

ETHEREAL DYNAMIC FUND (FORMERLY KNOWN AS ETHEREAL TACTICAL FUND) ("the Fund")

RESPONSIBILITY STATEMENT

This Product Highlights Sheet has been reviewed and approved by the directors of Ethereal Capital Sdn Bhd and they collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable inquiries, they confirm to the best of their knowledge and belief, that there are no false or misleading statements or omission of other facts which would make any statement in this Product Highlights Sheet false or misleading.

STATEMENT OF DISCLAIMER

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

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

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This Product Highlights Sheet only highlights the key features and risks of the Ethereal Dynamic Fund. Investors are advised to request, read and understand the information memorandum before deciding to invest.

1. What is Ethereal Dynamic Fund?

The Fund is a mixed assets fund managed by Ethereal Capital Sdn Bhd. The Fund aims to provide medium to long term* capital appreciation.

** medium to long term means a period of 3 years and above.*

2. Fund Suitability

The Fund is suitable for Sophisticated Investors* who:

- wish to gain exposure to the equity markets;
- seek capital growth; and
- have a medium to long term investment horizon.

** Please refer to the definition of “Sophisticated Investors” in the information memorandum for more details.*

3. Investment Objective

The Fund aims to provide medium to long term capital appreciation.

4. Key Product Features

Fund Type	Growth.
Fund Category	Mixed Assets.
Investment Strategy	<p>To achieve its objective, the Fund will actively seek out various investment opportunities across different asset classes, sectors or regions. At any one time, the asset mix may comprise one or all asset classes.</p> <p>The Fund will identify investment opportunities that resulted from various factors, including but not limited to economic events, market trends, valuations or changes in company fundamentals. The Fund will predominantly invest in Malaysia and ASEAN countries, but will have the flexibility to explore opportunities in other markets when they arise. The Fund will have the flexibility to invest in a diversified range of investment instruments such as equities and equity-linked instruments, fixed income instruments such as debentures, money market instruments and/or deposits. Additionally, the Fund will have the option to invest in collective investment schemes, structured products, and derivatives.</p> <p>The Fund will invest primarily in equity and equity-linked instruments such as warrants issued by companies. For the purpose of diversification, the investment strategy of the Fund would be unconstrained by any market capitalisation or sector. With our aim to maximize the Fund’s growth potential, the Manager will also have the option to invest into unlisted securities where those companies are likely to develop into future industry leaders.</p> <p>In equity selection process, the Manager seeks to identify companies that the Manager believes are attractively valued relative to medium</p>

	<p>to long-term growth that these companies can achieve. These companies will be identified through internal research, and by subjecting them to a disciplined set of growth, valuation and quality criteria. Criteria that are looked at during the investment selection process include sales and profit growth, financial strength and gearing levels, capital expenditure levels, as well as the management's commitment to rewarding shareholders via dividends or capital repayments. The Fund may also use derivatives such as forwards, futures, swaps, and/or options for hedging purposes.</p> <p>When selecting fixed income instruments, the selection will depend largely on the credit quality of the issuers, as well as criteria such as the ability to meet their financial obligations, displays healthy cash flow, the collateral type, value, claims priority, as well as issuances that offer the highest safety for timely payment of interest and capital.</p> <p>The asset allocation decision between equities and fixed income instruments is decided based on the consideration of the market outlooks for the respective asset classes over the medium to long-term horizon. Under normal market conditions, the Manager will likely have a higher exposure to the equity market to capitalise on growth potential. However, the Manager may reduce the equity exposure of the Fund when the risk reward environment turns less attractive, and thus increasing the Fund's exposure to the fixed income market instead.</p> <p>The Fund may also invest in collective investment schemes that have a similar investment objective to the Fund. These instruments may include, but not be limited to real estate investment trusts (REITs), exchange traded funds and mutual funds including mutual funds managed by us. In this instance, the Manager will ensure that there will be no improper use of our position in managing the Fund to gain, directly or indirectly, any advantage or to cause detriment to your interest, and investments into the said Instruments will be done in the best interest of the Fund.</p> <p>The Fund may also use derivatives such as forwards, futures, swaps, and/or options for hedging purposes.</p> <p>Due to the fast-paced market environment, the Manager will also have the option to invest in money market instruments and deposits with Financial Institutions while waiting for investment opportunities to arise in equities or fixed income markets. The selection of the issuers will depend largely on the credit quality and liquidity of the issuer based on our internal credit rating model.</p>
Reference Benchmark	<p>Absolute return of 7.00% per annum.</p> <p><i>The risk profile of the Fund is different from the risk profile of the reference benchmark.</i></p> <p><i>This is not a guaranteed return and is only a measurement of the Fund's performance.</i></p> <p><i>The Fund may or may not achieve 7% of the Fund's NAV per annum growth rate in any particular financial year but targets to achieve this growth over the long term.</i></p>
Launch Date	18 th September 2023

Manager	Ethereal Capital Sdn Bhd
Annual Management Fee	Up to 1.80% per annum of the NAV of the Fund.
Performance Fee	<p>20% on the appreciation in the NAV per Unit over and above the Hurdle Value during a particular Performance Period. For the benefit of the Unit Holders, the Manager imposes a Hurdle Rate and High-Water-Mark (HWM) requirement, in which the Fund's performance have to exceed before the Manager is eligible to charge a performance fee.</p> <p>The performance fee is calculated and adjusted on a daily basis. Although the calculation is on a daily basis, the performance fee is only payable to the Manager at the end of each calendar year if the NAV per Unit is above the Hurdle Value and HWM at the end of the particular calendar year.</p> <p>The Hurdle Value is determined by adjusting the Hurdle Rate of 7.00% per annum to the closing NAV per unit on the last business day of the preceding calendar year, after subtracting any income distribution declared. During the inception year of the Fund, which the closing NAV per unit on the last business day of the preceding calendar year is not available, the Hurdle Value will be determined by adding the Hurdle Rate (adjusted proportionately to the calendar days remaining after the initial offer period) to the initial offering price.</p> <p>The HWM is determined by the highest year-end NAV per unit achieved during the history of the Fund, after subtracting all income distribution declared afterwards.</p>
Sales Charge	Up to 5.00% of the NAV per unit. The Manager may at its absolute discretion reduce or waive the sales charge imposed on any investor from time to time.
Redemption Charge	Up to 2.00% redemption fee will be chargeable on the NAV per Unit if the redemption application is made within twelve (12) months since the initial investment application. The Manager may at its absolute discretion reduce or waive the redemption charge imposed on any investor from time to time.
Switching Fee	Not Available
Transfer Fee	Not available, unless by operations of law or under the provision of the Deed.
Trustee	Mtrustee Berhad
Trustee Fee	Up to 0.04% per annum of the NAV of the Fund (excluding foreign custodian fees and charges), subject to a minimum fee of MYR8,000 per annum.
Minimum Initial Investment[^]	MYR50,000
Minimum Additional Investment[^]	MYR10,000
Minimum Holdings[^]	50,000 units

Minimum Redemption Amount[^]	10,000 units. If the unit holdings of a unit holder are, after a redemption request, below the minimum holdings of units for the Fund, a request for full redemption is deemed to have been made and the Manager will pay the redemption proceeds to the unit holder.
[^] or such other amount or number of units as may be determined by the Manager at its discretion.	
Distribution Policy	The Fund is not expected to make distribution. However, incidental distribution may be declared whenever is appropriate. The source of income, if any, for the purpose of distribution shall be derived from realised income and/or gain.

5. Asset Allocation

Asset Type	% of the Fund's NAV
Equities and equity-related securities	0% - 100%
Fixed income securities, money market instruments and/or deposits	0% - 100%
Collective investment schemes (including but not limited to real estate investment trusts ("REITs") and exchange-traded funds ("ETFs") including inverse ETFs)	0% - 100%
Derivatives and embedded derivatives	0% - 100%
Other Investments (unlisted securities)	0% - 100%

6. Key Risks

Specific Risks

- (a) **Stock Specific Risk**
Prices of a particular stock may fluctuate in response to the circumstances affecting individual companies such as adverse financial performance, news of a possible merger or loss of key personnel of a company. Any adverse price movements of such stock will adversely affect the Fund's NAV.
- (b) **Currency Risk**
As the investments of the Fund may be denominated in currencies other than the base currency of the Fund, any fluctuation in the exchange rate between the base currency of the Fund and the currencies in which the investments are denominated may have an impact on the value of these investments. Investors should be aware that if the currencies in which the investments are denominated depreciate against the base currency of the Fund, this will have an adverse effect on the NAV of the Fund in the base currency of the Fund and vice versa. Investors should note that any gains or losses arising from the fluctuation in the exchange rate may further increase or decrease the returns of the investment.
- (c) **Country Risk**
Investments of the Fund in any countries may be affected by changes in the economic and political climate, restriction on currency repatriation or other developments in the law or regulations of the countries in which the Fund invests in. For example, the deteriorating economic condition of such countries may adversely affect the value of the investments undertaken by the Fund in those affected countries. This in turn may cause the NAV of the Fund or prices of units to fall.
- (d) **Equity-related Securities Risk**
The risk of investing in equity-related securities is generally higher than their underlying equities. The pricing of the equity-related securities will depend on the price movements of their underlying equities. Any change to the pricing of the underlying equities would either positively or negatively impact the value of the equity-related securities hence impacting the NAV of the Fund.
- (e) **Credit/Default/Counterparty Risk**
This risk refers to the inability of the issuers to fulfil their financial obligations to the Fund in a timely manner. This risk concerns the Fund's investment in equity-related securities, derivatives, embedded derivatives, fixed income securities and money market instruments. To reduce this risk, the Manager emphasizes on stringent credit selection process in selecting issuers and maintain monitoring mechanism to manage this risk.
- (f) **Tactical Asset Allocation Fund Risk**
The Fund is a tactical asset allocation fund where the strategies employed shifts the asset mix of the Fund between equities and equity-related securities, fixed income securities, money market instruments, deposits and collective investment schemes depending on the prevailing market outlook. The Manager's investment decision on the asset allocation may adversely affect the Fund's performance if the assessment concluded by the Manager is not consistent with the market outlook.

(g) Derivatives Risk

The Fund may utilise derivatives mainly for hedging purposes. The NAV of the Fund will be impacted by the valuation of the derivatives. These include, but are not limited to, price movement of the underlying assets, volatility of the underlying assets, interest rate levels and the correlation of the underlying assets. Any change in the aforesaid factors would either positively or negatively impact the valuation of the derivatives hence impacting the NAV of the Fund.

(h) Collective Investment Schemes Risk

Investing in collective investment schemes may be more costly to the Fund than if the Fund had invested in the underlying investments directly as the Fund will indirectly be paying the fees and expenses of the collective investment schemes. The Fund's investments in ETFs may subject the Fund to additional risks (such as risks related to the changes in the constituent securities of the index that the ETF is tracking which may result in the rise or fall of the price of the ETF or cessation of the index that the ETF is tracking which may result in the termination of the ETF) than if the Fund would have invested directly in the constituent securities of the index. Any adverse price movements of such ETFs will adversely affect the Fund's NAV.

Investors are reminded that the risks listed above may not be exhaustive and if necessary, they should consult their adviser(s), e.g. bankers, lawyers, stockbrokers or independent professional advisers for a better understanding of the risks.

For more details, please refer to section 4 of the information memorandum for the general risks of investing in the Fund.

7. Valuation of Investment

The Fund will be valued at the end of every business day. If the foreign market in which the Fund is invested in is closed for business on the business day, the Manager will value the investment based on the latest available price as at the day the particular foreign market was last opened for business.

Unit holders will be able to obtain the price of a unit for a particular valuation day from www.etherealcapital.com.my within five (5) business days after the Fund's valuation day. The price of a unit would also be made available upon request by the unit holders.

8. Exiting from Investment

Submission of Redemption Request	The cut-off time for redemption of units shall be at 2:00 pm on a business day.
Payment of Redemption Proceeds	Redemption proceeds will be paid out within ten (10) business days from the day the redemption request is received by the Manager.
Remittance of Redemption Proceeds	The Manager shall remit the redemption proceeds to the unit holder's banking account.

9. Contact Information

- I. For internal dispute resolution, you may contact:

Clients Servicing Personnel

Tel : 03-2201 2865
Email : invest@etherealcapital.com.my
Website : www.etherealcapital.com.my

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

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

- III. You can also direct your complaint to the Securities Commission Malaysia (SC) even if you have initiated a dispute resolution process with SIDREC. To make a complaint, please contact the SC's Consumer & Investor Office:

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