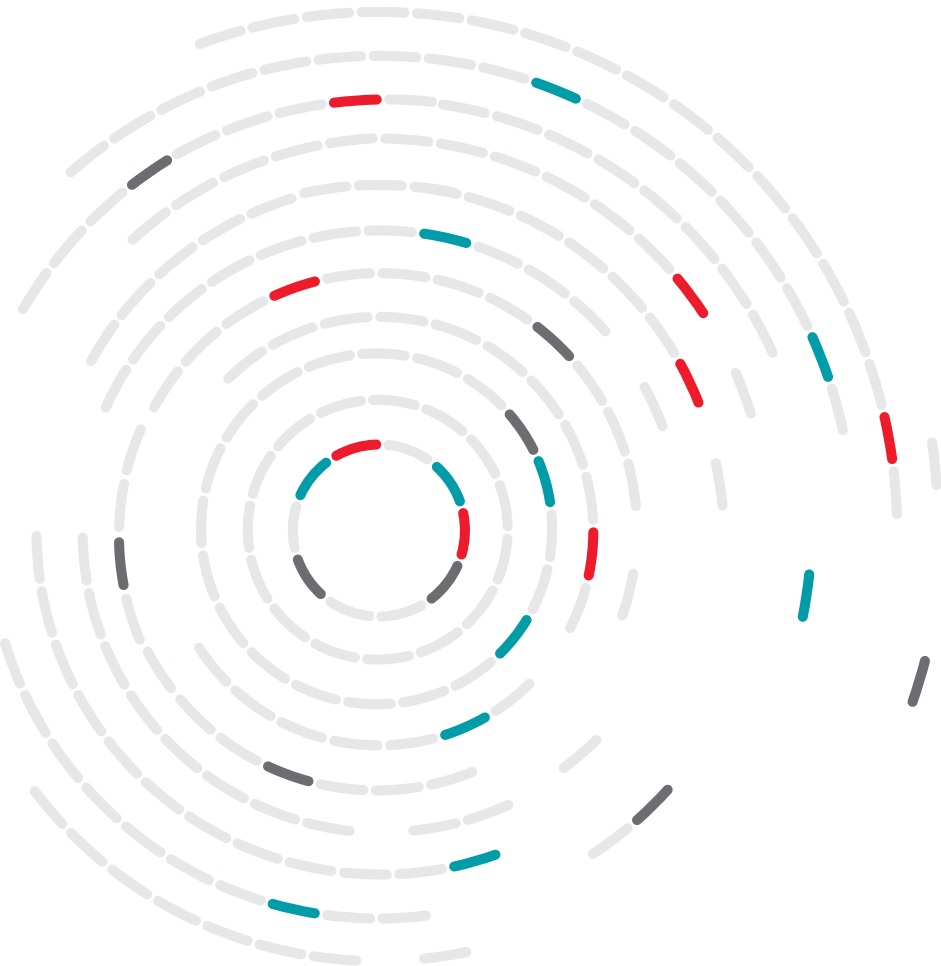


TAKAFULINK DANA AKTIF

MASTER FUND FACT SHEET 2022



TAKAFUL & US

Takaful literally means responsibility, guarantee, collective assurance and mutual undertaking. Broadly speaking, takaful is founded on the cooperative arrangement (*Ta'awun*) based on principles of mutuality and solidarity, encompassing the elements of joint indemnity and common interest. Takaful is defined under Section 2 of the Islamic Financial Services Act 2013, to mean an arrangement based on mutual assistance under which takaful participants agree to contribute to a common fund providing for mutual financial benefits payable to the takaful participants or their beneficiaries on the occurrence of pre-agreed events.

Depending on the applicable approved Takaful model, participants' contribution shall be channelled into the relevant segregated funds for investments. Our Funds* are solely invested in Shariah-compliant investments, locally and abroad. Each investment is made after taking into consideration the risk and return involved.

At Prudential BSN Takaful Berhad (PruBSN), we uphold these values through professional practice in order to give the customers everything they need and more. Values that are clearly reflected in each and every one of our transaction. Values that make us a prudent choice.

Through agency and partnership channels, we offer a variety of innovative products that covers you in every aspect of your life. From protection to savings to spiritual fulfilment, each of our product is designed to provide peace of mind for you.

* *Takafulink Funds are Shariah-compliant investment instruments.*



TAKAFULINK DANA AKTIF

| Features of Fund | |
|------------------------------------|---|
| Investment Objective | Takafulink Dana Aktif (The Fund) aims to provide capital appreciation by investing in small market capitalisation Shariah-compliant securities of companies with growth potential. |
| Investment Strategy & Approach | <p>The Fund seeks to achieve its objective by investing in an Islamic collective investment scheme (Target Fund) that invests in small market capitalisation Shariah-compliant securities of companies with growth potential.</p> <p>The Target Fund(s) will be monitored to assess the performance, processes, styles and positioning. The allocation to, or the Target Fund(s) may change if it is deemed unsuitable to meet The Fund's objectives.</p> <p><i>Note: Refer to additional disclosure for details of the Target Fund(s).</i></p> |
| Asset Allocation | <ul style="list-style-type: none"> Up to 100% of The Fund's Net Asset Value (NAV) in Target Fund; and The remaining of The Fund's NAV not invested in the Target Fund will be invested in Islamic money market instruments. |
| Performance Benchmark | <p>FTSE Bursa Malaysia Small Cap Shariah Index</p> <p><i>Note: The performance benchmark of the Fund was previously benchmarked against the composite benchmark of 80% FTSE Bursa Malaysia Small Cap Shariah Index + 20% FTSE Bursa Malaysia EMAS Shariah Index; however, it will be replaced with FTSE Bursa Malaysia Small Cap Shariah Index with effect from 1 February 2023.</i></p> |
| Fund Manager | Eastspring Al-Wara' Investments Berhad (200901017585 (860682-K)) |
| Fees & Charges | |
| Asset Management Wakalah Charge | 1.5% p.a. |
| Other Charges, if any | NIL |

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Additional Disclosure for Takafulink Dana Aktif

Takafulink Dana Aktif feeds into Eastspring Investments Islamic Small-cap Fund, which is managed by Eastspring Investments Berhad (Target Fund Manager).

Please note that there will be 1.5% annual asset management *Wakalah* charge at The Fund level and there is no annual asset management *Wakalah* charge at the Target Fund level.

Fund Performance

| Year | Actual Performance | Benchmark ^{^^} |
|-------|--------------------|-------------------------|
| 2022 | (3.99%) | (7.87%) |
| 2021 | (4.14%) | (0.88%) |
| 2020 | 4.29% | 19.84% |
| 2019 | 16.49% | 21.56% |
| 2018* | (4.01%) | (10.38%) |

* Takafulink Dana Aktif launched on 30 October 2018. Fund Performance is from fund launch date until year end of the same year (non-annualised return).

^{^^}80% FTSE Bursa Malaysia Small Cap Shariah Index + 20% FTSE Bursa Malaysia EMAS Shariah Index (The performance benchmark will be replaced with "FTSE Bursa Malaysia Small Cap Shariah Index" with effect from 1 February 2023)

The fund performance for the Target Fund, Eastspring Investments Islamic Small-cap Fund as at 31 December 2022 are as follows:

| Year | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---------------------|--------|--------|------|-------|---------|-------------------|
| Net Performance (%) | (4.19) | (4.69) | 3.93 | 20.80 | (20.73) | 9.04 [^] |

[^] Fund Performance is from fund launch date until year end of the same year (non-annualised return).

Note:

- Eastspring Investments Islamic Small-cap Fund was launched on 25 May 2017.
- Performance is calculated on a NAV[#] year n-1 to NAV[#] participants year n basis with gross income or dividend reinvested.
- 80% FTSE Bursa Malaysia Small Cap Shariah Index + 20% FTSE Bursa Malaysia EMAS Shariah Index (The performance benchmark will be replaced with "FTSE Bursa Malaysia Small Cap Shariah Index" with effect from 1 February 2023)
- For further details of the Target Fund, please refer to <http://www.eastspring.com>
- # The NAV here is referring to Target Fund's Net Asset Value.

Basis of calculation of past performance:

$$= \frac{\text{NAV}^* \text{ for year } n}{\text{NAV}^* \text{ for year } n-1} \% - 100\%$$

* The NAV here is referring to The Fund's Net Asset Value.

Important Note: Past performance of The Fund is not an indication of its future performance. This is strictly the performance of the investment fund, and not the returns earned on the actual contribution paid of the investment-linked takaful product.

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Forward Pricing

Units are created and cancelled at the next pricing date following receipt of contribution or notification of claim respectively.

Risk Factors

Please refer to the detailed Risk Factors listed below:

- **Market Risk**

Market risk refers to potential losses that may arise from adverse changes in market conditions. Market conditions are generally affected by among others, economic and political stability. If the market in which The Fund invests in suffers a downturn or instability due to adverse economic or political conditions, this may adversely impact the market prices of the investments of The Fund.

- **Liquidity Risk**

Liquidity risk refers to two scenarios. The first scenario is where a Shariah-compliant security cannot be sold due to the unavailability of a buyer for that investment. The second scenario is where the investment is thinly traded. This may cause The Fund to dispose the investment at an unfavourable price in the market and may adversely affect participants' investment. Liquidity risk may be mitigated through stringent selection process of liquid securities and active monitoring.

- **Security Risk**

Prices of a particular Shariah-compliant security may fluctuate in response to the circumstances affecting individual companies. As such, adverse price movements of a particular Shariah-compliant security invested by The Fund may adversely affect The Fund's NAV. the Fund Manager strives to mitigate the impact of a particular Shariah-compliant security risk through portfolio diversification.

- **Risk of Non-Compliance**

Non-adherence with laws, rules, regulations, Shariah resolutions, prescribed practices, internal policies and procedures may result in regulatory censure, tarnished reputation, and reduced expansion potential for The Fund. Investment goals may also be affected should the Fund Manager not adhere to the investment mandate. In order to mitigate this risk, the Fund Manager has stringent internal controls and ensures its continuous compliance with laws, rules, regulations, Shariah resolutions, prescribed practices and the Fund Manager's internal policies and procedures.

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Risk Factors

- **Management Company Risk**

The performance of The Fund depends on the experience, expertise and knowledge of the management company. Should there be lack of any of the above qualities by the management company, it may adversely affect the performance of The Fund.

- **Counterparty Risk**

The Fund will be exposed to credit risk of the counterparties with whom The Fund trade with. The Fund may place Islamic deposits and invest in Islamic money market instruments. In the event that the counterparty is not able to fulfil its obligations especially in the event of bankruptcy this may lead to a loss to The Fund. Counterparty risk may be mitigated by conducting credit evaluation on the counterparty to ascertain the creditworthiness of the counterparty.

- **Inflation Risk**

This risk refers to the risk when participants' investment in The Fund may not grow or generate income at a rate that keeps pace with inflation, thus resulting in the participants' decreasing purchasing power even though the investment in monetary terms may have increased.

- **Shariah Status Reclassification Risk**

This is the risk that the Shariah-compliant equity securities currently held in The Fund may be reclassified as Shariah non-compliant in the periodic review of the securities by the Shariah Advisory Council of the Securities Commission or the Shariah Adviser. If this occurs, the Fund Manager will take the necessary steps to dispose of such securities.

Opportunity loss could occur due to the restriction on the Target Fund to retain the excess capital gains derived from the disposal of the reclassified Shariah non-compliant securities. In such an event, the Target Fund Manager is required:

- (i) to dispose of such securities with immediate effect or within one (1) calendar month if the value of the securities exceeds or is equal to the investment cost on the effective date of reclassification of the list of Shariah-compliant securities ("Reclassification") by the Shariah Advisory Council of the Securities Commission or date of review ("Review") by the Shariah Adviser. The Target Fund Manager is allowed to keep dividends received and capital gains from the disposal of the securities up to the last trading day before the effective date of Reclassification or Review. However, any dividends received and excess capital gains from the disposal of the Shariah non-compliant securities after the effective date of Reclassification or Review should be channelled to *baitulmal* and/or charitable bodies approved by the Shariah Adviser;

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- (ii) to hold such securities if their value is below the investment cost on last trading day before the effective date of Reclassification or Review until the total subsequent dividends received (if any) and the market price of the securities is equal to the cost of investment at which time disposal has to take place within one (1) calendar month, capital gains (if any) from the disposal of the securities should be channelled to *baitulmal* and/or charitable bodies approved by the Shariah Adviser; or
- (iii) to dispose of such securities at a price lower than the investment cost which will result in a decrease in the Target Fund's value.

- **Interest Rate Risk**

Generally, the valuation of sukuk will move inversely with interest rate movements. Therefore, the valuation of sukuk may fall when interest rate rises and vice versa. Should The Fund hold a sukuk until its maturity, such fluctuations would reduce as the sukuk approaches maturity. To mitigate the effects of interest rate movements, the Fund Manager will manage the duration of investment portfolio by diversifying tenures of The Fund's sukuk investments based on the Fund Manager's view on the future interest rate.

Interest rate is a general economic indicator that will have an impact on the management of The Fund regardless of whether it is an Islamic fund or otherwise. It does not in any way suggest that The Fund will invest in conventional financial instruments. All the investments are carried out for The Fund are in accordance with Shariah requirements.

- **Credit/Default Risk**

This risk refers to inability of an issuer of sukuk held by The Fund to make profit or principal payments when due. In the event the issuer defaults in the profit or principal payments, value of The Fund will be adversely affected. The Fund Manager will mitigate The Fund's credit/default risk by performing continuous fundamental credit research and analysis to ascertain creditworthiness of an issuer. This risk is mitigated by investing only in sukuk with minimum credit rating of A3 and P3 or equivalent rating by recognised domestic or global rating agencies.

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Risk Factors

- **Management of Target Fund Risk**

While the Fund Manager exercise due skill and care in selecting a Target Fund, it does not have control over management of the Target Fund and there is no guarantee that investment objectives will be met. This may result in participants suffering loss in their investments in The Fund.

The Target Fund may change its objective and become inconsistent with the objectives of The Fund. In such instances, the Fund Manager will replace the Target Fund with another Islamic collective investment scheme which the Fund Manager considers to be more appropriate in meeting the objectives of The Fund. Participants would be notified of such change.

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

Risk Management Strategies

The risk management strategies employed by the Fund Manager include the following:

- Monitoring market and economic conditions;
- Monitoring adherence to The Fund's objectives and investment restrictions and limits;
- Monitoring the performance of The Fund;
- Taking temporary defensive positions, when required; and
- Escalating and reporting investment matters to the investment committee, senior management team, audit committee, Shariah committee and board of directors.

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| Other Info | |
|-------------------------------------|--|
| Target Market | Participants with high risk tolerance and long term investment horizon. |
| Basis & Frequency of Unit Valuation | <ul style="list-style-type: none"> • Unit pricing is performed daily. • Unit price is calculated based on market value of the underlying assets of The Fund, divided by number of units issued. • The Fund does not pay any dividend. All incomes and capital gains are automatically rolled up in its unit price. • Unit price is a single price at which units are created and cancelled. • The unit price of The Fund shall be valued at the end of each business day (Valuation Date). However, as the value of The Fund's investments at the end of a particular Valuation Date will only be known a business day later, the determination of the unit price of The Fund in respect of a particular Valuation Date shall only be published and made known 2 business days later (T + 2). |
| Exceptional Circumstances | <ul style="list-style-type: none"> • PruBSN may suspend unit pricing and certificate transaction if any of the exchanges in which the Target Fund invests in is temporarily suspended for trading. In such event, notice for suspension may be published and may be communicated to the Participants upon any request for top-up, switching, redemption or withdrawal to/from any such Takafulink fund. • PruBSN may suspend unit pricing and certificate transaction if the Target Fund Manager suspends subscription to the Target Fund. |

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Information of the Target Fund

Eastspring Investments Islamic Small-cap Fund

Investment Strategy

The Target Fund seeks to achieve its objective by investing in Shariah-compliant equities and Shariah-compliant equity-related securities, such as rights and Shariah-compliant warrants of small-cap companies listed in Malaysia with market capitalisation up to RM5 billion. When the market capitalisation of the companies within the portfolio increases beyond RM5 billion after the point of acquisition, the Target Fund will not increase its holdings in Shariah-compliant equities and Shariah-compliant equity-related securities of such companies. However, the Target Fund may remain to be invested in those Shariah-compliant equities and Shariah-compliant equity-related securities which have grown over time in the Target Fund's portfolio.

To identify such companies, the Target Fund Manager will adopt a systematic fundamental research and valuation driven investment approach where quality of management, strength of business model, industry dynamics, driver of profitability and sustainability of earnings are assessed to identify stocks that market has undervalued and exploit such opportunities. The Target Fund is actively managed. However, the frequency of its trading activities will depend on market opportunities and the assessment of the Target Fund Manager.

Note: Small market capitalisation means companies listed in Malaysia with market capitalisation of up to RM5 billion at the point of acquisition.

Disclaimer:

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For All. For Life

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Prudential BSN Takaful Berhad 200601020898 (740651-H)
Level 13, Menara Prudential, Persiaran TRX Barat, 55188 Tun Razak Exchange, Kuala Lumpur.

Customer Service: +603 2775 7188

E-mail: customer@prubsn.com.my

www.prubsn.com.my



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