

FIRST SUPPLEMENTAL PROSPECTUS

This First Supplemental Prospectus is dated 30 September 2023 and must be read together with the Prospectus dated 29 November 2021 for:-

BIMB-Arabesque Global Shariah-ESG AI Technology Fund (BGSEAIT)
Constituted on 29 June 2021

MANAGER	:	BIMB INVESTMENT MANAGEMENT BERHAD REGISTRATION NO.: 199301021508 (276246-X)
TRUSTEE	:	CIMB ISLAMIC TRUSTEE BERHAD BERHAD REGISTRATION NO.: 198801000556 (167913-M)

A copy of this First Supplemental Prospectus dated 30 September 2023 and the Prospectus dated 29 November 2021 for the Fund (collectively, "the Prospectuses") have been registered with the Securities Commission Malaysia, who takes no responsibility for their contents. Registration of the Prospectuses does not indicate that the Securities Commission Malaysia recommends the Units or assumes responsibility for correctness of any statement made, opinions expressed or reports contained in the Prospectuses.

BIMB-ARABESQUE GLOBAL SHARIAH-ESG AI TECHNOLOGY FUND IS A QUALIFIED SUSTAINABLE AND RESPONSIBLE INVESTMENT (SRI) FUND UNDER THE GUIDELINES ON SUSTAINABLE AND RESPONSIBLE INVESTMENT FUNDS.

BIMB-ARABESQUE GLOBAL SHARIAH-ESG AI TECHNOLOGY FUND INTEGRATES ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) CONSIDERATIONS IN ITS CAPITAL ALLOCATION PROCESS, AND EMPLOYS SCREENING FOR SHARIAH-COMPLIANCE AND ALIGNMENT WITH UNITED NATION GLOBAL COMPACT (UNGC) PRINCIPLES, IN ITS UNIVERSE CONSTRUCTION PROCESS.

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS FIRST SUPPLEMENTAL PROSPECTUS DATED 30 SEPTEMBER 2023 WHICH IS TO BE READ TOGETHER WITH THE PROSPECTUS DATED 29 NOVEMBER 2021. 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 17 OF THE PROSPECTUS DATED 29 NOVEMBER 2021 AND PAGE 15 OF THIS FIRST SUPPLEMENTAL PROSPECTUS DATED 30 SEPTEMBER 2023.

Responsibility Statements

This First Supplemental Prospectus has been reviewed and approved by the directors of BIMB Investment Management Berhad and they collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, they confirmed to the best of their knowledge and belief, that there are no false or misleading statements, or omission of other facts which would make any statement in this First Supplemental Prospectus false or misleading.

Statements of Disclaimer

The Securities Commission Malaysia has authorised the Fund and a copy of this First Supplemental Prospectus has been registered with the Securities Commission Malaysia.

The authorisation of the Fund, and registration of this First Supplemental Prospectus, should not be taken to indicate that the Securities Commission Malaysia recommends the said Fund or assumes responsibility for correctness of any statement made, opinions expressed or reports contained in the Prospectus dated 29 November 2021 or this First Supplemental Prospectus.

The Securities Commission Malaysia is not liable for any non-disclosure on the part of BIMB Investment Management Berhad, the management company responsible for the said Fund and takes no responsibility for the contents in this First Supplemental Prospectus. The Securities Commission Malaysia makes no representation on the accuracy or completeness of this First Supplemental 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. IF INVESTORS ARE UNABLE TO MAKE THEIR OWN EVALUATION, THEY ARE ADVISED TO CONSULT PROFESSIONAL ADVISERS.

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

BIMB-Arabesque Global Shariah-ESG AI Technology Fund has been certified as Shariah-compliant by the Shariah adviser appointed for the Fund.

This First Supplemental Prospectus does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation.

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

THIS FIRST SUPPLEMENTAL PROSPECTUS DATED 30 SEPTEMBER 2023 IS TO BE READ IN CONJUNCTION WITH THE PROSPECTUS DATED 29 NOVEMBER 2021.

Unless otherwise provided in this First Supplemental Prospectus, all the capitalised terms used herein shall have the same meanings ascribed to them in the Prospectus dated 29 November 2021 (“Prospectus”).

EXPLANATORY NOTES

This First Supplemental Prospectus is issued to inform investors of the following:

- (a) the definitions of “Deed”, “Eligible Market”, “Prospectus” and “SAC” under “Chapter 1 – Glossary” have been updated;
- (b) the definition of “IOSCO” under “Chapter 1 – Glossary” has been deleted;
- (c) new definitions of “ESG Book” and “OTC” have been inserted under “Chapter 1 – Glossary”;
- (d) the information in relation to the Manager, the Trustee and the Shariah Adviser under “Chapter 2 – Corporate Directory” have been updated;
- (e) the information in relation to the “Investment Policy and Strategy”, “Temporary Defensive Mechanism”, “Construction of the Investment Universe”, “Permitted Investments”, “Investment Limit” and “Benchmark” under “Chapter 3 – About BIMB-Arabesque Global Shariah-ESG AI Technology Fund” have been updated;
- (f) a new paragraph in relation to the “Policy in Undertaking Cross Trades” has been inserted under “Chapter 3 – About BIMB-Arabesque Global Shariah-ESG AI Technology Fund”;
- (g) the information in relation to “Shariah Non-Compliance Risk” and “Non-compliance with SRI Funds Guidelines Risk” has been updated;
- (h) a new “Performance Risk”, “Sustainability Risk”, “Shariah Status Reclassification Risk” and “Suspension of Repurchase Request Risk” has been inserted under “Chapter 4 – Risk Factors”;
- (i) the information in relation to the “How does Islamic Fund Work?” under “Chapter 5 - Introduction to Islamic Fund” has been updated;
- (j) the information in relation to the “Administrative Fees” and “Policy on Rebates and Soft Commission” under “Chapter 6 – Fees, Charges and Expenses” have been updated;
- (k) the information in relation to the “Period of Payment of Redemption Proceeds” and “Cooling-off Transaction” under “Chapter 7 – Transaction Information” has been updated;
- (l) a new paragraph in relation to the “Suspension of Sale and Redemption of Units” has been inserted under “Chapter 7 – Transaction Information”;
- (m) the information in relation to the “Statement of Investment and Financial Reports” under “Chapter 8 – Client Communication” has been updated;
- (n) the information in relation to the “Board of Directors”, and “Material Litigation and Arbitration” under “Chapter 9 – The Management Company” have been updated;
- (o) BIMB Securities Sdn Bhd has been appointed as the Shariah adviser of the Fund;

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- (p) the information in relation to the “Investment Committee” under “Chapter 9 – The Management Company” has been deleted;
- (q) the information on “Investment Research Provider – Arabesque AI Limited” has been updated;
- (r) the information in relation to the “Unit Holder’s Rights”, “Permitted Expenses Payable by the Fund”, “Termination of the Fund”, “Termination of a Class of Units” and “Meeting of Unit Holders” under “Chapter 12 – Salient Terms of Deed” have been updated;
- (s) the information in relation to the “Approval and Condition” under “Chapter 13 – Approval and Condition” has been updated;
- (t) the information in relation to the “Conflict of Interest/Related Party Transactions” under “Chapter 14 – Conflict of Interest/Related Party Transactions” has been updated;
- (u) the tax adviser’s letter has been updated;
- (v) the information in relation to “the Deed” under “Chapter 16 – Additional Information” has been updated; and
- (w) the information in relation to “Documents Available for Inspection” under “Chapter 17 – Documents Available for Inspection” has been updated.

A. GLOSSARY

Pages 5 - 7 of the Prospectus

- (i) The definition of “Deed” is hereby deleted in its entirety and replaced with the following:

“Deed”

The deed dated 29 June 2021 as amended by the first supplemental deed dated 28 December 2022 in respect of the Fund and any other supplemental deed that may be entered into between the Manager and the Trustee.

- (ii) The definition of “Eligible Market” is hereby deleted in its entirety and replaced with the following:

“Eligible Market”

Means an exchange, government securities market or an OTC market:

- (a) that is regulated by a regulatory authority of that jurisdiction;
- (b) that is open to the public or to a substantial number of market participants; and
- (c) on which financial instruments are regularly traded.

- (iii) The definition of “ESG Book” is hereby inserted after the definition of “ESG”:

“ESG Book”

Previously known as Arabesque S-Ray. ESG Book is a global leader in sustainability data and technology. Incubated by Arabesque in 2018, ESG Book combines cutting-edge technology and proprietary research.

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Please refer to <https://www.esgbook.com/about-us/> for further details.

- (iv) The definition of “**Prospectus**” is hereby deleted in its entirety and replaced with the following:

“Prospectus”	Means the prospectus of the Fund and includes any supplementary or replacement prospectus, as the case may be.
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- (v) The definition of “**IOSCO**” is hereby deleted in its entirety;

- (vi) The definition of “**SAC**” is hereby deleted in its entirety and replaced with the following:

“SAC”	The Shariah Advisory Council.
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- (vii) The definition of “**OTC**” is hereby inserted after the definition of “Net Asset Value (NAV) per Unit”:

“OTC”	Means over-the-counter.
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B. CORPORATE DIRECTORY

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- (i) The information in relation to the “**Registered Office of the Manager**” is hereby deleted in its entirety and replaced with the following:

Registered Office

Level 32, Menara Bank Islam,
No. 22, Jalan Perak,
50450 Kuala Lumpur.
Tel: +603-2088 8000

- (ii) The information in relation to the “**Business Office of the Trustee**” is hereby deleted in its entirety and replaced with the following:

Business Office

Level 21, Menara CIMB,
Jalan Stesen Sentral 2,
Kuala Lumpur Sentral,
50470 Kuala Lumpur.

Tel: +603-2261 8888
Fax: +603-2261 9894
Email: ss.corptrust@cimb.com
Web: www.cimb.com

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- (iii) The information in relation to the “**Shariah Advisers**” is hereby deleted in its entirety and replaced with the following:

SHARIAH ADVISER

BIMB Securities Sdn Bhd [199401004484 (290163-X)]

Registered Office

32nd Floor, Menara Bank Islam, No. 22 Jalan Perak,
50450 Kuala Lumpur.
Tel: +603-2726 7814
Fax: +603-2088 8033

Business Office

Level 32, Menara Multi-Purpose, Capital Square,
No. 8, Jalan Munshi Abdullah,
50100 Kuala Lumpur.
Tel: +603-2613 1600
Fax: +603-2613 1799
Email: shariah@bimbsec.com.my
Website: www.bimbsec.com.my

C. ABOUT BIMB-ARABESQUE GLOBAL SHARIAH-ESG AI TECHNOLOGY FUND

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3.4 Investment Policy and Strategy

The information in relation to the first paragraph of “**Investment Policy and Strategy**” is hereby deleted in its entirety and replaced with the following:

The Fund will invest in a minimum of 70% and up to 98% in listed Shariah-compliant equities and Shariah-compliant equity-related securities in Malaysia and foreign companies in Eligible Market where the exchange is a member or affiliate member of WFE.

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3.4 Investment Policy and Strategy

The information in relation to “**Temporary Defensive Mechanism**” is hereby deleted in its entirety and replaced with the following:

Temporary Defensive Mechanism

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 to protect the Unit Holders’ interest. During the temporary defensive position, the Fund may hold higher Islamic liquid asset. However, the Manager will ensure that at least two-thirds (2/3) of the Fund’s NAV remains invested in Shariah-compliant UNGC or ESG-compliant investments at all times.

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3.4.1 Construction of the Investment Universe

The information in relation to “**Construction of the Investment Universe**” is hereby deleted in its entirety and replaced with the following:

The investment universe contains Shariah-compliant equities and Shariah-compliant equity-related securities (equity securities) with focus on technology related sectors such as technology services, electronics technology and health care technology worldwide that have passed a systematic selection process. This process combines S-Ray®, Arabesque’s proprietary assessment of non-financial risk factors such as ESG issues as well as alignment with the principles of the UNGC, with financial and business activity screening.

The Fund will maintain at least two-thirds (2/3) of its NAV in UNGC or ESG-compliant investments at all times. If the Fund breaches the aforesaid two-thirds (2/3) asset allocation threshold or if the Fund’s investments become inconsistent with its investment policy and strategies, the Manager shall dispose the investment(s) as soon as practicable within three (3) months after the breach. Reinvestment in investments which are in accordance with the Fund’s policies and strategies will be made immediately upon disposal of investments which are inconsistent with the Fund’s policy and strategies. Please refer to Section 3.4.3 of this Prospectus for further details of the investment limit of the Fund and its treatment on breach of investment limit.

Liquidity Screening

- a. Securities that do not satisfy minimum liquidity criteria are excluded from the investment universe.
- b. Foreign securities need to have a minimum market capitalization of USD 500 million, a 1-month average daily trading volume of at least USD 3 million and a free float of 10% or higher.
- c. Malaysian securities need to have a minimum 6-month average daily trading volume of RM400,000.

S-Ray® Screening:

S-Ray® is a proprietary tool of ESG Book that measures the sustainability of global equities worldwide. S-Ray® evaluates all global stocks which have successfully passed the liquidity screening based on the:

- **GC score:** The GC score constitutes an assessment of each company based on the four core principles of the United Nations Global Compact (UNGC). Companies that are in breach of the UNGC are removed from the investment universe. Companies in the bottom 5% of global stocks ranked by ESG Book’s GC Score are excluded at universe construction.
- **ESG score:** The ESG score analyses corporate performance based on sector-specific financially material environmental, social and governance (ESG) criteria. Companies whose ESG score ranks at the bottom of their sector are excluded from the investment universe. Companies in the bottom 25% of their sector ranked by the ESG score are excluded at universe unless they exhibit positive ‘ESG

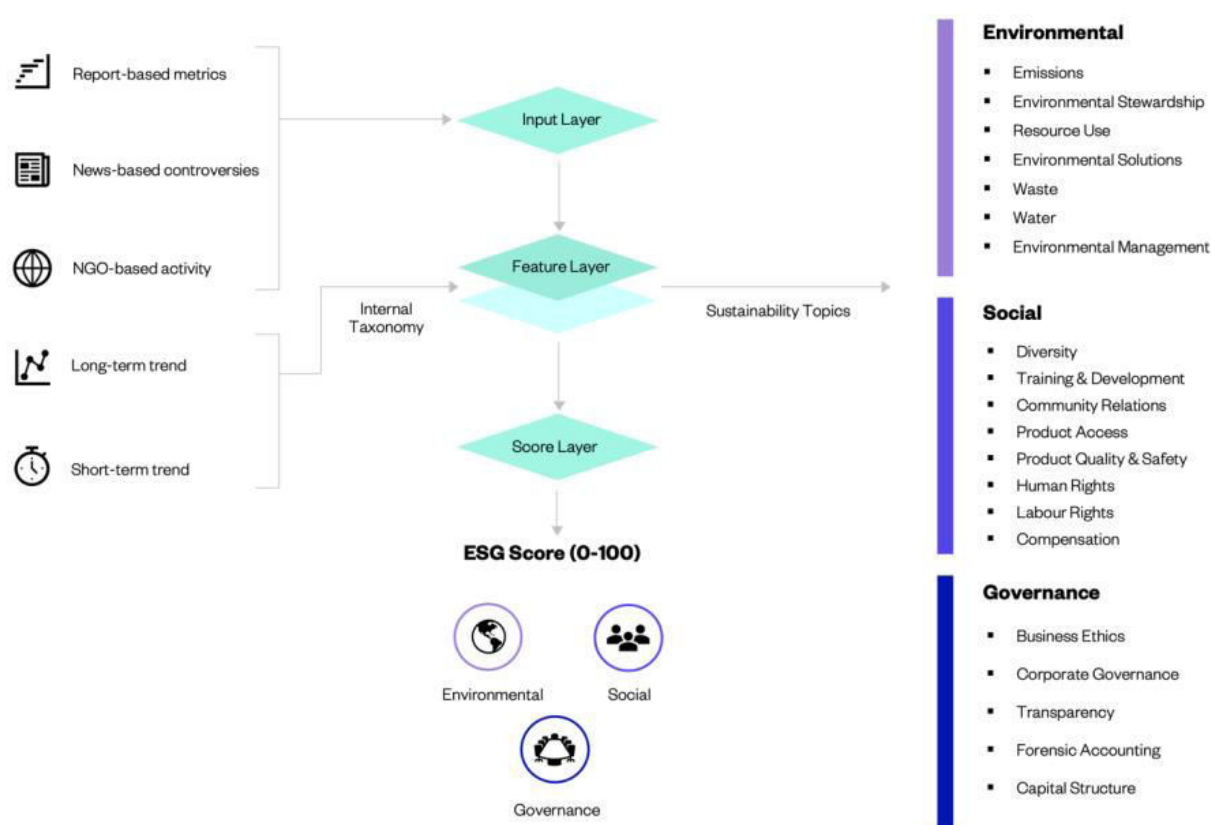
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Momentum'. ESG Momentum is defined as an increase in ESG score over 2 consecutive quarters.

Non-permissible income must not exceed 5% of total income in order to pass the Shariah-compliance screen. This involves incomes derived from the following business involvements: adult entertainment, alcohol, cinema, conventional finance, defence, gambling, gold and silver hedging, insurance, music, pork, real estate, tobacco. In addition, companies in the coal sector are excluded.

The ESG score are constructed through a three-layer process:

1. Input layer – collect and clean a wide variety of sustainability-related data.
2. Feature layer – aggregate inputs along well-defined topics.
3. Score layer – combine features into easy-to-use ESG Book scores.



Layer 1 – Input Layer

The input layer includes data gathered from the following 3 sources.

1. *Reporting-based metrics* – ESG Book collects over 250 reported metrics from non-financial disclosures (e.g. sustainability reports, integrated reports, corporate social responsibility reports, proxy papers and 10k reports*)

Note: 10k report is a report filed annually in the United States of America by publicly traded companies and is required by the United States Securities and Exchange Commission. It is a comprehensive report covering financial performance and other matters.*

2. *News-based controversies* – To get a more up-to-date analysis of sustainability performance, ESG Book uses natural language processing to scan over 300,000 public news sources published in over 170 countries daily for sustainability-related controversies*.

Note: ESG Book currently only considers negative news (i.e., controversies) in the ESG score methodology.*

3. *Non-Governmental Organisation (NGO)-based campaign activity* – Alongside the news-based controversies, ESG Book also tracks NGO campaign activity across over 400 sustainability issues. NGO campaigns can be positive or negative in nature.

Layer 2 – Feature Layer

The feature layer is introduced to further structure input data along 22 well defined sustainability topics below:

Feature	Description
Environmental	
Emissions	This sustainability topic measures the contribution of business activities to the emission of greenhouse gases and other air pollutants. Inputs into this feature include emissions data as well as reduction initiatives, objectives, policies, and monitoring.
Environmental Stewardship	This feature measures the impact of business activities on biodiversity and animal welfare. Inputs into this feature include the use and regulation of animal products/testing alongside biodiversity impact initiatives and targets such as forest stewardship.
Resource Use	This topic measures the efficient use of energy and other natural resources including land and materials. Inputs into this feature include energy use/efficiency and land use reduction initiatives, recycling, toxic chemicals reduction and resource efficiency policies.
Environmental Solutions	This quantifies the environmental impact of products and services and the contribution toward sustainable consumerism. Inputs into this feature include the development of hybrid vehicles, smart water solutions and sustainable building products.
Waste	This evaluates the generation of waste and other hazardous outputs as part of business activities. Inputs include hazardous and general waste generation, and reduction policies, recycling practices, and oil spill disclosure.
Water	This sustainability topic assesses the efficient and responsible use of water throughout company operations. Inputs include water pollution, recycling initiatives, and water withdrawal.

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Environmental Management	This feature measures the mechanisms and policies employed to manage the overall environmental performance of the business. Inputs include environmental lawsuits, investments into resource efficiency, and environmental impact reduction.
<i>Social</i>	
Diversity	This quantifies the representation of equal opportunities for women and minorities in the workforce and on the board. Inputs include board and employee diversity, discrimination lawsuits, and commitment to supplier diversity.
Occupational Health and Safety	This evaluates workplace-related health and safety performance. Inputs include the disclosure of accident rates and workplace injuries, employee health and safety training and certification, policies/procedures, and targets.
Training and Development	This feature assesses the opportunities and programmes in place to enable and support learning across employees and the supply chain. Inputs include employee training hours, costs, and policies as well as monitoring and targeting.
Product Access	This topic measures access to products and/or services for disadvantaged communities. Inputs to this topic relate to access to finance, medicine, education, food and affordable housing programmes.
Community Relations	This sustainability topic measures the level of community involvement and public trust. Inputs include customer satisfaction and community relations policies, targets and monitoring, and disclosure of employee volunteering hours.
Product Quality and Safety	This feature quantifies the quality and safety of products and services and level of customer satisfaction. Inputs utilised relate to lawsuits, policies, targets, and monitoring relating to product quality management.
Human Rights	This topic evaluates adherence to and promotion of human rights throughout all business activities, including the supply chain. Inputs include suppliers' human rights consideration, employee human rights training and policy as well as targets and monitoring of these.
Labour Rights	This sustainability topic measures compliance with internationally recognized labour standards, both in-house and across the supply chain. Inputs relate to the Freedom of Association, Supplier Code Audit and child labour, forced labour and labour rights policies.

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Compensation	This feature assesses the fair and equal compensation of staff and board members. Inputs include the disclosure of average salaries and benefits, board member compensation, and pension funding.
Employment Quality	This sustainability topic quantifies working conditions and employee satisfaction. Inputs relate to employee turnover, work-life balance policy, and worktime flexibility.
Governance	
Business Ethics	This feature assesses fair business practices such as corruption, political contributions, and anti-trust. Inputs include lawsuits relating to these issues and policies in place to monitor and reduce their impact.
Corporate Governance	This sustainability topic assesses the procedures and mechanisms in place that ensure proper long-term control and management of the corporation. Inputs relate to policies and targets surrounding governance issues like shareholder rights, and insider trading.
Transparency	This topic measures the level of transparency and disclosure of critical information about the business. Inputs relate to disclosures relating to accounting policy, financial transparency, articles of association, and reporting standards.
Forensic Accounting	This feature reflects a company's overall earnings quality and the degree to which their reported earnings properly represent the company's financial health. Those companies with poor earnings quality are at more risk of disappointing in their reported earnings results. This is a good proxy for financial governance and a company's ability to secure future investments.
Capital Structure	This topic depends on how high a company's leverage ratio is compared to other companies in its sector. High leverage increases short-term pressure on companies, making it more difficult to focus on long-term objectives. This is contrary to the long-term perspective which is often necessary for firms to focus on sustainability issues.

For every topic, ESG Book first construct two types of feature sub-scores reflecting the frequency of data input: a feature long-term trend and a feature short-term correction. These sub-scores are calculated separately for the annual report-based data and the higher frequency data based on news controversies and NGO campaigns. These two scores are then aggregated into a final feature score.

Long-term trend

To get an aggregate view of a company's long-term performance trend per topic, ESG Book pulls together all available report-based metrics from the input layer.

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The different metrics are then aggregated based on several considerations, including focus and dimensionality. For example, 2 highly similar and correlated inputs may be combined into 1 principal component.

Short-term correction

ESG Book also constructs a more frequent short-term signal based on news controversies and NGO campaigns. Looking back 1 year on a daily basis for each topic, ESG Book first aggregates news-based controversies using a proprietary present news value, which is a function of an article's controversy level, how long ago it occurred, and the impact of the source (i.e., some news sources are more reputable than others). Additionally, ESG Book considers relevant NGO campaign activities from the past year, which supplements the news-based signal. Note that NGO campaign activity can be both negative (critique) or positive (appraisal) in nature.

Final feature scores

To find the final feature scores, each of the 22 long-term trend scores (0-100) are multiplied with the matching short-term correction (in %) which is a combination of the news-based controversies and NGO campaign.

Layer 3 – Score Layer

Total score

The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The E, S and G pillar sub-scores are calculated by considering only the features within each of these themes.

The 3 pillar scores and the total ESG score are scaled between 0 and 100 with higher scores indicating better performance. The ESG score is calibrated using the principle of financial materiality and can be used to help compare companies on their ability to outperform on a risk-adjusted basis over the long run.

Note: the ESG score methodology above may be subject to changes from time to time by the Manager. Please visit <https://bimbinvestment.com.my/fund/bqseait/> for the latest methodology.

Shariah Screening:

All global stocks which have successfully passed the S-Ray® screening are assessed to eliminate stocks which do not comply with AAOIFI Shariah Standards. This is achieved by performing further business involvement and financial screens:

- a. **Business involvement screens:** Stocks with business involvement in Shariah non-compliant or conventional interest-based banking, financial services, real estate, insurance, mortgage and lease, alcohol, tobacco or pork products, entertainment (hotels, casino/gambling, pornography/adult entertainment, cinema and music), arms manufacturing (weapons and defence) and trading and hedging of gold and silver on a deferred basis are excluded from the Investment Universe.

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- b. **Financial screens:** The strategy shall only invest in companies with a non-permissible income not more than 5% of total income, an interest-bearing investments by market capitalization ratio less than 30%, an interest-bearing debt by market capitalization ratio less than 30%.

In addition, the AAOIFI Standards prohibit investing in preference shares.

As the screening is artificial intelligence driven, any companies that fail the liquidity, S-Ray and Shariah screenings will be automatically removed from the investment universe during its quarterly reassessment. Through the screening, the Fund's investments will be reassessed on a quarterly basis to ensure that the investments are in line with the principles of the UNGC and ESG and the overall impacts of the investments is consistent with any other sustainability considerations.

3.4.2 Permitted Investments

The information in relation to item a of "**Permitted Investments**" is hereby deleted in its entirety and replaced with the following:

- a. Shariah-compliant securities and Shariah-compliant equity-related securities listed or traded on foreign markets where the exchange is a member or affiliate member of the WFE;

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3.4.3 Investment Limit

The information in relation to "**Investment Limit**" is hereby deleted in its entirety and replaced with the following:

- **Spread of Investments on Single Issuer**

- a. The value of the Fund's investments in Shariah-compliant ordinary shares issued by any single issuer must not exceed 10% of the Fund's NAV.
- b. The value of the Fund's investments in Shariah-compliant transferable securities and Islamic money market instruments, issued by any single issuer must not exceed 15% of the Fund's NAV (single issuer limit). In determining the single issuer limit, the value of the Fund's investments in the paragraph under "Exposure" below issued by the same issuer must be included in the calculation. This single issuer limit may be raised to 35% of the Fund's NAV if the issuing entity is, or the issue is guaranteed by, either a foreign government, foreign government agency, foreign central bank or supranational, that has a minimum long term credit rating of investment grade (including gradation and subcategories) by an international rating agency.
- c. The aggregate value of the Fund's investments in, or exposure to, a single issuer through Shariah-compliant transferable securities, Islamic money market instruments, Islamic deposits, underlying assets of Islamic derivatives, counterparty exposure arising from the use of OTC Islamic derivatives, must not exceed 25% of the Fund's NAV ("single issuer aggregate limit"). In determining the single issuer limit, the value of the Fund's investments in the paragraph under "Exposure" below issued by the same issuer must be included in the calculation. Where the single issuer limit is increased to 35% of the

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Fund's NAV, the single issuer aggregate limit in item b under "Spread of Investments on Single Issuer" above may be raised, subject to the investments in Shariah-compliant transferable securities and Islamic money market instruments issued by any group of companies not exceeding 35% of the Fund's NAV.

- **Exposure**

The aggregate value of the Fund's investments in Shariah-compliant transferable securities that are not traded or dealt in or under the rules of an Eligible Market and Islamic CIS that do not comply with the Guidelines must not exceed 15% of the Fund's NAV, subject to a maximum limit of 10% of the Fund's NAV in a single issuer or single Islamic CIS, as the case may be.

- **Spread of Investment on Group of Companies**

The value of the Fund's investments in Shariah-compliant transferable securities and Islamic money market instruments issued by any group of companies must not exceed 20% of the Fund's NAV ("group limit"). In determining the group limit, the value of the Fund's investments in the paragraph under "Exposure" above issued by the same issuer must be included in the calculation.

- **Concentration of Investments**

- a. The Fund's investments in Shariah-compliant shares or Shariah-compliant securities equivalent to shares must not exceed 10% of the Shariah-compliant shares or Shariah-compliant securities equivalent to shares, as the case may be, issued by any single issuer.
- b. The Fund's investments in Islamic money market instruments must not exceed 10% of the instruments issued by any single issuer. This limitation will not apply to Islamic money market instruments that do not have a pre-determined issue size.

- **Islamic Derivatives**

- i. The Fund's global exposure from Islamic derivatives position must not exceed the NAV of the Fund at all times.
- ii. The global exposure of the Fund to Islamic derivatives is calculated as the sum of the:
 - a) absolute value of the exposure of each individual Islamic derivative not involved in netting or hedging arrangements;
 - b) absolute value of the net exposure of each individual Islamic derivative after netting or hedging arrangements; and
 - c) the values of cash collateral received pursuant to the reduction of exposure to counterparties of OTC Islamic derivatives.
- iii. Netting arrangements may be taken into account to reduce the Fund's exposure to Islamic derivatives.
- iv. The Fund may net positions between:
 - a) Islamic derivatives on the same underlying constituents, even if the maturity dates are different; or

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- b) Islamic derivatives and the same corresponding underlying constituents, if those underlying constituents are Shariah-compliant transferable securities, Islamic money market instruments or units or shares in Islamic CIS.
- v. Hedging arrangements may be taken into account to reduce the Fund's exposure to Islamic derivatives.
- vi. The marked-to-market value of Shariah-compliant transferable securities, Islamic money market instruments or units or shares in Islamic CIS involved in hedging arrangements may be taken into account to reduce the exposure of the Fund to Islamic derivatives.
- vii. The hedging arrangement must:
 - i. not be aimed at generating a return;
 - ii. result in an overall verifiable reduction of the risk of the Fund;
 - iii. offset the general and specific risks linked to the underlying constituent being hedged;
 - iv. relate to the same asset class being hedged; and
 - v. be able to meet its hedging objective in all market conditions.
- viii. For investment in Islamic derivatives, the counterparty of an OTC Islamic derivative must be a financial institution with a minimum long-term credit rating of investment grade (including gradation and subcategories) and subject to the aggregate limit in this section, the maximum exposure of the Fund to a counterparty, calculated based on the following method, must not exceed 10% of the Fund's NAV:
 - the exposure to a counterparty of an OTC Islamic derivative must be measured based on the maximum potential loss that may be incurred by the Fund if the counterparty defaults and not on the basis of the notional value of the OTC Islamic derivative; and
 - the total exposure to a single counterparty is calculated by summing the exposure arising from all OTC Islamic derivative transactions entered into with the same counterparty.
- ix. The usage of Islamic derivatives is permitted only for the purpose of hedging.

- **Islamic CIS**

- (a) The value of the Fund's investments in units or shares of an Islamic CIS that complies with the Guidelines must not exceed 20% of the Fund's NAV.
- (b) The Fund's investment in Islamic CIS must not exceed 25% of the units or shares in any one Islamic CIS.

- **Islamic Deposits**

The value of the Fund's placement in Islamic deposits with any single Financial Institution must not exceed 20% of the Fund's NAV or any other limit set by the SC. The single financial limit does not apply to placements of deposits arising from:

- (a) subscription monies received prior to the commencement of investment by the Fund;

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- (b) liquidation of investments prior to the termination, where the placement of Islamic deposits with various Financial Institutions would not be in the best interests of Unit Holders; or
- (c) monies held for the settlement of redemption or other payment obligations, where the placement of Islamic deposits with various Financial Institutions would not be in the best interest of Unit Holders.

We shall notify the SC, within seven (7) Business Days, of: (i) any breach of investment restrictions and limits stated above; (ii) where the Fund breaches the two-thirds (2/3) asset allocation threshold in UNGC or ESG-compliant investments; or (iii) if the Fund's investments become inconsistent with its investment policy and strategies, with the steps taken to rectify and prevent such breach from recurring. However, any breach as a result of appreciation or depreciation in value of the Fund's investments, repurchase of Units or payment made out of the Fund, change in capital or corporation in which the Fund has invested in or downgrade in or cessation of a credit rating, need not be reported to the SC but must be rectified as soon as practicable within three (3) months from the date of the breach unless otherwise specified in the Guidelines.

The three (3) months period may be extended if it is in the best interest of Unit Holders and Trustee's consent is obtained. Such extension must be subject to at least a monthly review by the Trustee.

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3.8 Benchmark

The information in relation to "**Benchmark**" is hereby deleted in its entirety and replaced with the following:

FTSE All-World Technology Index

The basis for selecting the above benchmark is to reflect the Fund's asset allocation and investment objective.

Source: FTSE Russell

Please note that the above benchmark is only used as a reference for the purpose of investment performance comparison. The Fund is not managed against the benchmark. The risk profile of the Fund may be higher than the risk profile of the benchmark.

Note:

The performance benchmark of the Fund will be changed from MSCI ACWI Information Technology Index to FTSE All-World Technology Index effective as per the date of its First Supplemental Prospectus due to discontinuation of MSCI index licensing.

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3.14 Policy in Undertaking Cross Trades

The information in relation to "**Policy in Undertaking Cross Trades**" is hereby inserted:

3.14 Policy in Undertaking Cross Trades

Cross trading can only be undertaken provided that:

- i. sale and purchase decisions are in the best interest of both clients;

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- ii. transactions are executed through a stockbroker or a Financial Institution on an arm's length and fair value basis; and
- iii. justifications for such transactions are documented prior to execution of the trades.

Cross trading between the following are strictly prohibited:

- i. employee of BIMB Investment and the clients; or
- ii. BIMB Investment for its proprietary trading and its clients.

All cross trading done shall be reported to the Investment Committee.

D. RISK FACTORS

Page 18 of the Prospectus

4.1 General Risk of Investing in the Fund

The information in relation to “**Shariah Non-Compliance Risk**” is hereby deleted in its entirety and replaced with the following:

- **Shariah Non-Compliance Risk**

This risk refers to the risk that the Fund not conforming to Shariah guidelines. The Manager (as advised by the Shariah Adviser) would be responsible for ensuring that the Fund is managed and administered in accordance with Shariah guidelines.

Any Shariah non-compliant investment made by the Fund due to error of the administration shall be disposed of or withdrawn with immediate effect, if possible, or otherwise within one (1) calendar month of knowing the status of the investment. Any gain resulting from the said disposal shall be channelled to *baitulmal* and/or charitable bodies as advised by the Shariah Adviser whilst any loss is to be borne by the Manager.

The information in relation to “**Performance Risk**” is hereby inserted immediately after “Liquidity Risk” as follows:

- **Performance Risk**

The performance of the Fund depends on the financial instruments that the Fund invest. If the instruments do not perform within expectation or if there is a default, then the performance of the Fund will be impacted negatively. The performance of the Fund may also be impacted if the allocation of assets is not properly done. On that basis, there is never a guarantee that investing in the Fund will produce the desired investment returns.

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4.2 Key Risk of Investing in the Fund

The information in relation to “**Non-compliance with SRI Funds Guidelines Risk**” is hereby deleted in its entirety and replaced with the following:

- **SRI Investments Risk**

This is the risk that the Manager may not correctly apply the relevant criteria resulting out of the ESG analysis or that the Fund may have indirect exposure to investments which do not meet the relevant criteria (based on UNGC principles and ESG factors). This may result in potential losses to the Fund in the event that such investments are disposed at unfavourable prices due to the violation of the investment policy and strategies of UNGC

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principles and ESG factors. If the Fund's investment becomes inconsistent with its investment policy and strategies of UNGC principles and ESG factors, the Manager shall deal with the investment(s) in accordance with Section 3.4 of this Prospectus.

The information in relation to “**Sustainability Risk**”, “**Shariah Status Reclassification Risk**” and “**Suspension of Repurchase Request Risk**” is hereby inserted immediately after “**SRI Investment Risk**” as follows:

- **Sustainability Risk**

Sustainability risk means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment and potentially a total loss of its value and therefore an impact on the net asset value of the Fund. The Fund Manager's objective is making sustainable investments and/or have environmental and/or social characteristics, which can be achieved by applying sustainability criteria to the selection of investments.

The Manager will evaluate the Fund's investments on a quarterly basis to determine whether the Fund's investments are consistent with UNGC principles and ESG factors. If the Fund's investments become inconsistent with UNGC principles and ESG factors, the Manager shall dispose of the investments if the value of the investments held exceeds or is equal to the original investment cost (which may include transaction cost).

On the other hand, the Fund is allowed to hold the investments if the value of the investments is below the original investment cost. It is also permissible for the Fund to retain the profit received during the holding period until such time the market value of the investments is equal to the original investment cost.

- **Shariah Status Reclassification Risk**

This risk refers to the risk of a possibility that the currently held Shariah-compliant equities or Islamic collective investment scheme or Islamic deposits or Islamic money market instruments invested by the Fund may be reclassified or declared as Shariah non-compliant by the relevant authority or the Shariah Adviser. If this occurs, the Manager will take the necessary steps to dispose of or withdraw such investments. There may be opportunity loss to the Fund due to the Fund not being allowed to retain the excess capital gains derived from the disposal of the said investments.

- **Suspension of Repurchase Request Risk**

Having considered the best interests of Unit Holders, the repurchase requests by the Unit Holders may be subject to suspension due to exceptional circumstances, where the market value or fair value of a material portion of the Fund's assets cannot be determined. In such case, Unit Holders will not be able to redeem their Units and will be compelled to remain invested in the Fund for a longer period of time than original timeline. Hence, their investments will continue to be subject to the risks inherent to the Fund.

E. INTRODUCTION TO ISLAMIC FUND

Pages 22 - 24 of the Prospectus

The information in relation to “**Introduction to Islamic Fund**” is hereby deleted in its entirety and replaced with the following:

5. SHARIAH INVESTMENT GUIDELINES, CLEANSING PROCESS AND ZAKAT FOR THE FUND

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5.1 Shariah Investment Guidelines

The following guidelines are adopted by BIMB Securities Sdn Bhd in determining the Shariah status of investments of the Fund.

- The Fund must at all times and all stages of its operation comply with Shariah requirements as resolved by the SAC of the SC or in cases where no specific rulings are made by the SAC of the SC, the decisions of the Shariah Adviser or the approved Shariah Supervisory Boards of relevant Islamic indices.
- The Fund must be established and operated by the Manager, and finally redeemed by the investors on the basis of contracts which are acceptable in Shariah. The banking facilities and short-term money market instruments used for the Fund have to be Shariah-compliant. Similarly, all the other investment instruments must be Shariah-compliant.
- For Shariah-compliant securities listed on Bursa Malaysia, the Fund's investments must be strictly confined to those Shariah-compliant securities on the List of Shariah-Compliant Securities by the SAC of the SC.
- For Islamic money market instruments and Islamic deposits, they shall be based on the data readily available on BNM and the financial institutions' websites respectively.
- The SAC of the SC has adopted a standard methodology to determine the Shariah compliance for the securities of companies listed on Bursa Malaysia. This methodology takes into consideration both the quantitative and qualitative aspects of the listed companies.

(a) Quantitative Analysis

The quantitative part is a two-tier benchmark applied to the business activities of the companies and to the financial ratios of the companies. The business activity benchmarks consist of a 5% benchmark and a 20% benchmark.

(i) Business activity benchmarks

For the business activity benchmarks, the revenue or income contribution of Shariah non-compliant business activities to the group revenue or group profit before taxation of the listed companies will be computed and compared against the relevant business activity benchmarks, and must be less than the 5% or the 20% benchmarks.

The 5% benchmark would be applicable to the following business activities:

- Conventional banking and lending;
- Conventional insurance;
- Gambling;
- Liquor and liquor-related activities;
- Pork and pork-related activities;
- Non-halal food and beverages;
- Shariah non-compliant entertainment;
- Interest income¹ from conventional accounts and instruments (including interest income awarded arising from a court judgement or arbitration);
- Dividends¹ from Shariah non-compliant investments;

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- Tobacco and tobacco-related activities; and
- Other activities deemed non-compliant according to Shariah principles as determined by the SAC of the SC.

¹Interest income and dividends from Shariah non-compliant investments will be compared against the group revenue. However, if the main activity of the company is holding of investment, the dividends from Shariah non-compliant investments will be compared against the group revenue and group profit before taxation.

The 20% benchmark would be applicable to the following activities:

- Share trading in Shariah non-compliant securities;
- Stockbroking business other than Islamic stockbroking company;
- Rental received from Shariah non-compliant activities; and
- Other activities deemed non-compliant according to Shariah principles as determined by the SAC of the SC.

(ii) Financial Ratio Benchmarks

In addition, the financial ratios for cash in conventional accounts and instruments as well as interest bearing debts over the total assets of the listed companies are also considered in the analysis carried out by the SAC of the SC to determine their Shariah compliance status.

The financial ratios applied are as follows:

- Ratio of cash over total assets
Cash will only include cash placed in conventional accounts and instruments, whereas cash placed in Islamic accounts and instruments will be excluded from the calculation.
- Ratio of debt over total assets
Debt will only include interest-bearing debt whereas Islamic financing or sukuk will be excluded from the calculation.

Both benchmark ratios, which are intended to measure *riba* and *riba*-based elements within a company's balance sheet, must be less than 33%.

(b) **Qualitative analysis:**

As for qualitative aspect of the Shariah compliance analysis, an additional criterion will be considered namely the public perception or image of the listed company which must be acceptable from the Shariah perspective.

- The SAC of the SC had considered the following criteria for a Special Purpose Acquisition Company to be classified as Shariah-compliant:
 - ❖ The proposed business activity should be Shariah-compliant;
 - ❖ The entire proceeds raised from the initial public offering should be placed in Islamic accounts; and
 - ❖ In the event that the proceeds are invested, the entire investment should be Shariah-compliant.
- Shariah-compliant securities include ordinary shares and warrants (issued by the companies themselves). This means that warrants are classified as Shariah-compliant

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securities provided the underlying shares are also Shariah-compliant. On the other hand, loan stocks and bonds are Shariah non-compliant securities unless they are structured based on SAC of the SC's approved Shariah rulings, concepts and principles.

- For investment in foreign Shariah-compliant equities, the Fund is only allowed to invest in Shariah-compliant equities which are on the approved lists by the Shariah Adviser. In the event of reclassification of foreign Shariah-compliant equities to be Shariah non-compliant, the Fund is to abide by the rules as laid down by the SAC of the SC and by this Shariah Investment Guidelines. In the event that the Fund wishes to invest in foreign Shariah-compliant equities not covered by the approved lists by the Shariah Adviser, the Manager must submit to the Shariah Adviser the latest information pertaining to the issuer's business activities, its complete financial statements and other related information to enable the Shariah Adviser to carry out Shariah screening. The Shariah Adviser applies the screening methodology of the SAC of the SC in this Shariah screening.
- For investments in unlisted Shariah-compliant equities, the Shariah Adviser also applies the screening methodology of the SAC of the SC in its Shariah screening. As such, the Manager must submit to the Shariah Adviser the latest information pertaining to the issuer's business activities, its complete financial statements and other related information to enable the Shariah Adviser to carry out the Shariah screening.
- For investments in Islamic collective investment schemes, the Manager must submit to the Shariah Adviser all pertinent information including the prospectuses, its structures, investment avenues, Shariah investment guidelines, Shariah contracts and Shariah pronouncements by the relevant Shariah advisers advising the Islamic collective investment schemes, for the Shariah Adviser to confirm the Shariah status of the said Islamic collective investment schemes.
- The Fund may only use derivatives for hedging purposes. Such derivatives must be Islamic derivatives. However, if Islamic derivatives are not available or are not commercially viable, the Fund may use conventional derivatives subject to prior approval from the Shariah Adviser being obtained.
- The decision of the Shariah Adviser shall be final.
- To facilitate the purchase and sale of foreign Shariah-compliant securities and Shariah-compliant investment instruments, there may be a need to have cash placement in a conventional bank account outside Malaysia. In such circumstances, the conventional account should be non-interest bearing and the sole purpose is only to facilitate purchase and sale of foreign Shariah-compliant securities and Shariah-compliant investment instruments. In the event that such a non-interest bearing account is unavailable, all interests earned shall be cleansed and that shall be undertaken annually if not earlier.

5.2 Cleansing Process for the Fund

(a) Wrong Investment

(i) Investment in Shariah non-compliant equity securities

The said investment shall be disposed of or withdrawn with immediate effect, if possible, or otherwise within one (1) calendar month of knowing the status of the investment. In the event that the investment resulted in any gain in the form of

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capital gain or dividend received before or after the disposal of the investment, it has to be channelled to *baitulmal* and/or charitable bodies as advised by the Shariah Adviser. The Fund has a right to retain only the investment cost. The Shariah Adviser advises that this cleansing process (namely, channelling of income from wrongful investment to *baitulmal* and/or charitable bodies as advised by the Shariah Adviser) shall be carried out within two (2) calendar months from the said disposal or withdrawal date. If the disposal of the investment resulted in losses to the Fund, the losses are to be borne by the Manager.

(ii) Investment in other Shariah non-compliant instruments (namely, money market instruments or deposits or collective investment schemes)

The said investment shall be disposed of or withdrawn with immediate effect, if possible, or otherwise within one (1) calendar month of knowing the status of the investment. In the event that the investment resulted in Shariah non-compliant income received before or after the disposal of the investment, it has to be channelled to *baitulmal* and/or charitable bodies as advised by the Shariah Adviser. The Fund has a right to retain only the investment cost. The Shariah Adviser advises that this cleansing process (namely, channelling of income from wrongful investment to *baitulmal* and/or charitable bodies as advised by the Shariah Adviser) shall be carried out within two (2) calendar months from the said disposal or withdrawal date. If the disposal of the investment resulted in losses to the Fund, the losses are to be borne by the Manager.

(b) Reclassification of Shariah Status of the Fund's Investments

(i) Shariah-compliant equity securities

Reclassification of Shariah status refers to securities which were earlier classified as Shariah-compliant securities but due to failure to meet the set benchmark criteria, are subsequently reclassified as Shariah non-compliant by the SAC of the SC, the Shariah Adviser or the Shariah Supervisory Boards of relevant Islamic indices. If on the reclassification effective date, the value of the securities held exceeds or is equal to the investment cost, the Fund which holds such Shariah non-compliant securities must liquidate them. To determine the time frame to liquidate such securities, the Shariah Adviser advises that such securities should be disposed of within one (1) calendar month of reclassification.

Any dividends received up to the reclassification effective date and capital gains arising from the disposal of the said reclassified Shariah non-compliant securities made with respect to the closing price on the reclassification effective date can be kept by the Fund. However, any dividends received and excess capital gain derived from the disposal after the reclassification effective date at a market price that is higher than the closing price on the reclassification effective date shall be channelled to *baitulmal* and/or charitable bodies as advised by the Shariah Adviser. The Shariah Adviser advises that this cleansing process should be carried out within two (2) calendar months from the above disposal date.

The Fund is allowed to hold the Shariah non-compliant securities if the market price of the said securities is below the investment cost. It is also permissible for the Fund to keep the dividends received during the holding period until such

time when the total amount of the dividends received and the market value of the Shariah non-compliant securities held equal the investment cost. At this stage, the Fund is advised to dispose of their holdings. In addition, during the holding period, the Fund is allowed to subscribe to:

- any issue of new securities by a company whose Shariah non-compliant securities are held by the Fund such as rights issues, bonus issues, special issues and warrants [excluding securities whose nature is Shariah non-compliant such as irredeemable convertible unsecured loan stock (ICULS)]; and
- securities of other companies offered by the company whose Shariah non-compliant securities are held by the Fund,

on conditions that the Fund expedites the disposal of the Shariah non-compliant securities. For securities of other companies [as stated in the second bullet above], they must be Shariah-compliant securities.

(ii) Islamic money market instruments or Islamic deposits or Islamic collective investment schemes

This refers to the instruments which were earlier classified as Islamic money market instruments or Islamic deposits or Islamic collective investment schemes but due to certain factors such as changes in the issuers' business direction and policy or failure to carry out proper Shariah contracts' transactions, which render the instruments Shariah non-compliant by the relevant authority or the Shariah Adviser. If this occurs, the Manager will take the necessary steps to dispose of or withdraw such money market instruments or deposits or collective investment schemes.

If on the reclassification effective date, the value of the Shariah non-compliant instruments held exceeds or is equal to the investment cost, the Fund which holds such Shariah non-compliant instruments must liquidate them. To determine the time frame to liquidate such instruments, the Shariah Adviser advises that such reclassified Shariah non-compliant instruments should be disposed of within one (1) calendar month of reclassification.

Any income received up to the reclassification effective date and capital gains arising from the disposal of the said reclassified Shariah non-compliant instruments made on the reclassification effective date can be kept by the Fund.

However, any income received and excess capital gain derived from the disposal after the reclassification effective date at a price that is higher than the price on the reclassification effective date shall be channelled to *baitulmal* and/or charitable bodies as advised by the Shariah Adviser. The Shariah Adviser advises that this cleansing process should be carried out within two (2) calendar months from the above disposal date.

5.3 Zakat for the Fund

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

THE SHARIAH ADVISER CONFIRMS THAT THE INVESTMENT PORTFOLIO OF THE FUND COMPRISES INSTRUMENTS WHICH HAVE BEEN CLASSIFIED AS SHARIAH-COMPLIANT BY THE SAC OF THE SC AND, WHERE APPLICABLE BY THE SHARIAH ADVISORY COUNCIL OF BNM OR BY THE SHARIAH SUPERVISORY BOARDS OF RELEVANT ISLAMIC INDICES. AS FOR THE INSTRUMENTS WHICH HAVE NOT BEEN CLASSIFIED AS SHARIAH-COMPLIANT BY THE SAC OF THE SC AND, WHERE APPLICABLE BY THE SHARIAH ADVISORY COUNCIL OF BNM NOR BY THE SHARIAH SUPERVISORY BOARDS OF RELEVANT ISLAMIC INDICES, THE SHARIAH STATUS OF THE INSTRUMENTS HAS BEEN REVIEWED AND DETERMINED IN ACCORDANCE WITH THE RULING ISSUED BY THE SHARIAH ADVISER.

F. FEES, CHARGES AND EXPENSES

Pages 26 - 27 of the Prospectus

6.2.3 Administrative Fees

- (i) The information in relation to item v of “**Administrative Fees**” is hereby deleted in its entirety and replaced with the following:
 - v. fees and expenses properly incurred by the auditor appointed for the Fund;
- (ii) The information in relation to item vi of “**Administrative Fees**” is hereby deleted in its entirety and replaced with the following:
 - vi. fees for the valuation of any Shariah-compliant investment of the Fund;
- (iii) The information in relation to item xii of “**Administrative Fees**” is hereby deleted in its entirety and replaced with the following:
 - xii. costs, fees and expenses incurred in the termination of the Fund or a Class of Units or the removal of the Trustee or the Manager and the appointment of a new trustee or management company;

6.3 Policy on Rebates and Soft Commission

The information in relation to “**Policy on Rebates and Soft Commission**” is hereby deleted in its entirety and replaced with the following:

Any rebate or soft commission shall be directed to the Fund concerned. The Manager, the Trustee or any delegate thereof may retain goods and services (soft commissions”) from the broker, only if:

- the soft commissions bring direct benefit or advantage to the management of the Fund and may include research and advisory related services;

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- any dealing with the broker or dealer is executed on terms which are the most favourable for the Fund; and
- the availability of soft commissions is not the sole or primary purpose to perform or arrange transactions with such broker or dealer, and the Manager or fund manager shall not enter into unnecessary trades in order to achieve a sufficient volume of transactions to qualify for soft commissions.

G. TRANSACTION INFORMATION

Page 33 of the Prospectus

7.1.6 Redemption of Units

The information in relation to “**Period of Payment of Redemption Proceeds**” is hereby deleted in its entirety and replaced with the following:

- **Period of Payment of Redemption Proceeds**

Unit Holders will be paid within seven (7) Business Days after the redemption application is received and processed by the Manager.

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7.3 Cooling-off Transaction

The information in relation to “**Cooling-off Transaction**” is hereby deleted in its entirety and replaced with the following:

Cooling-off right refers to the right of a Unit Holder to obtain a refund of his/her investment if he/she so requests within the cooling-off period [i.e. within six (6) Business Days] from the date of receipt of application to purchase Units by the Manager.

Investors have the right to reverse his investment decisions that could have unduly influenced by any external elements or factors.

The cooling-off right is applicable to individual investor, other than those listed below, who is investing for the first time in any unit trust funds managed by the Manager:

- staff of the Manager;
- person registered with a body approved by the SC to deal in unit trusts.

The refund to the Unit Holder applies for every unit held by the Unit Holder shall be as follows:

- if the original price of a Unit is higher than the price of a Unit at the point of exercise of the cooling-off right (“market price”), the market price at the point of cooling-off; or
- if the market price is higher than the original price, the original price at the point of cooling-off; and
- the sales charge originally imposed on the day the Units were purchased.

The Manager shall refund to Unit Holder within seven (7) Business Days from the date of receipt of the cooling-off application from the Unit Holder is received by the Manager.

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7.11 Suspension of Sale and Redemption of Units

The information in relation to “**Suspension of Sale and Redemption of Units**” is hereby inserted:

7.11 Suspension of Sale and Redemption of Units

The Manager may, in consultation with the Trustee and having considered the interests of Unit Holders, suspend the dealing in Units of the Fund due to exceptional circumstances, where there is good and sufficient reason to do so, considering the interest of Unit Holders.

H. CLIENT COMMUNICATION

8.3 Statement of Investment and Financial Reports

The information in relation to “**Interim and Annual Reports**” is hereby deleted in its entirety and replaced with the following:

Semi-Annual and Annual Reports	<p>The Manager will provide the Unit Holders with the semi-annual and annual reports of the Fund within two (2) months after the end of financial period of the Fund.</p> <p>The Manager practises digital fund reporting hence the Fund's semi-annual/annual report is made available on our website. Investors may view, store and download from our website www.bimbinvestment.com.my.</p> <p>The Fund's printed semi-annual/annual report is available upon request.</p>
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I. THE MANAGEMENT COMPANY

9.3 Board of Directors

The information in relation to “**Board of Directors**” is hereby deleted in its entirety and replaced with the following:

The list of our board of directors is available on our website at <https://bimbinvestment.com.my/ourleadership/>.

Pages 41 - 42 of the Prospectus

9.4 Investment Committee

The information in relation to “**Investment Committee**” is hereby deleted in its entirety. The following sub-sections are hereby renumbered accordingly.

Pages 42 - 43 of the Prospectus

9.5 Shariah Advisers

The information in relation to “**Shariah Advisers**” is hereby deleted in its entirety.

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9.7 Material Litigation and Arbitration

The information in relation to “**Material Litigation and Arbitration**” is hereby deleted in its entirety and replaced with the following:

9.6 Material Litigation and Arbitration

As at 28 April 2023, save for the suit mentioned herein below, the Manager is not engaged in any material litigation and arbitration either as plaintiff nor as defendant, and the Manager is not aware of any proceedings, pending or threatened or of any other facts likely to give rise to any proceedings which might materially and adversely affect its financial position or business.

Perbadanan Harta Intelek Malaysia (“MyIPO”), has initiated a suit against BIMB Investment in October 2021. MyIPO, vide its solicitors, had issued a Writ and Statement of Claim dated 18 October 2021, alleging BIMB Investment for fraudulent misrepresentation, negligent misrepresentation, breach of duty of care and negligence against MyIPO. BIMB Investment had categorically denied all the allegations and set out the actual factual matrix by filing a Statement of Defence dated 8 December 2021. The present status of the legal proceedings is as follows:

- (a) On 24 May 2022, BIMB Investment has filed and served its Statement of Claim against Dato Ahmad Azwan as the Third Party;
- (b) On 8 June 2022, Dato Ahmad Azwan as the Third Party has filed and served his Statement of Defence against BIMB Investment’s Statement of Claim;
- (c) On 21 June 2022, BIMB Investment has filed and served its Reply to the Third Party’s Statement of Defence;
- (d) On 14 October 2022, BIMB Investment filed its Notice of Application seeking discovery of the original copies of the forged or falsified documents as pleaded in the Statement of Claim (documents in question) for the purpose of Forensic Examination and to obtain an expert opinion so as to prove the assertions made by BIMB Investment in its Statement of Defence;
- (e) The said application was filed in the Kuala Lumpur Sessions Court seeking discovery of the documents in question, as some of the impugned documents had already been adduced in the ongoing criminal trial against the Third Party whilst the other documents are in the possession of MACC. The order in terms of the application was obtained before Session Courts on 23 November 2022;
- (f) The full trial of this suit has been scheduled on 27th, 28th and 29th of May 2024;
- (g) The next case management is fixed on 26 April 2024 and the parties are required to comply with all pretrial getting ups, under Order 34. The High Court has made an Unless

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Order wherein the Parties, well before 26 April 2024 must have complied with the pre-trial requirements including filing of statement of agreed facts, statement of issues to be tried and common bundle of documents.

- (h) The Parties are also been directed to exhaust all interlocutory applications well before the next case management date.

Page 44 of the Prospectus

9A The Shariah Adviser

The information in relation to “The Shariah Adviser” is hereby inserted immediately after Section 9 as follows:

BIMB Securities Sdn Bhd (“BIMB Securities”) has been appointed as the Shariah Adviser for the Fund. BIMB Securities will provide Shariah advisory services on the management and operations of the Fund to ensure the operations of the Fund comply with Shariah requirements.

About BIMB Securities Sdn Bhd

BIMB Securities is a stockbroking subsidiary of Bank Islam Malaysia Berhad incorporated on 21 February 1994 and is licensed by the SC. The corporate mission of BIMB Securities is to be an active participant in a modern, innovative and dynamic Islamic capital market in Malaysia, catering for the needs of all investors, Muslims and non-Muslims, looking for Shariah-compliant investment products and services.

Experience in Shariah Advisory Services

BIMB Securities is registered with the SC to act as a Shariah Adviser for Islamic products and services regulated by the SC, which include Islamic collective investment schemes. BIMB Securities is independent from the Manager and does not hold office as a member of the committee undertaking the oversight function of the Fund or any other funds managed and administered by the Manager. As at 28 April 2023, BIMB Securities is a corporate Shariah Adviser to 83 Islamic funds including two (2) Islamic real estate investment trusts.

Roles and Responsibilities of BIMB Securities Sdn Bhd as a Shariah Adviser

As the Shariah Adviser for the Fund, the role of BIMB Securities is to ensure that the investment operations and processes of the Fund are in compliance with Shariah requirements. BIMB Securities will review the Fund’s investments on a monthly basis to ensure Shariah compliance and it also reviews the semi-annual and annual reports of the Fund.

Notwithstanding the role played by the Shariah Adviser, the ultimate responsibility for ensuring Shariah compliance of the Fund in all aspects of operations and processes rests solely with the Manager.

In line with the SC Guidelines on Islamic Capital Market Products and Services, the roles of BIMB Securities as the Shariah Adviser are:

- (a) to advise on the Shariah aspects of the Fund and Fund’s operations and processes to ensure they are in accordance with Shariah requirements;

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- (b) to provide Shariah expertise and guidance in all matters relating to the Fund, particularly on the documentation i.e., the Fund's deed and prospectus, structure, investments and related operational matters;
- (c) to ensure that the Fund is managed and operated in accordance with Shariah requirements and the applicable Shariah rulings, principles and concepts endorsed by the SAC of the SC as well as the advice given by the Shariah Adviser are complied with;
- (d) to review the Fund's compliance reports as provided by the Manager's compliance officer and investment transaction reports provided or duly approved by the Trustee to ensure that the Fund's investments are in line with Shariah;
- (e) to prepare a report to be included in the semi-annual and annual reports of the Fund stating the Shariah Adviser's opinion whether the Fund has been operated and managed in compliance with Shariah requirements in its investment, operations and processes for the financial period concerned;
- (f) to apply *Ijtihad* (intellectual reasoning) to ensure all aspects relating to the Fund are in compliance with Shariah, in the absence of any rulings, principles and concepts endorsed by the SAC of the SC;
- (g) to consult the SC where there is ambiguity or uncertainty as to an investment, instrument, system, procedure and/or process; and
- (h) to meet with the Manager on a quarterly basis (or as and when required by the Manager and/or the Shariah Adviser) for the review of the Fund's operations and processes.

Profiles of the Shariah Personnel

Ir. Dr. Muhamad Fuad bin Abdullah ("Dr. Muhamad Fuad")

Dr. Muhamad Fuad is the designated person in-charge of all Shariah matters in BIMB Securities.

He graduated with a Bachelor of Science Degree in Electrical Engineering in 1977 and a Master of Philosophy Degree in Electrical Engineering in 1982, both from the University of Southampton, England. He also obtained a Bachelor of Arts (Jayyid) Degree in Shariah from the University of Jordan in 1994 and a Doctor of Philosophy in Muslim Civilization from the University of Aberdeen, Scotland in 1996.

He is a registered individual Shariah adviser with the SC. He is the chairman of the Shariah Advisory Committee of BIMB Securities and the Shariah Supervisory Council of Bank Islam Malaysia Berhad. He sits on the Shariah committee of AIA Public Takaful Berhad.

He is also the non-executive chairman of Gagasan Nadi Cergas Berhad and a board member of Universiti Tun Abd Razak Sdn Bhd (UniRAZAK).

Nurussaádah binti Nasarudin ("Nurussaádah")

Nurussaádah joined BIMB Securities in June 2015 as the Shariah executive and has been promoted as the head of Shariah section effective 1 May 2021. She is also the Designated Shariah Officer registered under the BIMB Securities' Shariah adviser registration, responsible for the Shariah advisory services offered by BIMB Securities.

Nurussaádah graduated with a Bachelor of Shariah majoring in Islamic Banking and Economics from the University of Yarmouk, Jordan.

Currently, she is responsible in providing Shariah inputs on the advisory, consultancy and research functions with regards to Islamic capital market and Islamic collective investment

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schemes, including but not limited to, conducting surveillance on the non-financial institution activities.

She is experienced in product development and review for Islamic capital market products specifically on Islamic stockbroking services.

J. INVESTMENT RESEARCH PROVIDER – ARABESQUE AI LIMITED

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The information in relation to “**INVESTMENT RESEARCH PROVIDER – ARABESQUE AI LIMITED**” is hereby deleted in its entirety and replaced with the following:

Arabesque AI Limited (“Arabesque AI”) owns and operates a technology platform designed to facilitate the construction of customised model portfolios as a service. In order to facilitate the construction of these model portfolios, Arabesque AI also provides asset owners and asset managers with services such as quantitative solutions consulting services. Ultimate discretionary decision making including but not limited to day-to-day investment decisions rests with the Manager and hence Arabesque AI does not play an active role in or provide services directly to the Fund itself. Arabesque AI is an Appointed Representative of Arabesque Asset Management Limited which is authorised and regulated by the Financial Conduct Authority (FCA) in the United Kingdom. Arabesque AI is majority-owned by the Arabesque Group, a global group of companies with offices in the United Kingdom, Germany, Japan and Singapore.

K. SALIENT TERMS OF DEED

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12.1 Unit Holder’s Rights

The information in relation to item iv of “**Unit Holder’s Rights**” is hereby deleted in its entirety and replaced with the following:

- iv. Unit Holder shall have the right to receive annual and semi-annual reports.

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12.6 Permitted Expenses Payable by the Fund

- (i) The information in relation to item (c) of “**Permitted Expenses Payable by the Fund**” is hereby deleted in its entirety and replaced with the following:
 - (c) fees and expenses properly incurred by the auditor of the Fund;
- (ii) The information in relation to item (d) of “**Permitted Expenses Payable by the Fund**” is hereby deleted in its entirety and replaced with the following:
 - (d) fees for the valuation of any Shariah-compliant investment of the Fund;
- (iii) The information in relation to item (k) of “**Permitted Expenses Payable by the Fund**” is hereby deleted in its entirety and replaced with the following:

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- (k) costs, fees and expenses incurred in the termination of the Fund or a Class of Units or the removal of the Trustee or the Manager and the appointment of a new trustee or management company;

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12.8 Termination of the Fund

The information in relation “**Termination of the Fund**” is hereby deleted in its entirety and replaced with the following:

The Fund may be terminated or wound up upon the occurrence of any of the following events:

- i. a Special Resolution is passed at a Unit Holders’ meeting to terminate or wind up the Fund, following occurrence of events stipulated under Section 301(1) of the CMSA and the court has confirmed the Special Resolution, as required under Section 301(2) of the CMSA; and
- ii. a Special Resolution is passed at a Unit Holders’ meeting to terminate or wind up the Fund.

The Manager may, in consultation with the Trustee, terminate and wind up the Fund if the termination of the Fund is in the best interest of the Unit Holders and the Manager deems it to be uneconomical for the Manager to continue managing the Fund.

The Manager shall also be entitled to terminate the Fund if the Fund is left with no Unit Holders.

Upon the termination of the Fund, the Trustee shall:

- (a) sell all the Assets of the Fund then remaining in its hands and pay out of the Fund any liabilities of the Fund, such sale and payment shall be carried out and completed in such manner and within such period as the Trustee considers to be in the best interests of the Unit Holders; and
- (b) from time to time distribute to the Unit Holders, in proportion to the number of Units held by them respectively:
 - (1) the net cash proceeds available for the purpose of such distribution and derived from the sale of the Assets of the Fund less any payments for liabilities of the Fund, and
 - (2) any available cash produce;

provided always that the Trustee shall not be bound, except in the case of final distribution, to distribute any of the moneys for the time being in his hands the amount of which is insufficient for payment to the Unit Holders of RM0.50 or its foreign currency equivalent, if applicable in respect of each Unit and provided also that the Trustee shall be entitled to retain out of any such moneys in his hands full provision for all costs, charges, taxes, expenses, claims and demands incurred, made or anticipated by the Trustee in connection with or arising out of the winding-up of the Fund and, out of the moneys so retained, to be indemnified against any such costs, charges, taxes, expenses, claims and demands; each of such distribution shall be made only against

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the production of such evidence as the Trustee may require of the title of the Unit Holder relating to the Units in respect of which the distribution is made.

In the event of the Fund being terminated:

- (a) the Trustee shall be at liberty to call upon the Manager to grant the Trustee, and the Manager shall so grant, a full and complete release from the Deed;
- (b) the Manager and the Trustee shall notify the relevant authorities in such manner as may be prescribed by any relevant law; and
- (c) the Manager or the Trustee shall notify the Unit Holders in such manner as may be prescribed by any relevant law.

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12.9 Termination of a Class of Units

The information in relation “**Termination of a Class of Units**” is hereby deleted in its entirety and replaced with the following:

The Manager may only terminate a particular Class of Units if the termination of that Class of Units does not prejudice the interests of Unit Holders of any other Class of Units. For the avoidance of doubt, the termination of a Class of Units shall not affect the continuity of any other Class of Units of the Fund.

If at a meeting of Unit Holders to terminate a Class of Units, a Special Resolution to terminate a particular Class of Units is passed by the Unit Holders:

- i. the Trustee and the Manager shall notify the relevant authorities in writing of the passing of the Special Resolution;
- ii. the Trustee or the Manager shall as soon as practicable inform all Unit Holders of the Fund of the termination of that Class of Units.

The Trustee shall then arrange for a final review and audit of the final accounts of the Fund attributable to that Class of Units by the auditor of the Fund. Upon the completion of the termination of that Class of Units, the Trustee and the Manager shall notify the relevant authorities of the completion of the termination of that Class of Units.

The Manager may also, in consultation with the Trustee, terminate any Class of Units if the termination of the Class of Units is in the best interest of Unit Holders and the Manager deems it to be uneconomical for the Manager to continue managing the Class of Units.

The Manager shall be entitled to terminate a Class of Units if that particular Class of Units is left with no Unit Holders.

12.10 Meeting of Unit Holders

The information in relation “**Quorum required for a Unit Holders’ Meeting**” is hereby deleted in its entirety and replaced with the following:

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- **Quorum required for a Unit Holders' Meeting**

- (a) The quorum required for a meeting of Unit Holders of the Fund or a Class of Units, as the case may be, shall be five (5) Unit Holders, whether present in person or by proxy, however, if the Fund or a Class of Units, as the case may be, has five (5) or less Unit Holders, the quorum required for a meeting of Unit Holders of the Fund or a Class of Units, as the case may be, shall be two (2) Unit Holders, whether present in person or by proxy.
- (b) If the meeting has been convened for the purpose of voting on a Special Resolution, the Unit Holders present in person or by proxy must hold in aggregate at least twenty five per centum (25%) of the Units in circulation of the Fund or a Class of Units, as the case may be, at the time of the meeting.
- (c) If the Fund or a Class of units, as the case may be, has only one (1) remaining Unit Holder, such Unit Holder, whether present in person or by proxy, shall constitute the quorum required for the meeting of the Unit Holders of the Fund or a Class of Units, as the case may be.

L. APPROVAL AND CONDITION

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13. APPROVAL AND CONDITION

The information in relation to “**Approval and Condition**” is hereby deleted in its entirety and replaced with the following:

On 23 July 2021, the Fund has been qualified as a sustainable and responsible investment fund, pursuant to the Guidelines on Sustainable and Responsible Investment Funds.

M. CONFLICT OF INTEREST/RELATED PARTY TRANSACTIONS

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14. CONFLICT OF INTEREST/RELATED PARTY TRANSACTIONS

The information in relation to “**Conflict of Interest/Related Party Transactions**” is hereby deleted in its entirety and replaced with the following:

Save as disclosed below, as at 31 December 2022, there are no existing or potential related-party transactions involving the Fund, the Manager, the Trustee, promoters, vendors and/or persons connected to them:

Name of party	Name of related party and nature of relationship	Existing / potential related party transaction
The Manager	Bank Islam Malaysia Berhad. The Manager is a wholly owned subsidiary of Bank Islam Malaysia Berhad.	Distributor: Bank Islam Malaysia Berhad is one of the Manager's authorised distributors.

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The Fund	Bank Islam Malaysia Berhad. The Manager is a wholly owned subsidiary of Bank Islam Malaysia Berhad.	Distributor: Bank Islam Malaysia Berhad is one of the Manager's authorised distributors.
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It is the Manager's policy that all transactions with any related parties are entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties and that dealing with the related parties are transacted at arm's length basis.

The Manager has in place policies and procedures to regulate its employees' securities dealings. Periodic declaration of securities trading to the compliance officer of the Manager is required of all employees to ensure that there is no potential conflict of interest between the employees' securities trading and the execution of the employees' duties to the Manager and the customers of the Manager.

Any transaction conducted by the board member or any other representative must be done for the best interest of the Unit Holders. In the event that any of the directors or Investment Committee members are directly or indirectly involved in such transactions, he should abstain from being involved with any decision making process of the said transaction.

As the Trustee for the Fund, there may be related party transaction involving or in connection with the Fund in the following events:

- (i) Where the Fund invests in instruments offered by the related party of the Trustee (e.g. placement of monies, etc);
- (ii) Where the Fund is being distributed by the related party of the Trustee as IUTA;
- (iii) 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
- (iv) Where the Fund obtains financing as permitted under the Guidelines, 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 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 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 to 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.

None of the Manager's advisers have any existing or potential interest and conflict of interest in an advisory capacity in the Fund or the Manager.

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N. TAX ADVISER'S LETTER

Pages 59 – 62 of the Prospectus

The tax adviser's letter is hereby deleted in its entirety and replaced with the following:



KPMG Tax Services Sdn. Bhd.
(Co. No. 98860-M)
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan, Malaysia

Telephone +60 (3) 7721 3388
Fax +60 (3) 7721 7288
Website www.kpmg.com.my

Private and Confidential
The Board of Directors
BIMB Investment Management Berhad
Level 19, Menara Bank Islam
No. 22 Jalan Perak
50450 Kuala Lumpur

Our Ref NBG/ALC/NUAD/X2

Contact Ext. 7284 / 7077

22 May 2023

Dear Sirs/Madams

Re: Taxation of the Fund and Unit Holders

This letter has been prepared for inclusion in this First Supplemental Prospectus of BIMB-Arabesque Global Shariah-ESG AI Technology Fund in connection with the offer of units in the BIMB-Arabesque Global Shariah-ESG AI Technology Fund ("the Fund").

Taxation of the Fund

Income Tax

The Fund is a unit trust for Malaysian tax purposes. The taxation of the Fund is therefore governed principally by Sections 61 and 63B of the Income Tax Act, 1967 ("the Act").

Subject to certain exemptions, the income of the Fund in respect of investment income derived from or accruing in Malaysia is liable to income tax at the rate of 24% effective Year of Assessment ("YA") 2016.

The Fund may receive dividends, interest and other income from investments outside Malaysia. Income derived from sources outside Malaysia and received in Malaysia was previously exempt from Malaysian income tax. However, such income may be subject to tax in the country from which it is derived.

Based on the Finance Act 2021, income derived by a resident unit trust from foreign sources and received in Malaysia from 1 January 2022 onwards will be subject to Malaysian income tax. A transitional tax rate of 3% is accorded on the gross amount of the foreign income received in Malaysia from 1 January 2022 to 30 June 2022. From 1 July 2022, the prevailing tax rate of 24% will apply to the chargeable income computed in respect of the foreign source income remitted into Malaysia by the Fund.

Where the same foreign income has been taxed in both Malaysia and the foreign country, a tax credit in the form of bilateral relief under a Double Tax Agreement ("DTA") or unilateral relief under the domestic law (if there is no available DTA or a limited DTA which does not provide such relief) may be given in respect of such income, subject to conditions.

KPMG Tax Services Sdn. Bhd., a company incorporated under Malaysian law and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

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Gains from the realisation of investments by the Fund will not be subject to income tax in Malaysia. However, such gains may be subject to tax in the country from which it is derived.

Interest income earned by the Fund from the following are exempt from tax:-

- any savings certificates issued by the Government; or
- securities or bonds issued or guaranteed by the Government; or
- debentures or sukuk, other than convertible loan stock, approved or authorized by, or lodged with, the Securities Commission; or
- Bon Simpanan Malaysia issued by the Central Bank of Malaysia; or
- a bank or financial institution licensed under the Financial Services Act 2013 or Islamic Financial Services Act 2013^{N1}; or
- any development financial institution regulated under the Development Financial Institutions Act 2002^{N1}; or
- sukuk originating from Malaysia, other than convertible loan stocks, issued in any currency other than Ringgit and approved or authorized by, or lodged with, the Securities Commission, or approved by the Labuan Financial Services Authority^{N2}.

Discounts earned by the Fund from the following are also exempt from tax: -

- securities or bonds issued or guaranteed by the Government; or
- debentures or sukuk, other than convertible loan stock, approved or authorized by, or lodged with, the Securities Commission; or
- Bon Simpanan Malaysia issued by the Central Bank of Malaysia.

Tax deductions in respect of the Fund's expenses such as manager's remuneration, expenses on maintenance of register of unit holders, share registration expenses, secretarial, audit and accounting fees, telephone charges, printing and stationery costs and postage ("permitted expenses") are allowed based on a prescribed formula subject to a minimum of 10% and a maximum of 25% of the total permitted expenses.

Single tier Malaysian dividends received by the Fund are exempt from tax and expenses in relation to such dividend income are disregarded.

Real Property Gains Tax ("RPGT")

Gains on disposal of investments by the Fund will not be subject to income tax in Malaysia. However, such gains may be subject to RPGT in Malaysia, if the gains are derived from sale of Malaysian real properties and shares in Malaysian real property companies (as defined). Such gains would be subject to RPGT at the applicable rate depending on the holding period of the chargeable assets.

^{N1} Effective from 1 January 2019, the exemption shall not apply to the interest paid or credited to a unit trust that is a wholesale fund which is a money market fund.

^{N2} Effective from YA 2017, income tax exemption shall not apply to interest paid or credited to a company in the same group, licensed banks and prescribed development financial institutions. Based on the Finance Act 2021, income tax exemption shall also not apply to interest paid or credited by a special purpose vehicle to a company pursuant to the issuance of asset-backed securities lodged with the Securities Commission or approved by the Labuan Financial Services Authority from 1 January 2022 where the company and the person who established the special purpose vehicle solely for the issuance of the asset-backed securities are in the same group.



Sales Tax and Service Tax

The Goods and Services Tax ("GST") has been replaced by Sales Tax and Service Tax effective from 1 September 2018.

Under the Sales Tax Act 2018, Service Tax Act 2018 and subsidiary legislation, the sales tax rate for taxable goods is 5% or 10% while the service tax rate for taxable services is generally 6%. There are certain goods which are exempted from sales tax.

The issue, holding or redemption of any unit under a trust fund does not fall within the list of taxable services under the First Schedule of the Service Tax Regulations 2018 and hence, is not subject to service tax. The investment activities of the Fund such as buying and selling of securities and deposits in financial institutions are also not subject to service tax. As such, if the Fund is only deriving income from such activities, the Fund is not liable to be registered for service tax.

However, certain expenses incurred by the Fund such as legal fees, consultancy fees and management fees may be subject to service tax at 6%. For management fees, this specifically excludes fees charged by any person who is licensed or registered with the Securities Commission for carrying out the regulated activity of fund management under the Capital Markets and Services Act 2007. The service tax incurred by the Fund is a cost to the Fund and is not recoverable, unlike the GST input tax which was claimable under the GST regime.

Based on the Finance Act 2018, the imposition and scope of service tax has been widened to include any imported taxable service. This is effective from 1 January 2019.

Taxation of Unit Holders

Income Tax

Unit holders are taxed on an amount equivalent to their share of the total taxable income of the Fund, to the extent that this is distributed to them. The income distribution from the Fund may carry with it applicable tax credits proportionate to each unit holder's share of the total taxable income in respect of the tax paid by the Fund. Unit holders will be entitled to utilise the tax credit as a set off against the tax payable by them. Any excess over their tax liability will be refunded to the unit holders.

Corporate unit holders, resident or non-resident in Malaysia, would be taxed at the corporate tax rate of 24% (effective from YA 2016), on distributions of income from the Fund to the extent of an amount equivalent to their share of the total taxable income of the Fund. Corporate unit holders in Malaysia with paid-up capital in the form of ordinary shares of RM2.5 million and below will be subject to a tax rate of 17% on chargeable income of up to RM600,000, effective from YA 2020. This concessionary income tax rate is given only to corporate unit holders having gross business income for the relevant year of assessment of not more than RM50 million, in addition to the share capital requirement. For chargeable income in excess of RM600,000, the tax rate of 24% is still applicable.

However, the said tax rate of 17% on chargeable income of up to RM600,000 would not apply if more than 50% of the paid up capital in respect of ordinary shares of that corporate unit holder is directly or indirectly owned by a related company which has a paid up capital exceeding RM2.5 million in respect of ordinary shares, or vice versa, or more than 50% of the paid up capital in respect of ordinary shares of both companies are directly or indirectly owned by another company.

Based on the Finance Bill 2023, the tax rate for chargeable income of up to RM150,000 has been reduced from 17% to 15%. While the tax rate for chargeable income from RM150,001 up to RM600,000 is remain unchanged at 17%. For chargeable income in excess of RM600,000, the tax rate is 24%. This is effective from YA 2023.



In addition to the current conditions as mentioned above, the preferential tax rate would not apply if more than 20% of the paid-up capital in respect of ordinary shares of the company at the beginning of the basis period for a YA is directly or indirectly owned by a company or companies incorporated outside Malaysia or an individual or individuals who are not Malaysian citizens. This is effective from YA 2024.

Based on the Finance Act 2021, a corporate tax rate of 33% ("Cukai Makmur") will be levied on corporate unit holders with chargeable income exceeding RM100 million. Corporate unit holders with chargeable income below RM100 million will still be taxed at tax rate of 24%. However, the chargeable income in respect of foreign source income received in Malaysia from 1 July 2022 is exempted from the application of Cukai Makmur, computed based on a prescribed formula. The Cukai Makmur is effective for YA 2022 only.

The tax rate of 33% on chargeable income exceeding RM100 million would not apply to corporate unit holders in Malaysia that qualify for the preferential tax rate of 17% on chargeable income of up to RM600,000.

Individuals and other non-corporate unit holders who are resident in Malaysia will be subject to income tax at scale rates. The scale tax rates range from 0% to 30% with effect from YA 2020.

Individuals and other non-corporate unit holders who are not resident in Malaysia, for tax purposes, are subject to Malaysian income tax at the rate of 30% with effect from YA 2020. 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 treaties with Malaysia, the Malaysian tax suffered may be creditable in the foreign tax jurisdiction.

The distribution of single-tier Malaysian dividends and tax exempt income by the Fund will not be subject to tax in the hands of the unit holders in Malaysia. Units split by the Fund will also be exempt from tax in Malaysia in the hands of the unit holders.

However, based on the Finance Act 2021, the income distributed to a unit holder other than an individual, out of the interest income exempt from tax of a unit trust that is a retail money market fund which is paid or credited by a bank or financial institution licensed under the Financial Services Act 2013 or Islamic Financial Services Act 2013, or any development financial institution regulated under the Development Financial Institutions Act 2002, will be subjected to tax. This is effective from 1 January 2022. Further, a new withholding tax mechanism is applicable on the above distribution. The income distributed to the unit holder other than an individual will be subject to withholding tax at the rate of 24% and the tax deducted can be utilised to set off against the tax payable by a tax resident unit holder. Withholding tax deducted on the income distributed to a non-individual unit holder who is not a tax resident in Malaysia will be regarded as a final tax. This is effective from 1 January 2022.

Any gains realised by the unit holders (other than financial institutions, insurance companies and those dealing in securities) from the transfer or redemption of the units are generally treated as capital gains which are not subject to income tax in Malaysia. However, certain unit holders may be subject to income tax in Malaysia on such gains, due to specific circumstances of the unit holders.

Service Tax

Only taxable services listed in the First Schedule of the Service Tax Regulations 2018 are subject to service tax, which exclude investment income or gains.

However, certain expenses such as legal fees, consultancy fees and management fees may be subject to service tax at 6%. For management fees, this specifically excludes fees charged by any person who is licensed or registered with the Securities Commission for carrying out the regulated activity of fund management under the Capital Markets and Services Act 2007.



Based on the Finance Act 2018, the imposition and scope of service tax has been widened to include any imported taxable service. This is effective from 1 January 2019.

The tax position is based on our understanding and interpretation of the Malaysian tax legislations and proposals as they stand at present. All prospective investors should not treat the contents of this letter as advice relating to taxation matters and are advised to consult their own professional advisers concerning their respective investments.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Neoh Beng Guan'.

Neoh Beng Guan
Executive Director

KPMG Tax Services Sdn Bhd

O. ADDITIONAL INFORMATION

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THE DEED

The information in relation to “**The Deed**” is hereby deleted in its entirety and replaced with the following:

Copies of the Deed may be obtained from us at RM20.00 each. Alternatively, the Deed may be viewed free of charge at our head office during normal business hours.

Details	Date
i. Deed	29 June 2021
ii. First Supplementary Deed	28 December 2022

P. DOCUMENTS AVAILABLE FOR INSPECTION

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17. DOCUMENTS AVAILABLE FOR INSPECTION

The information in relation to item c of “**Documents Available for Inspection**” is hereby deleted in its entirety and replaced with the following:

- c. the latest annual and semi-annual reports of the Fund;