practices are in line within the unit trust industry. The Investment Committee meets once every two (2) months and more frequently as and when required. The Investment Committee members:

- Monitor the investment strategy and investment allocation selected by the Investment Managers for the respective Target Funds is in line with the stated investment objectives of the Funds;

- Continually review and monitor the success of the Investment Managers strategies and policies using the predetermined benchmarks towards achieving the proper performance for the respective Funds;
- Monitor, measure and evaluate the respective Funds performance relative to benchmark and peers; and
- Ensure that the investment management of the Funds complies with the provisions of the Deed, theCMSA, the Guidelines on Unit Trust Funds, relevant securities law and all internal investment restrictions and policies.

The following persons are members of the Investment Committee for the Funds:

- Tan Sri Abu Talib Othman (non-independent), appointed on 1 April 2010 as aforementioned;
- Megat Dziauddin Megat Mahmud (independent) appointed on 4 December 2006 as aforementioned;
- Kuah Hun Liang (independent), appointed on 26 July 2011 as aforementioned.

Manager's delegate

Currently, the Internal Audit, Information System, Human Resources, Legal, Compliance, Finance, Risk Management functions have been outsourced to Alliance Bank Malaysia Berhad, the parent company of AIMB; while the Manager Secretarial functions has been outsourced to Alliance Financial Group Berhad (AFG). The SC has given their relevant approvals to the delegation of the above mentioned functions to AIMB.

A brief corporate information of the delegate

AFG is an ultimate holding company which owns 100% shareholdings in Alliance Bank Malaysia Bhd ("ABMB") and ABMB owns 70% shareholdings in AIMB, The Management of AIMB decided to outsource the Legal, Compliance, Information System, Human Resources, Risk Management, Internal Audit, Finance & Secretarial functions at the Group Level i.e to ABMB and AFG respectively in order to tap the vast experience, resources, knowledge and skills that ABMB or AFG have and also the greater efficiency and cost effectiveness in outsourcing the above functions.

Roles and duties of the delegate:

i) Legal Functions

- To provide legal advise, vetting of documents, agreements, drafting & revising of the Manager's standard documents and other matters as may be mutually agreed between the Manager and ABMB.

ii) Compliance Functions

- Maintaining a Compliance framework to manage compliance risks;
- Providing advise on compliance matters including all relevant laws & regulations; and
- Reviewing and assessing the risks of all services and products of the Manager as well as ensuring compliance by the Manager, including the Anti-Money Laundering & Anti-Terrorism Financing Act, 2001.

iii) Information System Functions

- Computer Operations services and Server Management Services;
- System Security and Office Automation Services;
- Network Implementation and Support;
- Software application implementation, maintenance, enhancement and support;
- Computer Disaster Recovery Planning;
- Computer Hardware & Software Acquisition and Recommendation;
- Management Reporting;
- Information Technology ("IT") Budget and Strategic Planning; and
- Documentation of all IT related Policies, Guidelines and Procedures Manuals.

iv) Human Resources Functions

- Payrolls & loans, training, employee relations, recruitment & manpower and staff benefits.

v) Risk Management Functions

- Responsible for enterprise risk management function for the Manager.

vi) Internal Audit Functions

- To conduct audit, of which entails on the examination and evaluation of all functions and activities of the Manager;
- The examination and evaluation covers control features, systems, processes, policies & procedures as well as management quality; and
- Investigation and detailed examination of any irregularities or fraud of significant amount or impact to the Manager and the Funds.

vii) Finance Functions

- Preparation of weekly accounts payable, keying in cash book data to system, journal import and costing;
- Preparations monthly closing of management company accounts, bank reconciliation, billing and administration works;
- Preparations of quarterly financial statements/reports; and
- Preparations of yearly or half-yearly tax submission, insurance payments budget & forecasting and also liaising with internal & external auditors.

viii) Secretarial Functions (outsourced to Alliance Financial Group)

- Advising and coordinating corporate secretarial matters of the Manager;
- Organising board, committee and general meetings – preparing the agenda, resolutions and drafting of minutes of the meetings;
- Ensuring periodic statutory compliance under the Companies Act, 1965 and other relevant laws; and
- Liaising with the Securities Commission Malaysia, the officer of the Registrar of Companies and relevant government authorities. Also with solicitors, accounting firms and any other consultants engaged by the Manager for handling corporate exercises.

Material litigation

As at LPD, there is no current material litigation or arbitration, including those pending or threatened, and any facts likely to give rise to any proceeding which might materially affect the business/financial position of the Manager or any of its delegates.

Shariah Adviser

Shariah Adviser's Profile

IBFIM has been appointed as the Shariah Adviser for Alliance Dana Adib, Alliance Islamic Money Market Fund and Alliance Dana Alif ("the Funds"). Scheduled to meet the Manager and/or the Investment Committee of the Fund every quarterly, IBFIM will advise the Manager on the selection of investment tools to be adopted. IBFIM will also counsel the mechanism of the operations of the Funds' activities to ensure that the operations of the Funds comply with Shariah requirements.

General Information of IBFIM

IBFIM was incorporated as a company limited by guarantee and not having share capital in Malaysia under the Companies Act, 1965 on 15 February 2007.

IBFIM's establishment is in line with Malaysia's target to become a regional and international centre of Islamic finance. IBFIM promotes and facilitates the understanding and appreciation of the philosophy and principles of Islamic financial system. It takes pride in its holistic approach of ensuring that the Islamic finance industry's strategic goals are achieved through result-oriented services.

As at 21 December 2011, IBFIM has total staff strength of fifty eight (58) employees, and has fifty eight (58) funds under its supervision.

Experience in Advisory and Services

Based on the industry's demands and customers' needs, IBFIM provides a complete A-to-Z assistance to its clients through a wide spectrum of inter-related services: training and professional development, Shariah business advisory, business consultancy and research and development in Islamic finance. With experience of more than 10 years in the Islamic finance landscape, having assisted numerous governments, financial institutions and other organisations, IBFIM is poised to become a leading global training and development institute in Islamic finance.

IBFIM is registered with the SC to act as a Shariah Adviser for Shariah-based collective investment schemes and sukuk issuance. IBFIM is also involved in numerous Shariah-based private mandates as well as the Shariah Adviser for prominent Islamic REITs and Islamic asset management houses.

Roles and Responsibilities of IBFIM as the Shariah Adviser

As the Shariah Adviser, the role of IBFIM is to ensure that the operations and investments of the Funds are in compliance with Shariah requirements. The Shariah Adviser reviews the Funds' investments on a monthly basis to ensure compliance with Shariah requirements at all times and meets with the Manager on a quarterly basis to review and advise on the Funds' compliance with Shariah requirements. Final responsibility for ensuring Shariah compliance of the Funds with Shariah requirements in all relevant aspects rests solely with the Manager.

In line with the Securities Commission ("SC") Guidelines, the roles of IBFIM as the Shariah Adviser are;

1. ensuring that the Shariah-based unit trust funds ("the Funds") are managed and administered in accordance with the Shariah principles;
2. providing expertise and guidance for the Funds in all matters relating to Shariah principles, including on the Funds' deed and prospectus, its structure and investment process, and other operational and administrative matters;
3. consulting the SC who may consult the Shariah Advisory Council where there is any ambiguity or uncertainty as to an investment, instrument, system, procedure and/or process;
4. scrutinising the Funds' compliance report as provided by the compliance officer, transaction report provided by or duly approved by the trustee and any other report deemed necessary for the purpose of ensuring that the Funds' investments are in line with the Shariah principles;
5. preparing a report to be included in the Funds' interim and annual report certifying whether the Funds have been managed and administered in accordance with the Shariah principles;

6. ensuring that the Funds comply, with any guideline, ruling or decision issued by the SC, with regard to Shariah matters;
7. vetting and advising on the promotional materials of the Funds; and
8. assisting and attending to any ad-hoc meeting called by the SC and/or any other relevant authority.

Profile of the Shariah Team

IBFIM's Shariah team consist of the following personnel;

Mohd Bakir Haji Mansor (Distinguished Shariah Advisor)

Mohd Bakir Haji Mansor is a member of the Shariah Supervisory Council of Bank Islam Malaysia Berhad ("BIMB"), the Shariah Advisory Body of Syarikat Takaful Malaysia Berhad, the Shariah Advisory Committee of the Employee Provident Fund ("EPF") and sits on the Shariah Panel Committee of Amanah Ikhtiar Malaysia ("AIM"). He is also the Chairman of the Shariah Advisory Committee of BIMB Securities Sdn. Bhd and the Shariah Advisory Committee of the Association of Islamic Banking Institute Malaysia ("AIBIM").

Prior to joining IBFIM, Mohd Bakir was the Shariah Coordinator at BIMB, a post he held since 1984. Previously, he served at the National Council for Islamic Religious Affairs in the Prime Minister's Department for ten (10) years from 1971. He was also the Chief Assistant Directors at the Islamic Research Centre for four (4) years from 1980. He holds a Shahadah Ulya from Kolej Islam Malaya.

Mohd Nasir Ismail (Senior Shariah Fellow)

Mohd Nasir Ismail, IFP, joined the Institute in July 2001. He is responsible in providing Shariah input on the advisory, consultancy and research functions with regard to Islamic banking, takaful, Islamic capital market and Shariah-based unit trust funds. Prior to joining IBFIM, he was with Institut Pengajian Ilmu-Ilmu Islam, Kelantan. He graduated with a Bachelor of Shariah (Honours) from the University of Malaya in 1998. He is also the designated person responsible for Shariah matters related to the Funds.

Ahmad Zakirullah Mohamed Shaarani (Senior Shariah Officer)

Ahmad Zakirullah Mohamed Shaarani joined the Institute in February 2008. He is responsible in providing Shariah input on the advisory, consultancy and research functions with regard to Islamic banking, takaful, Islamic capital market and Shariah-based unit trust funds. Prior to joining IBFIM, he served at University Sains Islam Malaysia before joining PTPL College. He obtained his Master in Islamic Revealed Knowledge and Human Sciences from International Islamic University of Malaysia (Honours), Bachelor of ShariahIslamiyyah (Honours) from Al-Azhar University, Egypt and Diploma of ShariahIslamiyyah (Honours) from Higher Institute of Islamic and Arabic Language ("MADIWA"). He is also the designated person responsible for Shariah matters related to the Funds.

THE TRUSTEES

UNIVERSAL TRUSTEE (MALAYSIA) BERHAD (“UTMB”)

Trustee for AFF, ATGF, AOIF (local funds), ADA, AIMMF & ADL (local Islamic funds).

UTMB was incorporated on 5 March 1974 under the Companies Act, 1965. It has an authorised capital of RM5,000,000 divided into 500,000 ordinary shares of RM10 each of which 100,000 ordinary shares of RM10 each, are issued and RM5 called and paid-up. UTMB has more than thirty (30) years of experience in handling unit trust matters. Currently, UTMB has thirty six (36) unit trust funds under its trusteeship.

Board of Directors

- Tan Sri Dato’ IR. Talha Bin Haji Mohamad Hashim
- En. Azrin Mirzhan Bin Kamaluddin
- YM Tunku Mohamed Alauddin Tunku Naquiyuddin (Alternate to En. Azrin Mirzhan bin Kamaluddin)
- Mr Huang Chang Yi
- Emily Huang Ye (Alternate to Mr Huang Chang Yi)
- Mr Wong Sai Fong
- Putri Noor Shariza Binti Noordin Omar (Alternate to Mr Wong Sai Fong)

Key Personnel

UTMB presently has staff strength of twenty nine (29) comprising seventeen (17) executives and twelve (12) non-executives. Its senior members of management comprise the following:-

Mr Liew Kok Wah is the Chief Executive Officer cum Company Secretary of UTMB. He joined UTMB in July 1988 and is responsible for the overall management of UTMB. He is a Fellow Member of CIMA, England, a Registered Accountant of the MIA and a Member of the British Institute of Management, England. He started his career as an Assistant Accountant with McAlister & Co Ltd from 1971 to 1974 and upon completion of the CIMA examination in 1978, he was appointed as the Senior Management Accountant/Lecturer in the London School of Accountancy, England, till October 1982. Upon his return to Malaysia he was the Group Finance and Administration Manager with the Harpers Group till June 1983, before joining Faber Merlin Berhad as the Group Management Accountant from 1986 till June 1988, and was also the Director of Studies in the Goon Professional Centre Sdn Bhd.

Ms Punithamalar Velupillai is the Senior Manager and is a Fellow Member of the ACCA and prior to joining UTMB in 1994, she was handling accounts and tax matters for one of the subsidiaries of Tanjung Plc. In 1997 she joined EON Berhad and was assisting the treasury department. In 1998 she was appointed as the Assistant Manager in UTMB. She is now responsible for supervising the overall functions of UTMB.

Ms Agnes Lai Yoke Ping is the Manager and is an Associate Member of the Chartered Institute of Management Accountants, England. Prior to her present appointment in 1996, she has more than ten (10) years working experience in the finance and administration division with a wholly owned subsidiary of a public listed company. She has been handling unit trusts matters since joining UTMB and is currently responsible for the compliance division of unit trust funds and human resource function of UTMB.

Mr Beninder Singh Johl is the Legal & Compliance Manager. He was appointed on 1st March 2011 and he graduated with LLB from the University of Northumbria, Newcastle. He is responsible for the overall legal and compliance matters of UTMB and is also responsible for private debt securities, clubs and timeshares. Prior to joining UTMB, he was working in the banking industry, attending to legal and regulatory compliance matters. In addition, he had also been dealing with various agreements in relation to the banking industry and also overseeing the Probates and Administration of Estates.

Ms Wong Liew Liew is the Manager and is an Associate Member of the Institute of Chartered Secretaries and Administrators, England. She is also a member of the Financial Planning Association of Malaysia. Prior to her present appointment in 2000, she has more than five (5) years working experience in administration. She has been handling unit trusts matters, retirement plans and trusts since joining UTMB and also responsible for the compliance and entitlement division of unit trust funds.

Financial highlights of the Trustee

The following is a summary of the past performance of UTMB based on audited accounts for the last three (3) years.

FINANCIAL HIGHLIGHTS			
	YEAR ENDED 31 DECEMBER		
	2010	2009	2008
Paid-Up Capital (RM)	500,000	500,000	500,000
Shareholders' Funds (RM)	6,206,813	6,025,529	5,786,875
Turnover (RM)	3,332,772	3,591,350	4,166,722
Pretax Profit (RM)	832,347	1,037,164	1,256,263
After Tax Profit (RM)	743,784	801,154	1,007,591

Trustee's Delegate (foreign)

UTMB has delegated its foreign custodian function to Standard Chartered Bank Malaysia Berhad ("SCBMB"). SCBMB was incorporated in Malaysia on 29 February 1984 under the Act as a public limited company and has been providing custody services for more than twenty (20) years. The assets are held in the name of the Fund through the custodian's wholly owned subsidiary and nominee company, Cartaban Nominees (Tempatan) Sdn Bhd. The assets are automatically registered into the name of the Fund. The custodian acts only in accordance with the instruction from UTMB.

MALAYSIAN TRUSTEES BERHAD ("MTB")

Trustee for AVF

MTB is registered as a Trust Company under the Trust Companies Act 1949 and was incorporated in Malaysia on January 1975 and commenced operations in August 1995. MTB has an authorised and paid-up capital of RM550,000. Its registered address is at Level 20, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur. OCBC Bank (M) Berhad's Nominee Services Department is presently the sub-custodian acting on behalf of MTB. As at 15 December 2011, MTB has a staff strength of twenty (20) (fifteen (15) executives and five (5) non-executives) and has nine (9) funds under its trusteeship.

The Directors of MTB are as follows:

- Dato' Nik Mohamed Din Bin Datuk Nik Yusoff
- Foo San Kan
- Dato' Abdul Majit Bin Ahmad Khan
- Woo Lai Mei
- Tay Kok Leong

Financial information about the Trustee

The following is a summary of the past performance of MTB based on audited accounts for the last three (3) years.

FINANCIAL HIGHLIGHTS			
	YEAR ENDED 31 DECEMBER		
	2010	2009	2008
Paid-Up Capital (RM'000)	550	550	550
Shareholders' Funds (RM'000)	7,864	7,918	6,725

	YEAR ENDED 31 DECEMBER		
	2010	2009	2008
Turnover (RM'000)	5,564	4,580	4,841
Pretax Profit (RM'000)	2,828	2,553	3,138
After Tax Profit (RM'000)	1,998	1,932	2,357

Profile of Key Personnel

- **Tay Kok Leong (General Manager)**
Mr Tay Kok Leong is the General Manager of MTB. He is responsible for the overall management and development of MTB. Mr Tay graduated from Universiti Sains Malaysia in 1977 with a Bachelor of Social Science. Mr Tay joined Pacific Bank Berhad in 1978 and rose to the position of First Vice President and later joined Malayan Banking Berhad after the bank merger exercise in 2001. He was the Group General Manager of a food-based company in Penang before joining MTB in 2005.
- **Vanaja D/O N.S. Kanagaretnam (Manager)**
Vanaja is the Manager of MTB. She is responsible for Trustee work relating to unit trust funds and is familiar with trustee duties and Guidelines established by the Companies Commission. She graduated with a Diploma in Accountancy from Politeknik Ungku Omar. Prior to joining MTB, she was with another trustee company. She has been with MTB since August 1995.
- **Lim Poh Choo (Manager)**
Poh Choo is the Manager of Compliance and Monitoring of MTB. She is a graduate of the Association of International Accountants, UK. Prior to joining MTB, she was attached to the Corporate Finance Department of a property development company. She has more than twelve (12) years of experience in corporate finance.
- **Wong Chooi Yin, Tiffany (Deputy Manager Finance & Administration)**
Tiffany is the Manager of MTB. She heads the Finance and Administration Department. Her duties include the monitoring and maintenance of all trusts accounts and records as well as the account of MTB. She is also responsible for the Company's administration matters. Ms Wong graduated with a Bachelor of Commerce (Economics and Finance) from Curtin University of Technology, Australia. Prior to joining MTB, she was attached to a consultancy firm.

Trustee's Delegate

Malaysian Trustees Berhad has delegated its custodian function to the Nominees Department of OCBC Bank (Malaysia) Berhad. The bank provides clearing and custody services for Malaysian equity and fixed-income securities to domestic institution clients. It has a staff strength of ten (10) employees, comprising nine (9) executives and one (1) non-executive as at LPD.

Material Litigation and Arbitration

As at 15 December 2011, the following are the proceedings that involving the Trustee:

- i) **Pilecon Engineering Berhad**
On 6 October 2011, Pilecon Engineering Berhad has filed a fresh suit against the lenders and MTB seeking for the following reliefs:
 - (a) A declaration that the Kuala Lumpur Order ("KL Order") dated 27/10/2010 granted by the KL Court is null and void and of no effect;
 - (b) A declaration that the KL Order dated 27/10/2010 is irregular;
 - (c) An order that the KL Order dated 27/10/2010 be set aside;
 - (d) A declaration that the 1st -11th Defendants acted in breach of the terms of the RCSLS Trust Deed in obtaining the KL order dated 27/10/2010; and
 - (e) Exemplary damages to be assessed.

In addition to the abovementioned, Pilecon has also filed an application for an interlocutory injunction to restrain MTB from acting and/or taking action pursuant to the KL Order dated 27/10/2010 and further be restrained from making any application to discharge, vary and set aside the orders on an ex-parte basis.

In the meantime, Allure Gold, one of the ICULS holders has filed to the court to intervene. The court has fixed Allure Gold's application to intervene and Pilecon's application for injunction for hearing on 24/11/2011. On the 24/11/2011, hearing, Allure Gold decided to withdraw with liberty to file afresh while Pilecon's hearing is fixed on 13/12/2012.

Meantime, on 13/12/2011, the Judge has dismissed Pilecon's injunction application and awarded costs of RM35,000.00 to be paid forthwith to MTB and costs of RM 40,000.00 to the Banks to be paid forthwith.

The next application to striking out Pilecon's application is fixed for hearing on 19/12/2011.

ii) **Sutera Harbour Holdings Sdn Bhd ("SHHSB") – RM428.9 million comprising 7 classes of Redeemable Convertible Secured Loan Stocks ("RCCLS") and RM416.9 million Redeemable Secured Loan Stock ("RSLs") (collectively known as loan stock holders)**

Due to the Settlement Agreement failed to be materialized, MTB has declared an Event of Default against SHHSB as per Loan Stock holders' instruction via resolution pursuant to the terms of the Trust Deed.

On 22.11.2010, SHHSB filed an action against MTB at the High Court of Sabah & Sarawak at Kota Kinabalu ("KKHC") (KKHC Suit No. K22-190-2010) for inter alia, that the declaration of event of default be declared null and void by the Court; damages suffered by SHHSB (to be assessed) as a result of the issuance of the declaration of event of default; at the same time, an injunction application was filed by SHHSB against MTB to restrain MTB from acting further on the event of default.

Court has allowed SHHSB's injunction application on 15.3.2011 and MTB has on 5.4.2011 filed a Notice of Appeal against the decision. The court has fixed the trial on 30 – 31 January 2012

BHLB TRUSTEE BERHAD ("BTB")
Trustee for AMF

General Information

BHLB Trustee was incorporated on 25 August 1994 and registered as a trust company under the Trust Companies Act, 1949 having its registered office at 5th Floor, Bangunan CIMB, Jalan Semantan, Damansara Heights, 50490 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. BHLB Trustee has an authorized capital of 500,000 shares of RM10.00 each 350,000 shares are issued (paid up RM5 each).

Shareholders	%
S.B. Venture Capital Corporation Sdn Bhd	20
S.B. Properties Sdn Bhd	20
CIMB Bank Berhad	20
CIMB Berhad	20
CIMB Holdings Sdn Bhd	20
Total	100

Experience in Trustee Business

As at 15 December 2011 BHLB Trustee acts as trustee to one (1) real estate investment trust funds, fifty seven (57) unit trust funds and twelve (12) wholesale funds.

In addition to overseeing these funds, BHLB Trustee 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, BHLB Trustee also acts as trustee for public, charitable, staff retirement, and pension/ gratuity fund scheme, custodian trustee for associations, clubs and others.

BHLB Trustee is supported by twenty one (21) executives comprise of twenty (20) executives and one (1) non executive as at 15 December 2011.

Board of Directors

The following table sets out information regarding the Board of Directors of BHLB Trustee:-

<u>Name</u>	<u>Directorship</u>
Zahardin Oмарdin	Independent Director & Chairman, Non-Executive
Kok Kong Chin	Non-Independent Director, Non-Executive
Loh Shai Weng	Non-Independent Director, Non-Executive
Liew Pik Yoong	Alternate Director to Kok Kong Chin

Financial information about the Trustee

The following is a summary of the past performance of BHLB Trustee based on audited accounts for the past three (3) financial years ended 31 December:-

Summary of the Past Performance of BHLB Trustee (Co. No. 313031-A) based on audited accounts for the past three (3) years ended 31 December.

	2010	2009	2008
	RM'000	RM'000	RM'000
Paid-Up Capital	1,750	1,750	1,750
Shareholders' Fund	6,497	5,696	5,106
Turnover	7,113	7,038	6,559
Pretax Profit	2,588	3,340	3,239
Profit After Tax	1,936	2,465	2,219

Profile of Key Personnel

- **Khoo Leng Kee (Chief Operating Officer)**
Ms. Khoo has more than twenty (20) years of working experience in corporate and commercial banking, debt capital markets and securities services. Prior to her appointment with BHLB Trustee Berhad, she headed a team in Debt Capital Market, Corporate Banking and subsequently in Corporate Agency and Nominee/Custody Services in a leading regional investment bank in Malaysia.
- **Lee Kooi Yoke (Assistant General Manager)**
Ms. Lee holds a Bachelor Degree in Administration (Finance) from Griffith University, Australia; and a member of CPA Australia, Malaysia Institute of Accountant and Financial Planning Association Malaysia. She has more than twenty (20) years of working experience in the financial industry. Prior to joining BHLB Trustee Berhad, she was heading the operations of a unit trust management company and before that, investment operations of one of the largest insurance company.
- **Jeslin Ng (Associate Director, Corporate Trust)**
Ms. Ng holds a Bachelor of Arts (Honours) Degree in Business Administration from the University of Bolton and LCCI qualification and has more than ten (10) years of experience in accounting and trust operations.
- **Law Oi Meng (Senior Manager – Corporate Trust)**
Ms. Law holds a Bachelor Degree in Information Technology from the University of Southern Queensland and has more than ten (10) years of working experience in developing and implementing IT systems and trust operations.
- **Linda Ong Gaik Bee (Senior Manager - Legal and Compliance)**
Ms. Ong holds a degree in Bachelor of Law from University of Buckingham, in England, UK and was admitted to the Malaysian Bar as an Advocate and Solicitor prior to joining the trust industry. She is currently overseeing the legal and compliance of BHLB Trustee. She has more than nine (9) years of experience in the trust industry.
- **Azida Binti Andul Aziz (Assistant Manager – Corporate Trust)**
Cik Azida holds a Diploma in Accountancy from Universiti Teknologi Mara. She has more than six (6) years experience in trust operations.

Duties and Responsibilities of the Trustee

The Trustee's functions, duties and responsibilities are set out in the Deed. The general function, duties and responsibility 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, SC Guidelines and acceptable business practice within the unit trust industry;
- (c) As soon as practicable notify the Securities Commission Malaysia of any irregularity or breach of the provisions of the Deed, SC 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, in actively monitoring the operation 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 of the Fund, Prospectus, the SC 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 functions and duties, and in safeguarding the rights and interests of Investors.

Statement of Responsibility by the Trustee

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

Trustee's Declaration

The Trustee is independent of the Manager. The Trustee will carry out transactions on an arm's length basis and on terms which are best available for the Funds, as well as act at all times in the best interest of the Funds' investors. The Trustee also has adequate procedures and processes in place to prevent or control conflicts of interest.

Retirement of the Trustee

The Trustee may retire upon giving twelve (12) months' notice to the Manager of its desire to do so, or such shorter period as the Manager and the Trustee may agree, and may by deed appoint in its stead a new Trustee.

Removal or Replacement of the Trustee

The Trustee may be removed and another trustee may be appointed by Special Resolution of the Unitholders at a Unitholders' meeting convened in accordance with the Deed or as stipulated in the Capital Markets & Services Act.

The Management Company shall take all reasonable steps to replace the Trustee as soon as practicable after becoming aware that:

- a) the Trustee has ceased to exist; or
- b) the Trustee has not been validly appointed; or
- c) the Trustee was not eligible to be appointed or to act as Trustee under any relevant law; or
- d) the Trustee has failed or refused to act as Trustee in accordance with the provisions or covenants of the Deed or any relevant law; or
- e) a receiver has been appointed over the whole or a substantial part of the assets or undertaking of the Trustee and has not ceased to act under that appointment; or
- f) a petition has been presented for the winding up of the Trustee (other than for the purpose of and followed by a reconstruction, unless during or following such reconstruction the Trustee becomes or is declared insolvent); or
- g) the Trustee is under investigation for conduct that contravenes the Trust Companies Act 1949, the Trustee Act 1949, the Companies Act 1965 or any relevant law.

Trustee's Delegate

BHLB Trustee Berhad has appointed CIMB Group Nominees (Tempatan) Sdn Bhd as the Trustee's delegate to perform custodial function. CIMB Group Nominees (Tempatan) Sdn Bhd is a wholly owned subsidiary of CIMB Bank

Berhad. Its custodial function includes safekeeping, settlement and corporate action related processing and cash and security reporting,

All investments are automatically registered in the name of the Fund. CIMB Group Nominees (Tempatan) Sdn Bhd acts only in accordance with instructions from the Trustee.

Material Litigation and Arbitration

As at 15 December 2011, the Trustee is not engaged in any material litigation and arbitration, including those pending or threatened, and any facts likely to give rise to any proceedings which might materially affect the business/financial position of the Trustee or any of its delegates.

HSBC (MALAYSIA) TRUSTEE BERHAD (“HMTB”)

Trustee for AGSF, i.e. AGEF, AABF & AGDPF

The Trustee is HSBC (Malaysia) Trustee Berhad (Company No. 1281-T), a company incorporated in Malaysia since 1937 and registered as a trust company under the Trust Companies Act 1949, with its registered address at 13th Floor, Bangunan HSBC, South Tower, No 2, Leboh Ampang, 50100 Kuala Lumpur. The Trustee is a member of the HSBC Holdings Plc. group of companies and forms part of the global network of trust companies within HSBC Holdings Plc.

The Board of Directors of HMTB are as follows:

Ms Lim Liang Hua
 Dato’ Ranita Mohd Hussein
 Ms Zainon Baba
 Ms On Bee Heong
 Ms Hew Su Chan (Alternate to Ms On Bee Heong)
 Mr Baldev Singh A/L Gurdial Singh

Financial Information about the Trustee

The Trustee has a paid-up capital of RM500,000.00. As at 31 December 2010, its shareholders’ funds totaled RM23.33 million and it achieved a profit before tax of RM11.25 million..

The following is a summary of the past performance of the Trustee based on audited accounts for the last three (3) years:

	Year Ended 31 December		
	2008 (RM)	2009 (RM)	2010 (RM)
Paid-up Share Capital	500,000	500,000	500,000
Shareholders’ Funds	14,353,116	17,521,023	23,330,550
Turnover	17,843,570	18,006,590	20,989,037
Profit before Tax	10,470,535	10,930,880	11,253,763
Profit after Tax	7,754,577	8,200,407	8,314,528

Experience in Trustee Business

Since 1993, the Trustee has acquired experience in the administration of unit trusts and as at 15 December 2011 is the Trustee for 177 unit trust funds (including Exchange Traded Funds and Wholesale Funds).

As at 15 December 2011, the Trustee has a workforce of fifty six (56) employees consisting of forty one (41) executives and fifteen (15) non-executives. A good number of the staff has been with the Trustee for many years.

This element of continuity reflects an intrinsic characteristic of trust services. The Trustee also believes in building team and talents by recruiting new members with relevant experiences to replace the long serving retired colleagues.

Each client's account is under the supervision of a trust officer who is able to focus his personal attention on the administration of the account and reports directly to his manager.

The Trustee also has a Compliance Section whose responsibilities is to ensure that the Trustee's business is carried on in accordance with all relevant laws, codes, rules and standards of good market practice.

Profile of Key Personnel

Ms Lim Liang Hua – Managing Director

She joined HSBC (Malaysia) Trustee Berhad in April 2004 and brings with her over twenty (20) years of legal advisory and problem solving skills in the banking and financial services industry. She holds a Bachelor of Economics and Bachelor of Laws (LLB) from Monash University, Australia. She was admitted to practice as a Barrister & Solicitor in Victoria, Australia in 1984 and was called to the Malaysian Bar in 1985. She was in private practice for three (3) years in the Klang Valley before joining the corporate sector, namely the banking and financial institutions industry. She was the Chief Legal Adviser and Company Secretary for the Phileo Allied Bank Group and the United Overseas Bank Group in Malaysia. Prior to her joining HSBC, she was Chief Executive Officer in an established trust company.

Mr Yee Yit Seeng – Chief Operating Officer

He joined HSBC (Malaysia) Trustee Berhad in July 1984. He holds a Diploma in Banking and Finance and is a Senior Associate of Institut Bank-Bank Malaysia. He has more than twenty two (22) years of experience in trust operations including client service, systems/projects & office administration, compliance, internal control & audit, and business development. He was also seconded to the HSBC Back-end Processing Office in Cyberjaya, Malaysia to support the global securities operations.

Puan Maziah Yong – Head, Client Service

She joined HSBC (Malaysia) Trustee Berhad in November 2007. She holds an Advanced Diploma In Law from Institut Teknologi MARA. Prior to her joining HSBC, she has more than fifteen (15) years working experience in trust administration, especially relating to unit trust schemes.

Ms Lim Gim Lee – Head, Fund Administration

She joined HSBC (Malaysia) Trustee Berhad in December 2008. She holds an Advanced Diploma in Business Administration - Institute of Business Administration and Management (IBAM). She was one of the pioneer staff in setting up two (2) unit trust management companies and has more than thirteen (13) years working experience in the unit trust industry.

Ms Vimala Mahathevan - Head, Business Support

She joined HSBC (Malaysia) Trustee Berhad in January 2010. She holds a Diploma in Banking and Finance of Institut Bank-Bank Malaysia and a Diploma in Computer Studies from the National Centre of Computing and Information Technology (NCC). She has nine (9) years of general banking experience and sixteen (16) years of experience in the securities industry which includes overseeing the settlement operations for foreign institutional clients, client servicing, system implementation and being the liaison party with regulatory bodies such as Bursa Malaysia. Prior to joining HSBC Trustee, she was the Head of Settlement, HSBC Securities Services, Sub-Custody and Clearing, in Malaysia.

Ms Lau Sook Yee – Head, Compliance

She joined HSBC (Malaysia) Trustee Berhad in September 2005. She has more than twenty (20) years experience in banking and treasury operations in both merchant and commercial banks.

Ms Ng Pek Wan - Head, Documentation

She joined HSBC (Malaysia) Trustee Berhad in July 2010. She holds a Bachelor of Laws (LLB) from University of London and was called to the Malaysian Bar in 2000. Prior to joining HSBC, she was in private practice for almost ten (10) years with experience in commercial litigation and various corporate work.

Ms Tan Bee Nie - Head, Trustee Operations

She re-joined HSBC (Malaysia) Trustee Berhad in Jan 2011. She holds a Diploma in Business Administration awarded by The Association of Business Executives (ABE), United Kingdom. She has eighteen (18) years experience in fund administration relating to unit trust schemes, including fund accounting and valuation, with unit trust management and trust companies.

Ms Joyce Lim – Manager, Business Development

She joined HSBC (Malaysia) Trustee Berhad in June 2011. She holds a Bachelor of Science in Finance and International Business and a Master of Business Administration from the University of Bridgeport, Connecticut, USA. She has more than fifteen (15) years working experience in financial services, including retail banking, reinsurance, trustee, and unit trust industry.

Mr Joshua Ling – Manager, Business Control and Finance

He joined HSBC (Malaysia) Trustee Berhad in August 2011. He is a member of the Association of Chartered Certified Accountants (ACCA), United Kingdom. He has more than ten (10) years working experience in accounting firm and financial services industry.

Mr Tan Soo Siong - Head, Due Diligence

He joined HSBC (Malaysia) Trustee Berhad in September 2011. He holds a Diploma in International Advertising from the World Secretariat, International Advertising Association Incorporated USA. Prior to joining HSBC, he has over twenty (20) years experience in the banking and finance services including eight (8) years in the investment management and unit trust industry, covering various areas in fund operations, customers and distributor services, investor operations and information technology.

Duties and Responsibilities of the Trustee

The Trustee's main functions are to act as trustee and custodian of the assets of the Fund and to safeguard the interests of Unit holders of the Fund. In performing these functions, the Trustee has to exercise all due care, diligence and vigilance and is required to act in accordance with the provisions of the Deed, Capital Markets and Services Act 2007 and the Securities Commission Malaysia's Guidelines on Unit Trust Funds ("Guidelines"). Apart from being the legal owner of the Fund's assets, the Trustee is also responsible for ensuring that the Manager performs its duties and obligations in accordance with the provisions of the Deed, Capital Markets and Services Act 2007 and the Guidelines. In respect of monies paid by an investor for the application of units, the Trustee's responsibility arises when the monies are received in the relevant account of the Trustee for the Fund and in respect of redemption, the Trustee's responsibility is discharged once it has paid the redemption amount to the Manager.

Retirement or Removal or Replacement of the Trustee

The Trustee may retire upon giving twelve (12) months notice to the Manager of its desire to do so, or such shorter period as the Manager and the Trustee may agree, and may by Deed appoint in its stead or as an additional trustee a new trustee approved by the relevant authorities and under any relevant law.

The Trustee may be removed and another trustee may be appointed by Special Resolution of the Unit holders at a duly convened meeting of which notice has been given to the Unit holders in accordance with the Deed.

Power of Trustee to Remove, Retire or Replace the Manager

The Manager may be removed by the Trustee on the grounds that the Manager:

- (a) the Manager has gone into liquidation, except for the purpose of amalgamation or reconstruction or some similar purpose; or has had a receiver appointed; or has ceased to carry on business; or is in breach of any of its obligations or duties under the Deed or the relevant laws; or has ceased to be eligible to be a management company under the relevant laws;

or

- (b) the Manager has failed or neglected to carry out its duties to the satisfaction of the Trustee and the Trustee considers that it would be in the interests of Unit Holders for it to do so after the Trustee has given notice to it of that opinion and the reasons for that opinion, and has considered any representations made by the Manager in respect of that opinion, and after consultation with the relevant authorities and with the approval of the Unit Holders by way of a Special Resolution.

In any of the above said grounds, the Manager shall upon receipt of a written notice from the Trustee ipso facto cease to be the management company of the Fund. The Trustee shall, at the same time, by writing appoint some other corporation approved by the relevant authorities to be the management company of the Fund; such corporation shall have entered into such deed or deeds as the Trustee may consider to be necessary or desirable to secure the due performance of its duties as management company for the Fund.

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. The Trustee shall be entitled to be indemnified out of the Fund against all losses, damages or expenses incurred by the Trustee in performing any of its duties or exercising any of its powers under this Deed in relation to the Fund. The right to indemnity shall not extend to loss occasioned by breach of trust, wilful default, negligence, fraud or failure to show the degree of care and diligence required of the Trustee having regard to the provisions of the Deed.

Trustee's Disclosure of Material Litigation

As 15 December 2011, the Trustee is not engaged in any material litigation and arbitration, including those pending or threatened, and is not aware of any facts likely to give rise to any proceedings which might materially affect the business/financial position of the Trustee and any of its delegates.

Trustee's Delegate

The Trustee has appointed The Hongkong And Shanghai Banking Corporation Ltd as custodian of the quoted and unquoted local investments of the Fund. The assets of the Fund are held through their nominee company, HSBC Nominees (Tempatan) Sdn Bhd. If and when the Fund should invest overseas, HSBC Institutional Trust Services (Asia) Limited will be appointed as the custodian of the foreign assets of the Fund. Both The Hongkong And Shanghai Banking Corporation Ltd and HSBC Institutional Trust Services (Asia) Limited are wholly owned subsidiaries of HSBC Holdings Plc, the holding company of the HSBC Group. The custodian's comprehensive custody and clearing services cover traditional settlement processing and safekeeping as well as corporate related services including cash and security reporting, income collection and corporate events processing. All investments are automatically registered into the name of the Fund or to the order of the Fund. The custodian acts only in accordance with instructions from the Trustee.

The Trustee shall be responsible for the acts and omissions of its delegate as though they were its own acts and omissions.

However, the Trustee is not liable for the acts, omissions or failure of third party depository such as central securities depositories, or clearing and/or settlement systems and/or authorised depository institutions, where the law or regulation of the relevant jurisdiction requires the Trustee to deal or hold any asset of the Fund through such third parties.

Trustee's Delegates

- 1) The Hongkong And Shanghai Banking Corporation Limited (As Custodian) and assets held through HSBC Nominees (Tempatan) Sdn Bhd (Co. No. 258854-D)
No 2 Leboh Ampang
50100 Kuala Lumpur
Telephone No: (603)20700744 Fax No: (603)20729787
- 2) HSBC Institutional Trust Services (Asia) Limited
6th Floor, Tower One
HSBC Centre
No 1 Sham Mong Road
Kowloon, Hong Kong
Telephone No: (852)25336333 Fax No: (852)28696120

Related-Party Transactions/Conflict of Interest

As Trustee for the Fund, there may be related party transaction involving or in connection with the Fund in the following events:-

- 1) Where the Fund invests in instruments offered by the related party of the Trustee (e.g placement of monies, structured products, etc);
- 2) Where the Fund is being distributed by the related party of the Trustee as Institutional Unit Trust Adviser (IUTA);
- 3) Where the assets of the Fund are being custodised by the related party of the Trustee both as sub-custodian and/or global custodian of the Fund (Trustee's delegate); and
- 4) Where the Fund obtains financing as permitted under the Securities Commission Malaysia's Guidelines on Unit Trust, from the related party of the Trustee.

The Trustee has in place policies and procedures to deal with conflict of interest, if any. The Trustee will not make improper use of its position as the owner of the fund's assets to gain, directly or indirectly, any advantage or cause detriment to the interests of Unit holders. Any related party transaction is to be made on terms which are best available to the Fund and which are not less favourable to the Fund than an arms-length transaction between independent parties.

Subject to the above and any local regulations, the Trustee and/or its related group of companies may deal with each other, the Fund or any Unit holder or enter into any contract or transaction with each other, the Fund or any Unit holder or retain for its own benefit any profits or benefits derived from any such contract or transaction or act in the same or similar capacity in relation to any other scheme.

Anti-money laundering provisions

The Trustee has in place policies and procedures across the HSBC Group, which may exceed local regulations. Subject to any local regulations, the Trustee shall not be liable for any loss resulting from compliance of such policies, except in the case of negligence, wilful default or fraud of the Trustee.

Statement of Disclaimer

The Trustee is not liable for doing or failing to do any act for the purpose of complying with law, regulation or court orders.

OSK TRUSTEES BERHAD Trustee for AAGTF

Background of the Trustee

OSK Trustees Berhad was incorporated in Malaysia under the Companies Act, 1965 on 6 March 2002. It is registered as a trust company under the Trust Companies Act, 1949 and is also registered with the SC to conduct unit trust business. The principal activity of OSK Trustees Berhad is providing private and corporate trustee services. OSK Trustees Berhad has been in the trustee business since 2002.

The present authorised share capital of OSK Trustees Berhad is RM25,000,000 comprising 2,500,000 ordinary shares of RM10.00 each, of which 1,200,000 are currently issued and credited as partially paid-up of RM5.00 each in OSK Trustees Berhad. The shareholders are as follows:

Shareholders	%
OSK Holdings Berhad	20
OSK Investment Bank Berhad	20
OSK Nominees (Tempatan) Sdn. Berhad	20
OSK Nominees (Asing) Sdn. Berhad	20
OSK Futures And Options Sdn. Berhad	20

Financial Position of the Trustee

The following is a summary of the past performance of the Trustee based on audited accounts for the last three (3) years:

	Financial Year Ended 31 December		
	2010 (RM)	2009 (RM)	2008 (RM)
Paid-up capital	6,000,000	4,500,000	4,500,000
Shareholders' funds	5,266,851	3,160,228	2,249,076
Turnover	6,029,432	6,004,690	5,262,678
Profit/(Loss) before taxation	465,288	920,714	218,003
Profit/(Loss) after taxation	606,623	911,152	201,699

Experience in Trustee Business

OSK Trustees Berhad undertakes all types of trustee business allowed under the Trust Companies Act, 1949, ranging from private trustee services to corporate trustee services. OSK Trustees Berhad offers corporate trustee services such as trustee for real estate investment trusts ("REITs"), unit trust funds, custodian services and private debt securities. Its private trustee services include estate planning services (will writing, custodian, executor/trustee services), trustee of charitable trusts, trustee of insurance trusts, attorney/agent for executor, administrator or trustee and trustee of private purpose trusts.

As of 15 December 2011, OSK Trustees Berhad is the trustee for seventeen (17) unit trust funds, fourteen (14) wholesale funds and three (3) REITs under the revised Guidelines on REIT dated 21 August 2008.

As of 15 December 2011, OSK Trustees Berhad's staff strength comprises forty (40) executives and seven (7) non-executive staff.

Duties and Responsibilities of the Trustee

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

- (a) Acting as trustee and safeguarding the rights and interests of the Unit Holders;
- (b) Holding the assets of the Fund for the benefit of the Unit Holders; and
- (c) Exercising all the powers of a trustee and the powers that are incidental to the ownership of the assets of the Fund.

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

The Board of Directors

The following table sets out information regarding the Board of Directors of the Trustee:-

Name	Directorship
Foo San Kan	Independent Non-Executive Director
Woo Lai Mei	Non-Independent Executive Director
Dato'Nik Mohamed Din bin Datuk Nik Yusoff	Non-Executive Director
Woon Chong Boon	Non-Executive Director
Encik Haron Bin Datuk Tamby Chik	Independent Non-Executive Director

Key Personnel

Woo Lai Mei, Director

Ms Woo holds a Bachelor of Laws (Honours) from The University of Buckingham (UK) and is a Barrister-of-Law of Lincoln's Inn. She was admitted as an advocate and solicitor of the Supreme Court of Singapore in 1989 and was in private practice at leading law firms in Singapore including M/s Lee and Lee and M/s Rajah & Tann, since her admission until 2000. Ms Woo had also served as a Director of Practice Standards and Special Projects with the Law Society of Singapore for two (2) years. She was admitted as an advocate and solicitor of the High Court of Malaya in 2001 and was in the practice of M/s Zul Rafique & Partners and M/s Raja Darryl and Loh, before joining the OSK Group of Companies as Associate Director, Group Corporate and Legal Affairs in 2005. Prior to joining OSK Trustees Berhad, she headed the Group's legal team which provides legal counsel and general corporate advisory to the Board of Directors and the Group's subsidiaries (both local and regional) and its business and support units. She is currently the Executive Director/Chief Operating Officer of OSK Trustees Berhad.

Yap Kuan Yee, Senior Vice President Head of Unit Trust, Finance & Operations

Ms Yap joined OSK Trustees Berhad in November 2011. She is a Fellow Member of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants. She has more than fifteen (15) years of experience handling finance & operations matters in the financial services industry, specifically in banking, fund management, unit trust & futures broking. Her primary responsibility at OSK Trustees is to lead and manage the Unit Trust's operations and administration.

Eva Chung, Assistant Vice President, Corporate Trustee Services

She holds a LLB degree from the University of London and a Certificate of Legal Practice with Qualifying Board, Malaysia. She was in legal practice before joining the corporate sector in 2009. She handles mainly compliance matters and fund administration.

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, the Guidelines, securities laws and other relevant law, and also its willingness to provide indemnity to the Manager for the benefit of the Unit holders of the Fund for any loss incurred as a result of any non-performance of the Trustee.

Trustee's Declaration

The Trustee is financially independent of the Manager. The Trustee will carry out transactions on an arm's length basis and on terms which are best available to the Fund, as well as act at all times in the best interest of the Unit Holders. The Trustee also has adequate procedures and processes in place to prevent or control conflicts of interest.

The Trustee's Board of Directors declare that the requirements of the guidelines on allowing a person to be appointed or to act as trustee under subsection 290(1) of the Capital Markets and Services Act 2007 have been complied with at the point of application.

The Trustee's Delegate

The Trustee has appointed United Overseas Bank (Malaysia) Berhad as the custodian of the quoted and unquoted, local and foreign investments of the Fund. The custodian has been providing custody services to domestic and foreign, retail and institutional investors since 1984. The custody services provided by the custodian include clearing and settlement, safekeeping, corporate events monitoring and processing, income collection, reporting on securities and cash transactions and positions. All investments are registered in the name of the custodian or its nominee for the account of the Fund. The custodian acts only in accordance with instructions from its principal, OSK Trustees Berhad.

Litigation and Arbitration

As at 15 December 2011, the following are the proceedings pending in the Kuala Lumpur High Court (High Court) initiated by the named Plaintiffs (mentioned below) and the appeal filed by some of the Plaintiffs/Appellants in the Court of Appeal in connection with OSK Trustees Berhad (OSKT) acquisition of Putra Place as Trustee for Sunway Real Estate Investment Trust (SUNREIT) at a public auction on 30 March 2011:-

1) **Originating Summons No. 24NCVC-901-2011**

This action was commenced by Robert Ti and Kornelis Kurniadi against amongst others OSKT. The Plaintiffs are challenging the procedure at the auction where they were disqualified from bidding.

The Court of Appeal has fixed this matter for hearing on 30 January 2012.

2) **Originating Summons No. 24NCVC-952-2011**

This action was commenced by Metroplex Berhad (Provisional Liquidators Appointed) against amongst others OSKT. The Plaintiff is challenging the validity of the auction held on 30 March 2011.

The Court of Appeal has fixed this matter for further case management on 31 January 2012 pending compliance of case management directions.

3) **Originating Summons No. 21NCVC-95-2011**

This action was commenced by Metroplex Holdings Sdn Bhd against amongst others OSKT. The Plaintiff is challenging the validity of the auction held on 30 March 2011.

The High Court has on 22 November 2011 allowed the applications instituted by the 2nd Defendant (OSK Trustees Berhad) and the 7th Defendant (Sunway REIT Management Sdn Bhd) to strike out the legal action with costs in aggregate sum of RM24,000/- to be paid by the Plaintiff.

4) **Originating Summons No. 24NCVC-1064-2011**

This action was commenced by Hotz Cafe Sdn Bhd and Meridian Scale Sdn Bhd against amongst others OSKT. The Plaintiffs are challenging the notices issued to them to vacate the premises they occupy in Putra Place.

The Court of Appeal has fixed this matter for case management on 20 December 2011.

5) **Originating Summons No. 24NCVC-1228-2011**

This action was commenced by Legend Management Group Sdn Bhd against amongst others OSKT. The Plaintiff is challenging the validity of notices issued to them to vacate the premises it occupies in Putra Place.

The Court of Appeal has fixed this matter for case management on 20 December 2011.

6) **Originating Summons No. 22NCC-1975-2011**

This action was commenced by Metroplex Holdings Sdn Bhd against amongst others OSKT. The Plaintiff has applied by way of writ of summons for an injunction to restrain OSKT and Sunway REIT Management Sdn Bhd from filing a petition to wind up the Plaintiff and to commence proceedings for contempt against the Plaintiff or its directors until the disposal of this action.

The High Court has fixed this matter for case management on 3 January 2012.

SALIENT TERMS OF THE DEEDS

The Deeds are complex documents and the following is a summary only. Certain salient terms of the respective Deeds are summarised in other sections of this Master Prospectus. Recipients of this Master Prospectus and all prospective Investors in the Units should refer to the respective Deeds itself to confirm specific information or for detailed information of the respective Funds.

The respective Deeds are available for inspection at the Manager's principal place of business at Level 23.01, Level 23, Menara Multi-Purpose, Capital Square, 8 Jalan Munshi Abdullah, 50100 Kuala Lumpur and at the principal business addresses of the respective Trustees.

The Deeds

The Funds are trust constituted by the respective Deeds, entered into between the respective Trustees and AIMB. The respective Deeds came into effect when they were registered by the SC.

Each Unit holder shall be entitled to the benefit and shall be bound by the terms and conditions of the respective Deeds. Pursuant to the respective Deeds, the respective Trustees shall take into their custody and control all the assets of the respective Funds and hold the same in trust for the Unit holders in accordance with the respective Deeds and all relevant laws. The respective Deeds are governed by and shall be construed in accordance with the laws of Malaysia.

Unit holders' rights

Unit holders are entitled to the following:

- The right to receive distributions of the respective Funds, participate in any increase in the value of the Units and such other rights and privileges as provided in the respective Deeds;
- Entitled to receive annual and interim reports of the respective Funds and to call for Unit holders' meetings and to vote for the removal of the Trustee or the Manager through a Special Resolution; and
- Shall have the cooling-off right as explained on **page 138**.

Unit holders' liabilities

Unit holders shall not be under any obligation to indemnify the Manager and/or the respective Trustees in the event that the liabilities incurred by the Manager and/or the respective Trustees in the name of or on behalf of the respective Funds pursuant to and/or in the performance of the provisions of the respective Deeds exceed the value of the assets of the respective Funds and any right of indemnity of the Manager and/or the respective Trustees shall be limited to recourse to the respective Funds.

No Unit holder shall by reason of any provision of the respective Deeds and the relationship created hereby between the Manager, the respective Trustees and the Unit holders or in any event whatsoever, be liable for any amount in excess of the purchase price paid for the Units as determined in accordance with the respective Deeds at the time the Units were purchased and any charges payable in relation thereto.

Unit holders' limitations and restrictions

No Unit holder shall be entitled to require the transfer to him of any of the investments or assets of the respective Funds or be entitled to interfere with or question the exercise by the respective Trustees or the Manager on its behalf, of the rights of the respective Trustees as the registered owner of such investments and assets. In amplification and not in derogation of the aforesaid, units held shall not confer on any Unit holder any interest in any particular part or asset of the respective Funds but only in such interest in the respective Funds as a whole as may be conferred on Unit holders by the provisions of the respective Deeds.

No Unit holder shall have any right by reason of being a Unit holder to attend any meeting of shareholders, stockholders or debenture holders or to vote or take part in or consent to any company or shareholders', stockholders' or debenture holders' action.

Maximum fees and charges permitted by the respective Deeds

The following are the maximum fees and charges as provided in the respective Deeds.

Fund name	Sales Charge (% of the NAV per unit of the Fund per annum)	Annual management fee (% of the NAV of the Fund per annum)	Annual trustee fee (% of the NAV of the Fund per annum)	Repurchase charge (% of the NAV per unit of the Fund per annum)
LOCAL FUNDS				
AFF	Max of 10%	Max of 1.50%	Please refer to page 132 of this Master Prospectus.	Max of 5%
AVF	Max of 10%	Max of 1.50%	Max of 0.10% or subject to a minimum of RM35,000 .	Nil
AMF	Max of 3%	Max of 1.50%	Max of 0.08% or subject to a minimum of RM18,000 .	Max of 1% in the event the request to repurchase is received by the Manager within one year of the purchase of the unit by Unit holders.
ATGF	Max of 10%	Max of 2%	Max of 0.10%	Max of 10%
AOIF	Max of 10%	Max of 2%	Max of 0.10%	Max of 10%
LOCAL ISLAMIC FUNDS				
ADA	Max of 10%	Max of 2%	Max of 0.10%	Nil
AIMMF	Max of 10%	Max of 2%	Max of 0.10% or subject to a minimum of RM18,000 .	Max of 5%
ADL	Max of 10%	Max of 2%	Max of 0.10% or subject to a minimum of RM18,000 .	Nil
GLOBAL FUNDS				
AGEF	Max of 10%	Max of 2%	Max of 0.20% or subject to a minimum of RM18,000 .	Max of 5%
AABF	Max of 10%	Max of 2%	Max of 0.20% or subject to a minimum of RM18,000 .	Max of 5%
AGDPF	Max of 10%	Max of 2.50%	Max of 0.10% or subject to a minimum of RM18,000 .	Max of 5%
AAGTF	Max of 6.50%	Max of 2%	Max of 0.10% or subject to a minimum of RM18,000 .	Max of 1%

Increase in fees and charges

A lower fee and/or charges than what is stated in the respective Deeds may be charged. All current fees and/or charges will be disclosed in this Master Prospectus.

Any increase of the fees and/or charges above that which are stated in the current Master Prospectus may be made provided that a Supplemental Master Prospectus is issued. Furthermore, the Manager has to notify the Unit holders of the higher rate and the effective date (where necessary or required to do so by the respective Deeds) provided always that the maximum stated in the respective Deeds shall not be breached.

Any increase of the fees and/or charges above the maximum stated in the respective Deeds shall require the Unit holders' approval in accordance with the respective Deeds, Guidelines and/or the CMSA.

Permitted expenses

There are annual operating expenses involved in running a fund, including but not limited to those stated below and such expenses are paid out of the respective Funds' assets.

- Commissions/fees paid to brokers in effecting dealings in the investments of the respective Funds, shown on the contract notes or confirmation notes;
- Taxes and other duties charged on the respective Funds by the Government and/or other authorities;
- Costs, fees and expenses properly incurred by the Auditor appointed for the respective Funds;
- Costs, fees and expenses incurred for the valuation of any investment of the respective Funds by independent valuers for the benefit of the respective Funds;
- Costs, fees and expenses incurred for any modification of the respective Deeds save where such modification is for the benefit of the Manager and/or the respective Trustees;
- Costs, fees and expenses incurred for any meeting of the Unit holders save where such meeting is convened for the benefit of the Manager and/or the respective Trustees;
- Costs, commissions, fees and expenses of the sale, purchase, insurance and any other dealing of any asset of the respective Funds*;
- Costs, fees and expenses incurred in engaging any specialist approved by the respective Trustees for investigating or evaluating any proposed investment of the respective Funds*;
- Costs, fees and expenses incurred in engaging any valuer, adviser or contractor for the benefit of the respective Funds*;
- Costs, fees and expenses incurred in the preparation and audit of the taxation, returns and accounts of the respective Funds*;
- Costs, fees and expenses incurred in the termination of the respective Funds or the removal of the respective Trustees or the Manager and the appointment of a new trustee or management company*;
- Costs, fees and expenses incurred in relation to any arbitration or other proceedings concerning the respective Funds or any asset of the respective Funds, including proceedings against the respective Trustees or the Manager by the other for the benefit of the respective Funds (save to the extent that legal costs incurred for the defence of either of them are not ordered by the court to be reimbursed by the respective Funds)*;
- Remuneration and out of pocket expenses of the independent members of the Investment Committee, unless the Manager decides otherwise*; and
- Costs, fees and expenses deemed by the Manager to have been incurred in connection with any change or the need to comply with any change or introduction of any law, regulation or requirement whether or not having the force of law of any governmental or regulatory authority*.

* Note – not applicable for AMF

Retirement, removal or replacement of the Manager

The Manager shall have the power to retire in favour of some other corporation and as necessary under the written law upon giving twelve (12) months notice in writing to the respective Trustees of its desire to do so or such lesser time as the Manager and the respective Trustees may agree and subject to fulfilment of the conditions as stated in the respective Deeds.

The Manager may be removed and another corporation appointed as manager by Special Resolution of the Unit holders' at a duly convened meeting of which notice has been given to the Manager, the respective Trustees and the Unit holders.

The respective Trustees shall take the necessary steps to remove and replace the Manager as soon as practicable after becoming aware of any such circumstances.

Power of the Manager to remove/replace the Trustee

A Trustee may be removed and another Trustee may be appointed by Special Resolution of the Unit holders at a Unit holders' meeting convened in accordance with the respective Deeds.

The Manager shall take all reasonable steps to replace a Trustee as soon as practicable after becoming aware that:

- The respective Trustees have ceased to exist;
- The respective Trustees have not been validly appointed;
- The respective Trustees are not eligible to be appointed or to act as Trustee under the CMSA;
- The respective Trustees have failed or refused to act as Trustee in accordance with the provisions or covenants of the respective Deeds or the provisions of the CMSA;
- A receiver is appointed over the whole or a substantial part of the assets or undertaking of the existing Trustee and has not ceased to act under the appointment, or a petition is presented for the winding up of the existing Trustee other than for the purpose of and followed by a reconstruction, unless during or following such reconstruction the existing Trustee becomes or is declared to be insolvent; or
- The Trustee is under investigation for conduct that contravenes the Trust Companies Act 1949, the Trustee Act 1949, the Companies Act 1965 or any securities law.

Retirement, removal or replacement of Trustees

The Trustees may retire upon giving twelve (12) months' notice to the Manager of their desire to do so or such shorter period as the Manager and the respective Trustees may agree, and may by the respective Deeds appoint in its stead a new Trustee, approved by the SC.

A Trustee may be removed and another trustee may be appointed by Special Resolution of the Unit holders' at a Unit holders' meeting convened in accordance with the respective Deeds or as stipulated in the CMSA.

Power of the Trustee to remove the Manager

The Manager may be removed by the respective Trustees on the grounds that the Manager is into liquidation (except for the purpose of amalgamation or reconstruction or some other purpose approved by the relevant authorities); or has had a receiver appointed or has ceased to carry on business; or is in breach of its obligations under the respective Deeds or it has failed or neglected to carry out its duties to the satisfaction of the respective Trustees and the respective Trustees consider that it would be in the interests of Unit holders for it to do so after the respective Trustees have given notice to it of that opinion and the reasons for that opinion and after consultation with the SC and with the approval of the Unit holders by way of a Special Resolution.

Termination of the Fund

The Funds may be terminated or wound-up upon the occurrence of any of the following events:

- The SC's approval is revoked under Section 212(7)(A) of the CMSA;
- A Special Resolution is passed at a Unit holders' meeting to terminate or wind up the Fund, following the occurrence of events stipulated under Section 301(1) of the CMSA and the court has confirmed the resolution, as required under Section 301(2) of the CMSA;
- A Special Resolution is passed at a Unit holders' meeting to terminate or wind up the respective Funds;
- On reaching the Maturity Date; or
- The effective date of an approved transfer scheme, as defined under the Guidelines has resulted in the respective Funds, which is the subject of the transfer scheme, being left with no asset/property.

Unit holders' meeting

A Unit holders' meeting may be called by the Manager, the respective Trustees and/or the Unit holders. Any such meeting must be convened in accordance with the respective Deeds and/or the Guidelines.

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 is a question, which under the respective Deeds requires a Special Resolution, in which case a poll shall be taken. On a show of hands, every Unit holder who is present in person or by proxy shall have one (1) vote.

The quorum for a meeting of Unit holders of the Fund is five (5) Unit holders, whether present in person or by proxy, provided always that for a meeting which requires a Special Resolution, the quorum for that meeting shall be five (5) Unit holders, whether present in person or by proxy, holding in aggregate at least 25% of the units in issue for the respective Funds at the time of the meeting.

If a Fund has five (5) or less Unit holders, the quorum required shall be two (2) Unit holders, whether present or by proxy and if the meeting requires a Special Resolution, the quorum for that meeting shall be two (2) Unit holders, whether present in person or by proxy, holding in aggregate at least 50% of the units in issue for the Fund at the time of the meeting (not applicable for AMF).

RELATED-PARTY TRANSACTIONS/CONFLICT OF INTEREST

Related-party transactions

The Manager has existing, and proposes to continue having broker-dealer relationships with its related entities within its group of companies. However, the Manager has in place policies and procedures to deal with any conflict of interest and/or related party transactions situations. All transactions with related parties are to be executed on terms which are best available to the Funds and which are not less favourable to the Funds than an arms-length transaction between independent parties.

As the Manager of the Funds, AIMB observes high standards of integrity and fair dealing for the Unit holders' best and exclusive interests. The Manager will not conduct transactions in any manner which will result in unnecessary costs or risk to the Funds. The Manager shall not, without prior approval of the Trustees, invest any moneys available under the Deeds in any securities, property and assets in which the Manager or any of its officers (including Directors and staff) has a financial interest or from which the Manager or any of its officers, derives a benefit.

Conflict of interest

The Manager will observe and maintain the highest standards of integrity and fair dealing to the best interests of the Unit holders.

The Manager will not conduct transactions in any manner or fashion that will result in unnecessary costs or risks to the Funds.

Transactions undertaken to the best knowledge of the Manager, on behalf of the Funds is done in the interest of the Unit holders.

Where a conflict of interest arises due to the Directors or Investment Committee members holding substantial shareholding or directorship of a company where the Funds invests in that particular company's securities, the said member shall refrain from any decision-making relating to that particular company's securities.

In addition, all the employees of the Manager must disclose their shareholding interest or personal dealings, which are monitored by the Compliance Officer of the Manager. The Manager shall ensure that the following are strictly adhered to:

- Any transactions or investments carried out by or on behalf of the Funds should be executed on an arm's length basis between independent parties;
- The Funds may participate in securities lending in accordance with the Unit Trust Guidelines with any party related to the Manager or the respective Trustees or any delegate thereof provided the terms of the securities lending agreement are the best available for the Funds and which is no less favourable to the Funds than an arm's length transaction between independent parties;
- The Manager shall not make improper use of its position in managing the unit trust funds to gain, directly or indirectly, an advantage for itself or for any other person or to cause detriment to the interest of Unit holders of such unit trust funds;
- The Manager must obtain prior approval from the respective Trustees to invest any money(s) available under the respective Deeds in any securities, property and assets in which the Manager or any officer of the Manager has a financial interest or from which the Manager or any officer of the Manager derives a benefit; and
- Cash and liquid assets of the respective Funds may only be placed in any current or deposit account with a licensed institution or other institution, approved to accept deposits.

Policy

AIMB's policy states that all Directors (including Executive Director) and members of the Investment Committee are required to declare their securities holding on an annual basis.

As at LPD, to the best of the Manager's knowledge, there has been no event of conflict of interest by the Manager.

Where a conflict or potential conflict of interest is identified, this must be evaluated by the Compliance Department and disclosed to the Chief Executive Officer ("CEO") or the Manager for the next course of action.

Conflict of interest situations involving the CEO will be disclosed to the Manager's Board of Directors for a decision on the next course of action. Directors or staff who are in advisory positions such as portfolio managers or staff that have access to information on transactions are not allowed to engage in dealings on their own account without prior approval or consent.

Control measure

The Executive Director/Head of AIMB and Investment Committee members are requested to complete the Statement of Securities Holding Form. All newly appointed Directors and/or Investment Committee members are requested to complete the Statement of Securities Holding Form within three (3) weeks of the date of the appointment. Thereafter, the Statement of Securities Holding Form must be submitted to the Compliance Officer for his/her records within two (2) weeks from 31 December on an annual basis.

HSBC

As HSBC (Malaysia) Trustee Berhad is the Trustee, there may be proposed related party transactions involving, or in connection with the Fund in the following events:

- (1) where the Fund invests in instrument(s) offered by the HSBC Group (e.g. placement of monies, etc);
- (2) where the Fund is being distributed by the HSBC Group as IUTA;
- (3) where the assets of the Fund are being custodised by the HSBC Group both as sub-custodian and global custodian of that Fund (i.e. Trustee's delegate); and
- (4) where the Fund obtains financing as permitted under the Guidelines, from the HSBC Group.

The Trustee has in place policies and procedures to deal with any conflict of interest situation. The Trustee will not make improper use of its position as the owner of the Fund's assets to gain, directly or indirectly, any advantage or cause detriment to the interests of Unit holders. Any related party transaction is to be made on terms which are best available to the Fund and which are not less favourable to the Fund than an arms-length transaction between independent parties.

Subject to the above and any local regulations, the Trustee and/or its related group of companies may deal with each other, the Fund or any Unit holder or enter into any contract or transaction with each other, the Fund or any Unit holder or retain for its own benefit any profits or benefits derived from any such contract, or transaction, or act in the same or similar capacity in relation to any other scheme.

TAXATION ADVISER'S LETTER ON TAXATION OF THE TRUSTS AND UNIT HOLDERS

12 January 2012

PricewaterhouseCoopers Taxation Services Sdn Bhd
Level 10, 1 Sentral, Jalan Travers
Kuala Lumpur Sentral
P.O.Box 10192
50706 Kuala Lumpur

The Board of Directors
Alliance Investment Management Berhad
22nd Floor, Menara Multi Purpose
Capital Square
8 Jalan Munshi Abdullah
50100 Kuala Lumpur

TAXATION OF THE FUNDS AND UNIT HOLDERS

Dear Sirs,

This letter has been prepared for inclusion in the Master Prospectus in connection with the offer of units in the following funds ("the Funds"):

1. Alliance First Fund
2. Alliance Vision Fund
3. Alliance Moneyplus Fund
4. Alliance Tactical Growth Fund
5. Alliance Optimal Income Fund
6. Alliance Dana Adib
7. Alliance Islamic Money Market Fund
8. Alliance Dana Alif
9. Alliance Global Equities Fund
10. Alliance Asian Bond Fund
11. Alliance Global Diversified Property Fund
12. Alliance ADVANTAGE GEM Treasures Fund

The taxation of income for both the Funds and the Unit holders are subject to the provisions of the Malaysian Income Tax Act 1967 ("the Act"). The applicable provisions are contained in Section 61 of the Act, which deals specifically with the taxation of Trust bodies in Malaysia.

TAXATION OF THE FUNDS

The Funds will be regarded as resident for Malaysian tax purposes since the Trustees of the Funds are resident in Malaysia.

Subject to certain exemptions, the income of the Funds consisting of dividends, interest or profits¹ (other than interest and profits¹ which is exempt from tax) and other investment income derived from or accruing in Malaysia, after deducting tax allowable expenses, is liable to Malaysian income tax at the rate of 25 per cent.

Gains on disposal of investments in Malaysia by the Funds will not be subject to income tax.

Tax Credit

Dividends received by the Funds would have suffered tax deduction at source at 25 per cent, unless specific exemptions apply e.g. pioneer dividends. No additional tax will be payable by the Funds on the dividends. However, such tax or part thereof will be refundable to the Funds if the total tax so deducted at source exceeds the tax liability of the Funds.

With effect from 1 January 2008, Malaysia introduced the single tier system where dividends paid by companies would not be taxable in the hands of the recipient. Dividends received from companies that are under the single tier system would be exempted from tax and the expenses incurred on such dividends would be disregarded. There will no longer be any tax refunds for single tier dividends received. However, during the transitional period from 1 January 2008 to 31 December 2013, companies may still elect to maintain the imputation system where dividends paid are taxed at source and tax credits available to recipients.

Exempt Income

- Domestic Investments

The Funds may receive Malaysian dividends which are tax exempt. The exempt dividends may be received from investments in companies which had previously enjoyed or are currently enjoying the various tax incentives provided under the law. The Funds will not be taxable on such exempt income.

With effect from 1 January 2008 dividends received from companies under the single tier system would also be exempted.

Interest or discount income or profits¹ derived from the following investments is exempt from tax:

- (a) Securities or bonds issued or guaranteed by the Government;
- (b) Debentures², other than convertible loan stocks, approved by the Securities Commission; and
- (c) Bon Simpanan Malaysia issued by Bank Negara Malaysia.

Interest income or profits¹ derived from the following investments is exempt from tax:

- (a) Interest or profits¹ paid or credited by any bank or financial institution licensed under the Banking and Financial Institutions Act 1989 or the Islamic Banking Act 1983; and
- (b) Bonds, other than convertible loan stocks, paid or credited by any company listed in Malaysia Exchange of Securities Dealing and Automated Quotation Berhad (now known as Bursa Malaysia Securities Berhad ACE Market).

The interest income / profits¹ or discount exempted from tax at the Funds level will also be exempted from tax upon distribution to the Unit holders.

- Foreign Investments

Income of the Funds in respect of income received from overseas investment is exempt from Malaysian tax by virtue of Paragraph 28 of Schedule 6 of the Act and distributions from such income will be tax exempt in the hands of the Unit holders. Such income from foreign investments may be subject to foreign taxes or withholding taxes. Any foreign tax suffered on the income in respect of overseas investment is not tax refundable to the Funds.

Tax Deductible Expenses

Expenses wholly and exclusively incurred in the production of gross income are allowable as deductions under Section 33(1) of the Act. In addition, Section 63B of the Act provides for tax deduction in respect of managers' remuneration, expenses on maintenance of the register of Unit holders, share registration expenses, secretarial, audit and accounting fees, telephone charges, printing and stationery costs and postages. The deduction is based on a formula subject to a minimum of 10 per cent and a maximum of 25 per cent of the expenses.

Real Property Gains Tax

With effect from 1 January 2010, any gains on disposal of real properties ("chargeable asset") or shares in real property companies³ ("chargeable asset") would be subject to real property gains tax ("RPGT") at 5 per cent if the disposal is made within 5 years from the date of the acquisition of such chargeable asset. However, any disposal of

chargeable asset after 5 years from the date of the acquisition of such chargeable asset is exempt from RPGT⁴. Based on the recent Budget announcement, for disposals from 1 January 2012 with an ownership period of up to 2 years, RPGT of 10 per cent would be applicable on gains on those disposals of chargeable assets.

TAXATION OF UNIT HOLDERS

Unit holders will be taxed on an amount equivalent to their share of the total taxable income of the Funds to the extent of the distributions received from the Funds. The income distribution from the Funds will carry a tax credit in respect of the tax paid by the Funds. Unit holders will be entitled to utilise the tax credit against the tax payable on the income distribution received by them. No additional withholding tax will be imposed on the income distribution from the Funds.

Corporate Unit holders, resident⁵ and non-resident, will generally be liable to income tax at 25 per cent on distribution of income received from the Funds. The tax credits attributable to the distribution of income can be utilised against the tax liabilities of these Unit holders.

Individuals and other non-corporate Unit holders who are tax resident in Malaysia will be subject to income tax at graduated rates ranging from 1 per cent to 26 per cent. Individuals and other non-corporate Unit holders who are not resident in Malaysia will be subject to income tax at 26 per cent. The tax credits attributable to the distribution of income will be utilised against the tax liabilities of these Unit holders.

Non-resident Unit holders may also be subject to tax in their respective jurisdictions and depending on the provisions of the relevant tax legislation and any double tax treaty with Malaysia, the Malaysian tax suffered may be creditable against any foreign tax.

The distribution of exempt income and gains arising from the disposal of investments by the Funds will be exempted from tax in the hands of the Unit holders.

Any gains realised by Unit holders (other than dealers in securities, insurance companies or financial institutions) on the sale or redemption of the units are treated as capital gains and will not be subject to income tax. This tax treatment will include gains in the form of cash or residual distribution in the event of winding up of the Funds.

Unit holders electing to receive their income distribution by way of investment in the form of new units will be regarded as having purchased the new units out of their income distribution after tax.

Unit splits issued by the Funds are not taxable in the hands of Unit holders.

We hereby confirm that the statements made in this report correctly reflect our understanding of the tax position under current Malaysian tax legislation. Our comments above are general in nature and cover taxation in the context of Malaysian tax legislation only and do not cover foreign tax legislation. The comments do not represent specific tax advice to any investors and we recommend that investors obtain independent advice on the tax issues associated with their investments in the Funds.

Yours faithfully,
for and on behalf of

PRICEWATERHOUSECOOPERS TAXATION SERVICES SDN BHD

Lim Phaik Hoon
Senior Executive Director

PricewaterhouseCoopers Taxation Services Sdn Bhd have given their written consent to the inclusion of their report as Taxation Adviser in the form and context in which it appears in this Master Prospectus and have not withdrawn such consent prior to the delivery of a copy of this Master Prospectus for approval.

1. Under section 2(7) of the Income Tax Act 1967, any reference to interest shall apply, *mutatis mutandis*, to gains or profits received and expenses incurred, in lieu of interest, in transactions conducted in accordance with the principles of Syariah.

The effect of this is that any gains or profits received and expenses incurred, in lieu of interest, in transactions conducted in accordance with the principles of Syariah, will be accorded the same tax treatment as if they were interest.

2. In practice, debentures have been interpreted to include Islamic securities as well. Under the Finance Act 2010, the tax exemption is given to Islamic securities approved by Securities Commission Malaysia.
3. A real property company is a controlled company which owns or acquires real property or shares in real property companies with a market value of not less than 75 per cent of its total tangible assets. A controlled company is a company which does not have more than 50 members and is controlled by not more than 5 persons.
4. Pursuant to the gazette order, P.U. (A) 486, Real Property Gains Tax (Exemption) (No. 2) Order 2009.
5. Resident companies with paid up capital in respect of ordinary shares of RM2.5 million and below will pay tax at 20 per cent for the first RM500,000 of chargeable income with the balance taxed at 25 per cent.

Under the Finance Act 2009, with effect from year of assessment 2009, the above shall not apply if more than –

- a) 50 per cent of the paid up capital in respect of ordinary shares of the company is directly or indirectly owned by a related company;
- b) 50 per cent of the paid up capital in respect of ordinary shares of the related company is directly or indirectly owned by the first mentioned company;
- c) 50 per cent of the paid up capital in respect of ordinary shares of the first mentioned company and the related company is directly or indirectly owned by another company.

“Related company” means a company which has a paid up capital in respect of ordinary shares of more than RM2.5 million at the beginning of the basis period for a year of assessment.

ADDITIONAL INFORMATION

Consent

The Trustees, Shariah Adviser, Managers of the Target Funds, Solicitor and the Taxation Adviser have given and have not withdrawn their written consent to the inclusion in this Master Prospectus of their names and/or report/letter in the form and context in which their names appear.

Meeting of Unit holders

The Deed(s) provides that the Trustee, you as the Unit holder, or we as the Manager may convene a Unit holder's Meeting. A resolution of Unit holders may be required pursuant to the Deed(s) for specific purposes, i.e. making certain amendments to the Deed, increasing the fees payable to the Trustee and to us, or removing the Trustee or us.

Customer information

Any information with regards to the Funds can be referred to our Customer Service Department as disclosed on **page 142** of this Master Prospectus. This includes the tracking of the NAV per unit and the balance of units available in Unit holders' accounts.

Anti-Money Laundering and Anti-Terrorism Financing ("AML/ATF") Policies

Essentially, money laundering is recognised as a process whereby funds obtained through or generated by criminal activity are moved or concealed in order to obscure the link between the crime and the generated funds.

All business units of AIMB must incorporate the following minimum AML/ATF control procedures into their own business processes/operations (where applicable) when establishing business relationship with potential Investors. The minimum control procedures are:

1. Reasonable effort and measures must be taken to obtain proper identification of all customers. For example, the adoption of an effective Know Your Customer ("KYC") procedure has proven to be extremely effective in detecting suspicious activity by a customer of the institution in a timely manner;
2. Ascertain some basic background of the Investors, i.e. occupation and employer;
3. For corporate Investors, there is also a need to establish the nature and size of business as well as countries of its business partners and any other information available to the Manager in order to understand the Investor better;
4. The respective business units must observe the trend and pattern of transactions of each Investor to enable them to establish Investors "transaction profile", so that the type of transaction that Investors are likely to engage in can be predicted and ascertained with relative certainty;
5. Employees must be alert and aware of any unusual transactions that is disproportionate to the Investor's known business;
6. Any transactions which is deemed inconsistent or out of the normal course of business would warrant further checking and verification;
7. Monitor Investors' transactions for suspicious activity reporting, large cash transaction reporting and to comply with all record keeping requirements;
8. Risk assess all Investors as low or high risk for potential money laundering or terrorism financing activity; and
9. Ensure that Investors information, profiles and risk assessment are updated on a timely basis such as when there are significant changes in account ownership or account activities or where there are changes in the Investors' employment or change of business. For existing Investors, the Manager will update the relevant information especially when:
 - A significant transaction is to take place;
 - There is a material change in the way the account is operated;
 - The customer's documentation standards change substantially.

If the Compliance Officer discovers that the information held on the Investors account is insufficient or in the event a suspicious transaction is detected by the Manager, the Compliance Officer will then report to Bank Negara Malaysia via their Financial Intelligence Unit of such transactions.

Documents available for inspection

The following documents may be inspected at the Trustee's and our offices without charge for a period of not less than twelve (12) months from the date of this Master Prospectus.

- The Deeds and Supplemental Deeds of the Funds;
- Each material contract or document referred to in the Master Prospectus;
- The latest annual and interim report of the Funds;
- All reports, letters or other documents, valuations and statements by any expert, any part of which is extracted or referred to in the Master Prospectus;
- The audited accounts of the Manager and the Funds for the last five (5) financial years, or from the date of incorporation/commencement, or if fewer than five (5) years, preceding the date of the Master Prospectus;
- Latest audited accounts of the Manager and the Funds for the current financial year (where applicable); and
- Any consent given by experts or persons named in the Master Prospectus as having made a statement that is included in the Master Prospectus or in which a statement made is the basis of the Master Prospectus.

DIRECTORS' DECLARATION

This Master Prospectus dated 30 January 2012 has been reviewed and approved by us as the directors of Alliance Investment Management Berhad and we collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm, having made all enquiries that to the best of our knowledge and belief, there are no false or misleading statements, or omission of other fact which would make any statement in this Master Prospectus dated 30 January 2012 false or misleading.

DIRECTORS:

TAN SRI ABU TALIB BIN OTHMAN

MEGAT DZIAUDDIN BIN MEGAT MAHMUD

KUAH HUN LIANG

YONG YIT HIN

INVESTMENT DIRECTORY/DISTRIBUTION CHANNELS

The Manager's distribution channels are as follows. However, the list is non-exhaustive. There will be other IUTAs appointed from time to time.

<p>Alliance Bank (Malaysia) Berhad 3rd Floor, Menara Multi-Purpose, Capital Square 8 Jalan Munshi Abdullah 50100 Kuala Lumpur Tel: 03-2694 8800</p>	<p>HSBC Bank (Malaysia) Berhad (for AFF, ATGF & AAGTF only) 2 Leboh Ampang 50100 Kuala Lumpur Tel: 03-2070 0744</p>
<p>Alliance Investment Management Berhad 23rd Floor, Menara Multi-Purpose, Capital Square 8 Jalan Munshi Abdullah 50100 Kuala Lumpur Tel: 03-2698 4299</p>	<p>iFast Capital Centre Sdn Bhd Level 28, Menara Standard Chartered 30 Jalan Sultan Ismail 50250 Kuala Lumpur Tel: 03-2149 0500</p>
<p>Alliance Investment Management Berhad Kuala Lumpur Agency Office 22nd Floor, Menara Multi-Purpose, Capital Square 8 Jalan Munshi Abdullah 50100 Kuala Lumpur</p>	<p>Malayan Banking Berhad 4th Floor, Menara Maybank Jalan Tun Perak 50050 Kuala Lumpur Tel: 03-2074 7058</p>
<p>Alliance Investment Management Berhad Kota Bharu Sales Office Lot 192, Tingkat 2 Jalan Mahmood 15200 Kota Bharu, Kelantan Tel: 09-744 3909</p>	<p>Philip Mutual Berhad B-2-7, Megan Avenue II Jalan Yap Kwan Seng 50450 Kuala Lumpur Tel: 03-2715 9802</p>
<p>Affin Bank Berhad 17th Floor, Menara Affin 80 Jalan Raja Chulan 50200 Kuala Lumpur Tel: 03-2055 9000</p>	<p>RHB Investment Management Berhad Level 7, Tower One, RHB Centre Jalan Tun Razak 50400 Kuala Lumpur Tel: 03-9286 2666</p>
<p>AmPrivate Banking 14th Floor, Bangunan Arab-Malaysian 55 Jalan Raja Chulan 50200 Kuala Lumpur Tel: 03-2078 2633</p>	<p>Standard Chartered Bank (Malaysia) Berhad 30 Jalan Sultan Ismail 50250 Kuala Lumpur Tel: 03-2117 7825</p>
<p>Areca Capital Sdn Bhd 107, Blok B Pusat Dagangan Phileo Damansara I 9 Jalan 16/11 Off Raja Damansara 46350 Petaling Jaya Tel: 03-7956 3111</p>	<p>TA Investment Management Berhad 23rd Floor, Menara TA One 22 Jalan Ramlee 50250 Kuala Lumpur Tel: 03-2031 4479</p>