

Date of Issuance: 28 February 2024

KENANGA PRINCIPAL PROTECTED INCOME FUND

RESPONSIBILITY STATEMENT

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Kenanga Investors

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

PRODUCT HIGHLIGHTS SHEET

KENANGA PRINCIPAL PROTECTED INCOME FUND (“KPPIF” or the “Fund”)

BRIEF INFORMATION ABOUT THE PRODUCT

1. What is this product about?

The Fund aims to provide investors a regular stream of income from the short-term money market returns which is competitive to that offered by fixed deposits, while preserving its capital by placing the funds primarily in short-term money market and deposit-based instruments issued by licensed financial institutions with a minimum of RAM A3 or MARC P2. The Fund also provides a high level of liquidity.

PRODUCT SUITABILITY

2. Who is this product suitable for?

The Fund is suitable for investors who desire a steady stream of income i.e. monthly income distribution, have short to medium-term placement horizon, have low tolerance of market and credit risks, want a highly liquid fixed income portfolio and want a low-risk fund as part of the asset allocation strategy.

KEY PRODUCT FEATURES

3. What am I investing in?

Fund Type	Income
Fund Category	Wholesale money market
Launch Date	12 May 2008
Investment Strategy	The Fund seeks to achieve its objective by placing its funds primarily in a diversified portfolio of short-term money market and deposit-based instruments that are not subject to market valuation risks. In order to enhance the returns of the Fund, an active management process will be adopted, including active management of the maturities of the Fund's holdings, continuous monitoring of the prevailing interest rates environment and to actively seek out the best rates and instruments available for the Fund.
Asset Allocation	Short-term money market instruments : up to 100% of the Fund's NAV
Performance Benchmark	Maybank Overnight Repo Rate

4. Who am I investing in?

Manager	Kenanga Investors Berhad (“Manager”)
Trustee	CIMB Commerce Trustee Berhad (“Trustee”)

5. What are the possible outcomes of my investment

Investment in the Fund is not the same as placement in a deposit with a financial institution. There are risks involved and investors should rely on their own evaluation to assess to the merits and risks when investing in the Fund. Unit prices for this Fund may go down as well as up. As such, the Fund does not provide guarantee on the investment amount nor does it guarantee a fixed rate of return.

KEY RISKS

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

Investors are advised to read the Fund's information memorandum and understand the risks involved and if necessary, consult a professional adviser for a better understanding of the risks before investing.

General Risks related to the Fund

Fund Management Company Risk	Wholesale funds are managed by investment managers of the Fund Management Company. The expertise and experience of the investment team would affect the performance of the fund. Poor management of a wholesale fund may jeopardise the investment of each investor.
Credit Risk	A wholesale fund could lose money if the issuer or guarantor of a fixed income security, or the counterpart to a derivatives contract, redemption agreement or a loan of portfolio securities, is unable or unwilling to make timely principal and/or interest/profit payments, or to otherwise honour its obligations. Securities are subject to varying degrees of credit risk, which are often reflected in credit ratings.
Risk of Non-compliance	The operations and administrations of the fund by the Fund Management Company or its delegates are governed by the deed, all applicable laws and regulations or internal policies and procedures. Non-adherence may result in tarnished reputation, limited business opportunities and reduced expansion potential for the Fund Management Company. Unit holder investment goals may also be affected should the Fund Management Company not adhere to the investment mandate.
Loan Financing Risk	The inherent risk of investing with borrowed money, which includes the ability for you to service the loan repayments and the effect of increase in interest rates on the loan repayments and your ability to provide additional collateral should wholesale fund prices fall beyond a certain level.

Specific Risks related to the Fund

Liquidity Risk	Liquidity risk stems from the lack of marketability of an investment that cannot be bought or sold quickly enough to prevent or minimize loss. This may lead to a possibility that the Fund may not be able to unwind its positions which may result in the Fund not obtaining a fair price or true bid on the market. The lack of liquidity could also bring about instability in market prices, hence the net asset value of the Fund may be affected. This risk is managed by investing only in short-term money market and deposit-based instruments.
Interest Rate Risk	This risk refers to the effect of interest rate changes on the market value of a fixed income portfolio. In the event of rising interest rates, prices of fixed income securities such as debentures will decrease and vice versa. The risk is mitigated by investing only in short-term money market and deposit-based instruments that are not subject to valuation risk.
Market Risk	Market risk refers to fluctuations in market values of investments that affect the entire market. Economic and political uncertainties represent some sources of market risks because they affect the entire market and cannot be avoided through diversification.
Inflation Risk	Inflation reduces the purchasing power of money. Therefore, in a high inflationary environment, there is possibility that income from debt securities may not be able to keep up with inflation.
Counterparty Risk	Counterparty risk occurs when a financial institution that has entered into a securities trade defaults on its obligations under the agreement. A fund may encounter unit price volatility due to this risk arising.

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

FEES AND CHARGES

7. What are the fees and charges involved?

The table below describes the charges that you may DIRECTLY incur when you buy or redeem Units of the Fund.

Sales Charge	Nil
Redemption Charge	Nil
Transfer Fee	N/A
Switching Fee	Nil
Other Charges	There are no other charges (except charges levied by banks on remittance of money) payable directly by investors when purchasing or redeeming units of the Fund.

The table describes the fees that you may INDIRECTLY incur when you invest in Units of the Fund.

Annual Management Fee	0.50% of the NAV of the Fund per annum.
Annual Trustee Fee	0.04% of the NAV of the Fund per annum.

All fees and charges payable to the Manager and the Trustee are subject to any applicable tax which may be imposed by the government or other authorities from time to time.

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

VALUATIONS AND EXITING FROM INVESTMENTS

8. How often are valuations available?

The Fund is valued daily and you may refer to the Manager for the unit price.

9. How do I exit from this investment and what are the risks and costs involved

Unit Holders may redeem their investments in the Fund on any Business Day by completing the prescribed redemption request form or in such other manner as the Manager may accept and returning it to the Manager on or before the cut-off time of 11:00 a.m. on any Business Day. Any redemption request received by the Manager after the cut-off time will be deemed to have been received on the next Business day.

Redemption requests received by the Manager on or before the cut-off time will be transacted at the redemption price calculated at the next valuation point after such redemption request is received by the Manager (i.e. "forward pricing"). Payment of redemption proceeds will be made on the same Business day on which a redemption request is deemed received by the Manager.

Note: Please read and understand the Fund's information memorandum and its supplemental information memorandum (if any) before investing in the Fund.

PAST PERFORMANCE OF THE FUND IS NOT AN INDICATION OF ITS FUTURE PERFORMANCE.

CONTACT INFORMATION

Who do I contact for further information or to lodge a complaint?

1. For internal dispute resolution, you may contact:

Kenanga Investors Berhad
Registration no: 199501024358 (353563-P)
Level 13, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur

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|-----|-------------------------------|---|--|
| (a) | General Line No | : | 03-2172 3123 |
| (b) | Facsimile No | : | 03-2172 3133 |
| (c) | Customer Service Toll Free No | : | 1-800 88 3737 |
| (d) | Website | : | www.kenangainvestors.com.my |
| (e) | Email | : | investorservices@kenanga.com.my |

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

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|-----|---------------|---|--|
| (a) | via phone to | : | 03-2282 2280 |
| (b) | via fax to | : | 03-2282 3855 |
| (c) | via email to | : | info@sidrec.com.my |
| (d) | via letter to | : | Securities Industry Dispute Resolution Center (SIDREC)
Unit A-9-1, Level 9, Tower A
Menara UOA Bangsar
No. 5, Jalan Bangsar Utama 1
59000 Kuala Lumpur |

3. You can direct your complaint to the SC even if you have initiated a dispute resolution process with SIDREC. To make a complaint, please contact the SC's Consumer & Investor Office:

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|-----|--|---|--|
| (a) | via phone to Aduan Hotline at | : | 03-6204 8999 |
| (b) | via fax to | : | 03-6204 8991 |
| (c) | via email to | : | aduan@seccom.com.my |
| (d) | via online complaint form available at | : | www.sc.com.my |
| (e) | via letter to | : | Consumer & Investor Office
Securities Commission Malaysia
No.3, Persiaran Bukit Kiara
Bukit Kiara
50490 Kuala Lumpur |

4. Federation of Investment Managers Malaysia (FIMM)'s Complaints Bureau:

- (a) via phone to : 03-7890 4242
(b) via email to : complaints@fimm.com.my
(c) via online complaint form available at www.fimm.com.my
(d) via letter to : Legal & Regulatory Affairs
Federation of Investment Managers Malaysia
19-06-1, 6th Floor Wisma Tune
No.19, Lorong Dungun
Damansara Heights
50490 Kuala Lumpur

APPENDIX : GLOSSARY

Business Day	Means a day on which the Bursa Malaysia is open for trading.
MARC	Refers to Malaysian Rating Corporation Berhad.
Net Asset Value (NAV)	Means the total value of the Fund's assets minus its liabilities at the valuation point. In computing the annual management fee and annual trustee fee, the NAV of the Fund should include the management fee and the trustee fee for the relevant day.
NAV per Unit	The NAV of the Fund divided by total number of units in circulation at the same valuation point.
RAM	Refers to RAM Rating Services Berhad.
Sophisticated Investor(s)	Means: (a) any person who is determined to be a sophisticated investor under the Guidelines on Categories of Sophisticated Investors; (b) any person who acquires any capital market product specified under the Guidelines where the consideration is not less than RM250,000 or its equivalent in foreign currencies for each transaction whether such amount is paid for in cash or otherwise; or (c) any other category of investors as may be permitted by the SC from time to time.
Unit(s)	Means a unit of a Fund and includes a fraction of a unit.
Unit Holder	A Sophisticated Investor for the time being registered as the holder of units in the Fund, including a jointholder.