

# PRULink Strategic Fund II

All data is as of 13 July 2024 unless otherwise stated

## Features of Fund

Investment Objective	<p><b>PRULink Strategic Fund II</b> (“the Fund”) aims to maximise long-term capital growth through investing into a portfolio of domestic assets including equities, equity-related securities, deposits or any other financial instruments directly, and/or indirectly through the use of any funds such as investment-linked funds set up by us, collective investment schemes and/or exchange traded funds.</p>
Investment Strategy & Approach	<p><b><u>Investment Strategy</u></b> The Fund will invest mainly in companies listed on Malaysia stock exchanges that are leaders or emerging leaders within their industry or sector, which can be attributable to, among other things, a strong competitive position and defensible barriers to entry, or that are beneficiaries of the prevailing macro landscape. The Fund will broadly consider Environmental, Social &amp; Governance (“ESG”) factors as part of the investment process.</p> <p><b><u>Investment Approach</u></b> The Fund Manager believes a disciplined, valuation-driven investment style can generate superior long-term returns. It is aimed to exploit opportunities at the asset allocation and securities selection levels through active research and portfolio management, with a focus on maximizing long term returns at an acceptable level of risks, whilst adhering to investment guidelines.</p>
Asset Allocation	<p>The Fund invests up to 100% of the Fund’s NAV in domestic equity and the balance of the Fund’s NAV in liquid assets directly, and/or indirectly via the Target Fund(s) as determined by the Fund Manager.</p>
Performance Benchmark	<p>The benchmark may vary. At inception, the benchmark is:</p> <p>FTSE-Bursa Malaysia Top 100 Index</p> <p><i>For more information on benchmark kindly refer to <a href="http://www.bursamalaysia.com/market">www.bursamalaysia.com/market</a></i></p>
Fund Manager	<p>Eastspring Investments Berhad (531241-U)</p>
<b>Fees &amp; Charges</b>	
Fund Management Charge	<p>1.50% p.a.</p>
Other Charges, if any	<p>Nil</p>

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## Fund Performance

PRULink Strategic Fund II is a new fund. There is no historical performance yet.

**Notice: Past performance is not an indication of its future performance. This is strictly the performance of the investment/underlying funds, and not the returns earned on the actual premiums paid of the investment-linked insurance product.**

Basis of calculation of past performance:

$$= \left( \frac{\text{Net Asset Value for Year } n}{\text{Net Asset Value for Year } n - 1} - 1 \right) \%$$

## Investment Risks for PRULink Strategic Fund II

The Fund is subjected to investment risks including the possible loss of the principal amount invested. The value of the units may fall as well as rise. In addition, the Fund is subjected to specific risk including and not limiting to:

### General Risks when Investing in the Fund

#### **Market Risk**

Market risk refers to potential losses that may arise from adverse changes in the market conditions. Market conditions are generally, affected by, amongst others, economic and political stability. If the market 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 an investment cannot be sold due to unavailability of a buyer for that investment. The second scenario is where the investment is thinly traded. Should the investments in the Target Fund(s) be thinly traded, this may cause the Fund to dispose the investment at an unfavorable price in the market and may adversely affect investor's investment. This risk may be mitigated through stringent security selection process.

#### **Inflation Risk**

This refers to the likelihood that an investor's investments do not keep pace with inflation, thus, resulting in the investor's decreasing purchasing power even though the investment in monetary terms may have increased.

#### **Interest Rate Risk**

Interest rate risk is a general risk affecting conventional funds. This is so even though conventional funds only invest in investments that are in accordance with the mandate. The reason for this is because a high level of interest rates will inevitably affect corporate profits and this will have an impact on the value of both equity and debt securities. This risk is crucial in a bond fund since a bond portfolio management depends on forecasting interest rate movements. Prices of bonds move inversely to interest rate movements therefore as interest rates rise, the prices of bond decrease and vice versa. Furthermore, bonds with longer maturity and lower profit rates are more susceptible to interest rate movements.

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## **Risk of Non-Compliance**

This risk arises from non-compliance with laws, rules and regulations, prescribed practices and the management company's internal policies and procedures, for example, due to oversight by the management company. Such non-compliance may force the management company to sell down securities of the Fund at a loss to rectify the non-compliance and in turn may adversely affect the value of investors' investment in the Fund. To mitigate this risk, the Fund Manager has put in place internal controls to ensure its continuous compliance with laws, rules and regulations, prescribed practices and the Fund Manager's internal policies and procedures.

## **Concentration Risk**

This is the risk of a fund focusing a greater portion of its assets in a smaller selection of investments. The fall in price of a particular equity and / or fixed income investment will have a greater impact on the funds and thus greater losses. This risk may be minimized by the manager conducting even more rigorous fundamental analysis before investing in each security.

## **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.

## **Stock / Issuer Risk**

This risk refers to the individual risk of the respective companies issuing the securities. Specific risk includes, but is not limited to changes in consumer tastes and demand, legal suits, competitive operating environments, changing industry conditions and management omissions and errors. However, this risk is minimized through investing in a wide range of companies in different sectors and thus function independently from one another.

## **Country Risk**

This risk refers to changes and developments in regulations, politics and the economy of the country. The investments may be affected by uncertainties in the investing country such as domestic political developments, restrictions on foreign investment and currency repatriation, changes in governmental policies, changes in taxation and other developments in the laws and regulations. In addition, the reduced availability of public information, the legal infrastructure and the lack of uniform accounting, auditing and financial reporting standards or other regulatory practices and requirements may reduce the degree of investor protection afforded. Some of the securities may also be subjected to government taxes or incur higher custodian expenses which may reduce the yield on such securities.

## **Portfolio Risk**

The Fund is intended for investors who can accept the risks associated with investing primarily in the securities of the type held in the Fund. Investments in equities will be subject to the risks associated with equity and equity-related securities, including fluctuations in market prices, adverse issuer or market information and the fact that equity and equity-related interests are subordinate in the right of payment to other corporate securities, including debt securities. Likewise, investments in fixed income securities will be subjected to the risks associated with debt securities including credit and interest rate risk, and the additional risks associated with high-yield debt securities, loan participations and derivative securities. In addition, investors should be aware of the risks associated with the active management techniques that are expected to be employed by the Fund.

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*The above should not be considered to be an exhausted list of the risks which potential investors should consider before investing in the Fund. Potential investors should be aware that an investment in the Fund may be exposed to other risks of exceptional nature from time to time.*

### **Risk Management**

#### **Forecasting Risk**

Potential risks are taken into consideration in the process of sector allocation and stock selection based on analysis on various key factors such as economic conditions, liquidity, qualitative and quantitative aspects of the securities.

#### **System Control**

Risk parameters are set internally for each fund, depending on client's risk profile. These risk parameters include limits of issuer bet, group issuer, sector rating and issue size of the securities held in the portfolio.

A front-end office system is in place to monitor portfolio risks, serving as an auto filter for any limitations or breaches.

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## Other Information

### Target Market

This Fund is suitable for policyholders who:-

- Are seeking high capital appreciation over a long-term investment horizon.
- Have high risk tolerance.

### Basis & Frequency of unit Valuation

- Unit pricing is done daily.
- The Unit Price of this Fund on any Valuation Date shall be equal to the fund value divided by the number of units in issue on Valuation Date.
- The Fund Value is the value of all the assets of a particular **PRULink** fund after the deduction of expenses for managing, acquiring, maintaining and valuing the assets of that fund, tax or other statutory levy incurred by Prudential Assurance Malaysia Berhad (the “Company”) on investment income or capital gains on the assets of the Fund and any accrued or anticipated income.
- The Company shall value the various **PRULink** funds at the close of each business day (Valuation Date). However, as the value of the **PRULink** funds’ investments in various shares, fixed interest securities and money market instruments at the close of a particular Valuation Date will only be known a business day later, the determination by the Company of the Unit Price of a **PRULink** fund in respect of a particular Valuation Date shall only be conducted and made known to the policyholders 2 business days later (T + 2).
- To recoup the cost of acquiring and disposing of assets, a transaction cost adjustment may be made to the fund value to recover any amount which this Fund had already paid or reasonably expects to pay for the creation or cancellation of units.

### • Exceptional circumstances

- The Company shall not be bound to redeem and convert on any Valuation Day more than 10% of any **PRULink** fund outstanding on such Valuation Day.
- The Company reserves the right in exceptional circumstances (for example, when there is an unusually high volume of sale of investments within a short period) to defer the switching or withdrawal of Units and the surrender of the policy for a period not exceeding six (6) months from the date of application.
- The Company may suspend unit pricing and policy transaction if any of the exchanges in which the fund is invested is temporarily suspended for trading. In such event, notice for suspension may be published and may be communicated to the policyholders upon any request for top-up, switching, redemption or withdrawal to/from any such **PRULink** fund.

*The list of exceptional circumstances above are not exhaustive, please refer to your policy document for further details.*