

IPO: July 17–23, 2019

Fund ID : G17

Data as of July 5, 2019

**Not for Retail Investors**

**(For Institutional and Ultra High Net Worth Investors Only)**

**High Risk or Complex Fund**

## Fund Fact Sheet



KASIKORN ASSET MANAGEMENT Co., Ltd.

Certified by Thailand's Private Sector Collective

Action Coalition Against Corruption: CAC

**K Enhanced Credit 2 Fund Not for Retail Investors**

**KEC2-UI**

**Fixed Income Fund**

**FIF (Foreign Investment Fund)**

The Fund's portfolio will be concentrated more than other funds, it is only suitable for investors who can bear high risk of loss.

Investors cannot redeem this fund before 9 months. If there are any factors adversely affect the investment of this fund, investors may lose principal investment.



What are you going to invest?



Who is the Fund suitable for?



What are the key risks of the Fund?



Asset Allocation



Fees and Expenses



Fund Performance



Other Information

**Investment in Mutual Funds IS NOT a money deposit.**

*Disclaimer : The original language of this document is Thai. In case of any discrepancies, the Thai version shall prevail and supercede the English-translated version in all aspects.*



## What are you going to invest?

### ■ Investment Policy

- The Fund will invest only once in foreign fixed income securities and/or foreign deposit and hold them to maturity. The portfolio will be concentrated in securities of any issuer by not more than 35% of NAV.
- The Fund invests in foreign not less than 80% of NAV. The Fund will use derivatives to fully hedged against exchange rate risk.
- The Fund, as seller of protection (the “Seller”), will enter into a credit default swap transaction with the KASIKORNBANK Public Company Limited as buyer of protection (the “Buyer”). As seller of protection, the Fund will be required to make a payment to the Buyer if there occurs a Credit Event with respect to Reference Obligation or Reference Entity. In consideration of Credit Protection given by the Fund, the Buyer will pay the Fund an upfront premium.
- The Fund may enter into the reverse repo transaction and securities lending, and invest in derivatives hedging and efficient portfolio management purposes including structured notes.
- The Fund will not engage in short selling or repo transaction for the fund management purpose.

### Details of Investment

The portfolio will be splitted in 2 parts :

**Part 1** The Fund will invest only once in foreign fixed income securities and/or foreign deposit including other eligible assets of fixed income fund approximately 100% of NAV.

**Part 2** The Fund, as seller of protection (the “Seller”), will enter into a credit default swap transaction with The KASIKORNBANK Public Company Limited as buyer of protection (the “Buyer”). As seller of protection, the Fund will be required to make a payment to the Buyer if there occurs a Credit Event with respect to Reference Obligation or Reference Entity. In consideration of Credit Protection given by the Fund, the Buyer will pay the Fund an upfront premium. The notional amount of CDS transaction will be approximately 35% of NAV. The details are as below:

<b>Seller of protection (Seller)</b>	K Enhanced Credit 2 Fund Not for Retail Investors
<b>Buyer of protection (Buyer)</b>	The KASIKORNBANK Public Company Limited
<b>Reference Obligation</b>	An obligation to pay a license fee by True Move H Universal Communication Co., Ltd. (the “Reference Entity”) to the Buyer in relation to the license to use frequency for telecommunications business with respect to the 4th installment of 900MHz frequency band, issued by the National Broadcasting and Telecommunications Commission (“NBTC”) to the Reference Entity.
<b>Reference Entity</b>	True Move H Universal Communication Co., Ltd. Rating : BBB+/TRIS
<b>Scheduled Termination Date</b>	Approximately 9 months. The CDS Transaction is set to mature on maturity date of the Reference Obligation, with a grace period. The transaction may be early terminated according to B. (i) below which may adversely affect the value of the Fund. In that case, the Management Company reserves the right to terminate the Fund for the best interests of unitholders.
<b>Credit events</b>	<p>1) Bankruptcy – certain events indicating or confirming the insolvency or bankruptcy of the Reference Entity</p> <p>2) Failure to Pay – the failure of the Reference Entity to make a payment under the Reference Obligation by the Scheduled Repayment Date, with a grace period</p> <p>3) Restructuring – any of the following restructurings in respect of the Reference Obligation</p> <p>3.1 a reduction in the principal or any premium that is payable, or a postponement or other deferral of a date for the payment. However, the deferral by a relevant governmental authority not due to the bankruptcy or failure to pay by the Reference Entity, will not be included, for example, deferral announcement of Scheduled Repayment Date or change payment conditions.</p> <p>3.2 Subordination</p> <p>4) Any of the following events occur when Failure to Pay or a Restructuring:</p> <p>4.1 Repudiation - any disaffirming, disclaiming, repudiating or rejecting the Reference Obligation or challenging Reference Obligation’s validity</p> <p>4.2 Moratorium - declaration or imposition of a moratorium, standstill, roll-over or deferral with respect to the Reference Obligation by the Reference Entity or a relevant governmental authority. However, the deferral by a relevant governmental authority not due to the bankruptcy or failure to pay by the Reference Entity, will not be included, for example, deferral announcement of Scheduled Repayment Date or change payment conditions.</p>

## **Principal and Return payment conditions**

### **Condition 1 No occurrence of any Credit Events of Reference Obligation or Reference Entity occurs.**

The unitholders will receive principal, interest and premium from CDS transaction.

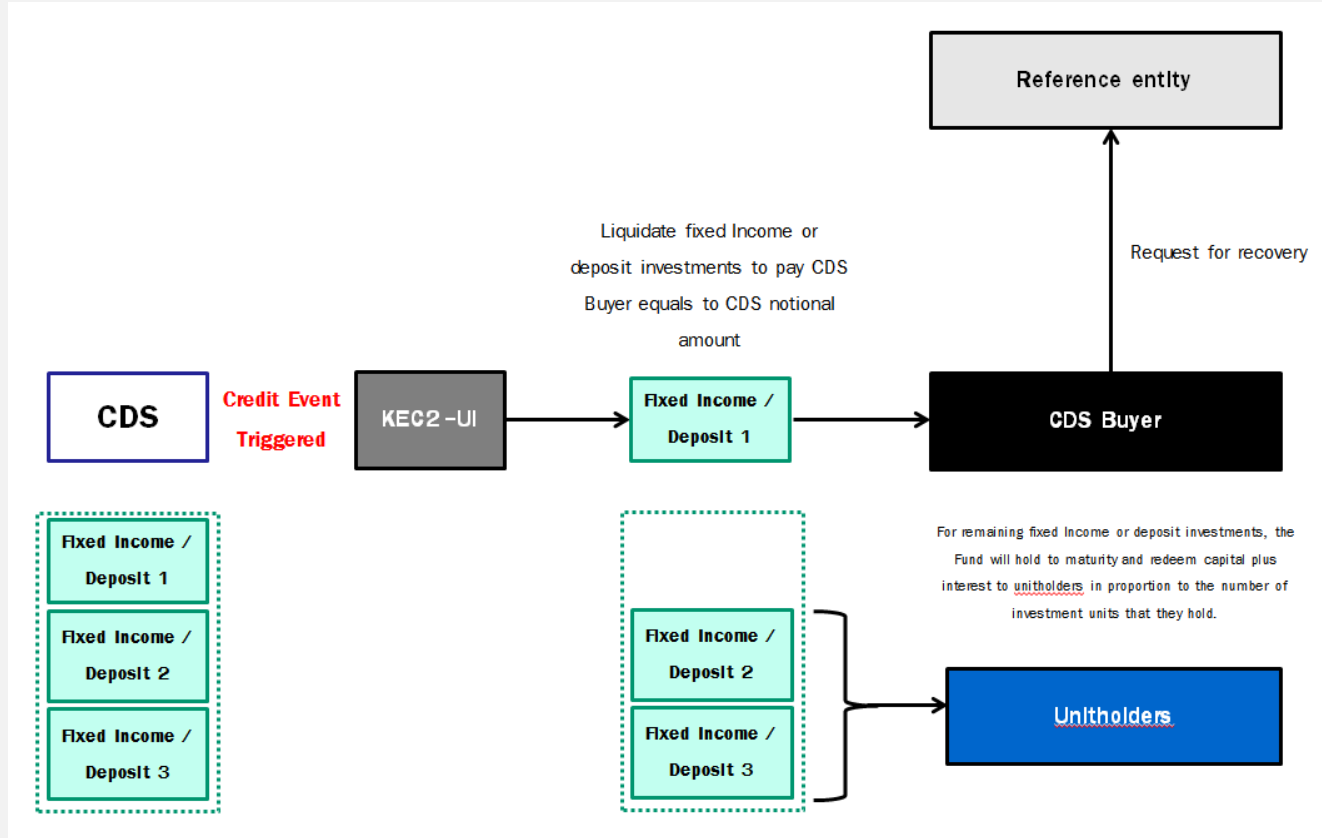
### **Condition 2 If any Credit Event of Reference Obligation or Reference Entity occurs.**

- 1) The occurrence of a Credit Event of Reference Obligation or Reference Entity within an applicable timeframe, could result in the Fund having to pay the Cash Settlement Amount to the Buyer. So the Fund have to withdraw deposits or unwind some investment positions in order to settle the Cash Settlement Amount. The unitholders, therefore, may not receive principal and return as expected.
- 2) Upon the payment of the Cash Settlement Amount by the Fund, the fund's net asset value will be directly affected by such payment which equals the Notional Amount. The Management Company nevertheless has taken steps to minimize such loss to the Fund and ultimately to the Fund's unitholders by imposing an obligation on the Buyer to use its best endeavors to recover the due and unpaid amount in respect of the Reference Obligation from the Reference Entity (the "Recovery") following the Fund's payment of the Cash Settlement Amount to the Buyer, and the Management Company has set up a legal arrangement whereby part of any such Recovery in proportion to the relative size of the Cash Settlement Amount to the notional amount of the Reference Obligation shall be passed to the Fund or any successor or agent designated by the Management Company with a view to ultimately distributing the Recovery to the unitholders of the Investment Units proportionately based on their share of the Investment Units.
- 3) The Fund will hold the rest foreign fixed income securities and/or foreign deposit to maturity and will distribute their principal and return to the unitholders of the Investment Units proportionately based on their share of the Investment Units.

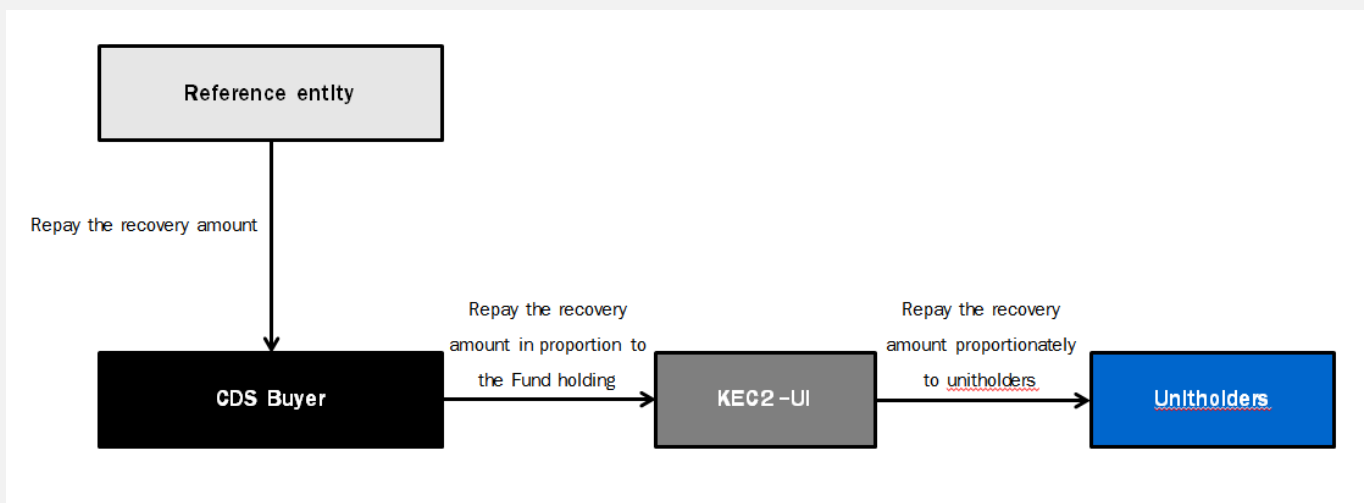
**Flowchart Diagram**

**Condition 2 If any Credit Event of Reference Obligation or Reference Entity occurs.**

When the Buyer inform the Seller about occurrence of a Credit Event of Reference Obligation or Reference Entity.



When the Buyer use its best endeavors to recover the due and unpaid amount in respect of the Reference Obligation from the Reference Entity.



### Expected Return for automatic redemption in case of no occurrence of credit events

At maturity, the Management Company will proceed on auto-redemption with expected return of approximately 2.40% p.a. of initial investment which should be converted into 9-month investment tenor. Details of the portfolio will be split in 2 parts as follows:

Securities		Issuer Credit Ratings ***	Estimated Return of the Securities in Thai Baht (p.a.)****	Investment Proportion	Estimated Fund Return in Thai Baht (p.a.)
<b>Part 1 *</b> <b>fixed income</b> <b>securities and/or</b> <b>deposit</b>	Certificate of Deposit at Qatar National Bank, Qatar	Aa3/Moody's	2.35%	35.00%	0.82%
	Deposit at Commercial Bank of Qatar, Qatar	A3/Moody's	2.50%	35.00%	0.88%
	Deposit at Bank of China, China	A1/Moody's	2.06%	30.00%	0.62%
<b>Part 2 **</b> <b>Trasaction</b>	Credit default swap transaction (Protection Seller) which the Fund is required to make a payment to the Protection Buyer if there occurs a Credit Event with respect to Reference Obligation or True Move H Universal Communication Co., Ltd. (Reference Entity)	BBB+/TRIS		35.00%	0.56%
<b>Estimated Fund Expenses (if any)*****</b>					(0.48%)
<b>Estimated Return to Investor (per annum)</b>					2.40%

\* The Management Company may use discretion to change invested securities or investment proportion when it is under necessary and appropriate situation in order to protect investor's benefits. Such changes shall not significantly increase the risk level of invested securities. The Management Company may consider to invest in other securities instead and/or make additional investment from securities as indicated above which are under investment universe of the Management Company and estimated return may be subjected to change. In case of such changes, the investor might not receive expected return as indicated above.

\*\* Estimated return and proportion of Credit default swap transaction (in part 2) which the Fund enters into are subject to change. In additions, if the transaction is early terminated, the unitholders may not receive return as expected.

In consideration of Credit Protection given by the Fund, the Buyer will pay the Fund an upfront premium under the condition of no occurrence of any Credit events of Reference Obligation or Reference Entity. The occurrence of a Credit Event of Reference Obligation or Reference Entity within an applicable timeframe, could result in the Fund having to pay the Cash Settlement Amount to the Buyer. So the Fund have to withdraw deposits or unwind some investment positions in Part 1 in order to settle the Cash Settlement Amount. The unitholders, therefore, may not receive principal and return as expected.

\*\*\* Credit rating agency shown above is only one of credit rating agencies which the Management Company uses for investment consideration.

\*\*\*\* Data of expected return from Issuers as of July 3, 2019

\*\*\*\*\* Estimated Fund expenses (including management fee) may be subjected to change. In case, the Fund receives returns higher than disclosed rate during IPO, the management company may charge additional management fee but will not exceed the maximum management fee rate stated in the prospectus.

**Risks associated with entering into credit default swap transaction as protection seller** including but not limited to risks as below :

**A. Occurrence of a Credit Event**

The occurrence of a Credit Event within an applicable timeframe, which in most cases is no later than the Scheduled Termination Date of the Transaction (collectively, the “Risk Period”), could result in the Fund having to pay the Cash Settlement Amount to the Buyer which causes the negative impact on the fund’s value upon payment of the Cash Settlement Amount when there occurs a Credit Event as elaborated below.

Upon the payment of the Cash Settlement Amount by the Fund, the fund’s net asset value will be directly affected by such payment which equals the Notional Amount. The Management Company nevertheless has taken steps to minimize such loss to the Fund and ultimately to the Fund’s unitholders by imposing an obligation on the Buyer to use its best endeavors to recover the due and unpaid amount in respect of the Reference Obligation from the Reference Entity (the “Recovery”) following the Fund’s payment of the Cash Settlement Amount to the Buyer, and the Management Company has set up a legal arrangement whereby part of any such Recovery in proportion to the relative size of the Cash Settlement Amount to the notional amount of the Reference Obligation shall be passed to the Fund or any successor or agent designated by the Management Company with a view to ultimately distributing the Recovery to the holders of the Investment Units proportionately based on their share of the Investment Units. Such obligation will survive the termination of the Transaction. While it is uncertain as to whether and how much Recovery will be recovered by the Buyer in reality, which involves both questions of:

- (a) the ability of the Reference Entity to fulfil the Reference Obligation after the occurrence of a Credit Event and
- (b) of how and to what extent the Buyer will actually perform its obligation to use its best endeavors to obtain the Recovery from the Reference Entity, the Management Company has put in place a contractual covenant under which the Buyer undertakes to maintain an unhedged economic exposure to no less than 65% of the Reference Obligation (to the extent that such Reference Obligation continues to exist), to ensure that the Buyer will have “skin in the game” when performing its obligation to obtain Recovery from the Reference Entity.

**B. Timing mismatch**

**(i) Early termination**

A failure to agree to a Successor to the Reference Entity (i.e. a successor to the original Reference Entity as agreed to by the parties in the event the Reference Entity ceases to exist and the entire Reference Obligations are transferred to another entity by reason of corporate action (e.g. merger) during the Risk Period, as elaborated in paragraph C. below), Additional Reference Obligation or Substitute Reference Obligation in place of the original Reference Obligation (elaborated in paragraph C. below) may lead to early termination of the Transaction, which might have a negative impact on the overall return generated by the Fund on the Transaction and the Management Company might find it appropriate to dissolve the Fund and the unitholders may not receive returns as expected.

## **(ii) Risk exposure after the Scheduled Termination Date**

The Redemption Date may take place after the Scheduled Termination Date of the Transaction in certain cases as the Management Company finds necessary. These cases may involve, for example, certain window of time allowed for under the 2014 ISDA Credit Derivatives Definitions as published by the International Swaps and Derivatives Association, Inc. following the Scheduled Termination Date such as for notice delivery, valuation of the Reference Obligation and/or the payment of the Cash Settlement Amount following the occurrence of a Credit Event within applicable timeframe. There will be such possibility and the necessity with which the Fund may schedule the Redemption Date to take place after the Scheduled Termination Date.

### **C. Change of the nature of credit exposure of the Fund**

#### **(i) Bankruptcy Credit Event**

All four types of Credit Events under the Transaction are solely in respect of the Reference Obligation, except for Bankruptcy which might concern other obligations of the Reference Entity. This type of Credit Event is neither specific nor limited to the Reference Obligation of the Reference Entity, but refers to any of the following events: a dissolution of the Reference Entity (which does not result from a corporate event), the Reference Entity's inability to pay its debts, the Reference Entity's arrangements with or for the benefit of its creditors generally or winding-up resolution, a commencement or occurrence of insolvency proceedings, an appointment of insolvency official, and enforcement action on all or substantially all of the Reference Entity's assets and any analogous events.

#### **(ii) Change of Reference Entity**

The Management Company enters into the Transaction for on behalf of the Fund, under which certain credit risk in respect of the Reference Obligation is transferred from the Buyer to the Fund as seller of protection. The terms of the Transaction are negotiated and drafted in such a way to ensure that the credit risk is limited to the Reference Entity – with one exception. If and when the Reference Entity ceases to exist and the entire Reference Obligations (and Additional Reference Obligations, if applicable) are transferred to another entity by reason of corporate action (e.g. merger) during the Risk Period (a "Succession Event"), the parties may agree to designate such other entity as a successor to the original Reference Entity (a "Successor") in respect of the entire Transaction. In such case, the Fund will instead have credit risk exposure to the Successor as the new Reference Entity in place of the original Reference Entity.

#### **(iii) Change of Reference Obligation**

The Transaction is entered into on the basis that the credit risk to which the Fund is exposed will be the Reference Obligation only, except for the following cases where the credit risk exposure extends beyond the original Reference Obligation, but in any case, owed by the Reference Entity:

##### **(a) Reference Obligation Reduction Event**

There might be a scenario where the quantum outstanding of the Reference Obligation is reduced prior to the Scheduled Repayment Date below the Notional Amount which can be caused by an event within or outside of the Buyer's control, such as a prepayment of the Reference Obligation by the Reference Entity or assignment of the Reference Obligation by the Buyer to another entity. Upon the occurrence of such an event, the Buyer (with an agreement from the Fund through the Management Company) shall designate one or more eligible obligations of the Reference Entity to be an additional Reference Obligation (an "Additional Reference Obligation"), following which, the aggregate notional amount of the existing Reference Obligation and the Additional Reference Obligations will at least equal the Notional Amount.



This would result in the Fund having to take credit exposure on other obligation (which is not the original Reference Obligation) of the Reference Entity that are designated as Additional Reference Obligation.

### **(b) Substitution Event**

There might be a possibility that the Reference Obligation will at some point during the Risk Period no longer be an obligation of the Reference Entity (other than by reason of a Succession Event or Credit Event) (a “Substitution Event”). In such an event, the Buyer and the Fund through the Management Company may agree on a replacement Reference Obligation (a “Substitute Reference Obligation”) which must be a qualified obligation of the Reference Entity.

### **Conflicts of interest**

Since the Management Company as the Manager of the Fund (the protection seller) is related to the KASIKORNBANK Public Company Limited (the protection seller) as its subsidiary, there are conflicts of interest arising in respect of the Transaction as below:

- (a) the Management Company is related to the Buyer as its subsidiary;
- (b) the terms of the Transaction are negotiated and concluded on an arm’s length basis;
- (c) the Buyer acting as calculation agent;
- (d) the Fund will receive certain remuneration in the form of premium (i.e. the Fixed Amount) under the Transaction from the Buyer; and
- (e) upon the occurrence of a Credit Event, the Buyer is entitled to receive the Cash Settlement Amount of not exceeding the Notional Amount from the Fund

### **What is the Worst case scenario?**

The Fund, as seller of protection (the “Seller”), will enter into a credit default swap transaction with The KASIKORNBANK Public Company Limited as buyer of protection (the “Buyer”). As seller of protection, the Fund will be required to make a payment to the Buyer if there occurs a Credit Event with respect to Reference Obligation or Reference Entity. The expected gross leverage will be expected not exceeding 35% of NAV. Upon the occurrence of a Credit Event and if the settlement is triggered by the Buyer, the Fund is required to pay the Buyer a sum representing the Notional Amount. The Cash Settlement Amount will be from deposits withdrawal or fixed income securities investment unwinding.

The worst case scenario will be when the credit events and bond default occur at the same time, therefore, the Fund will be unable to make a payment to the Buyer with respect to an obligation. The Fund will be sued to make a payment to the Buyer with respect to an obligation.

### **■ Investment Strategy**

Buy-and-hold strategy



## Who is the Fund suitable for?

- An investor who thoroughly understands risks associated with the Investment and Credit Default Swap Transaction and can bear high risk of loss.
- An investor who expects return higher than bank deposit and can accept return lower than investing in equity securities.
- An investor who is able to accept and understand that you may suffer a loss of principal if the issuers unable to make the required payments on their debt obligations or any credit events of Reference Obligation or Reference Entity occur.
- An investor who can hold investment until maturity and expects return higher than general fixed income securities.

## Who is this fund **not suitable** for?

- Investors who seek to receive stable returns or principal preservation.
- An investor who wants to redeem unit trusts before 9-month period.



**For further clarification on this investment policy and potential risks, what should you do?**

- **Read** the full prospectus thoroughly, or **seek advice** from the management company or selling agents.

**Do not invest** without a thorough understanding of the feature and risks of the Fund.

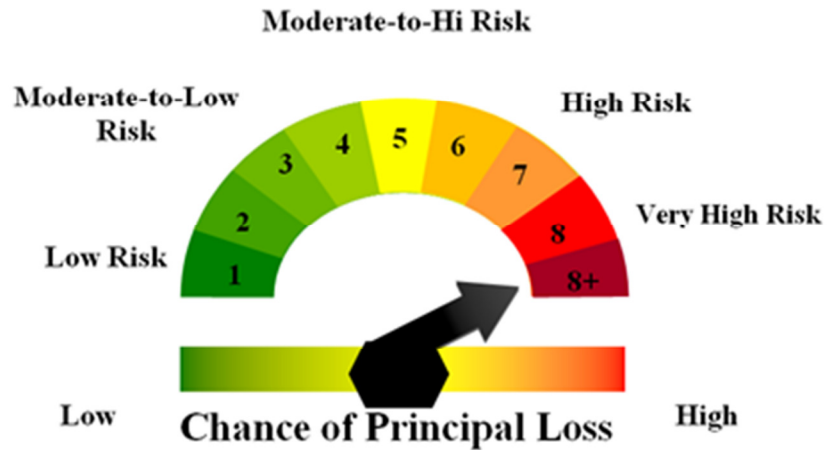


## What are the key risks of the Fund?

### Key Risks

- The Fund is High Risk or Complex Fund which may differ from plain products in the market. Please discuss with your selling agents for more information and study the Fund's Prospectus and other sales materials including Risk disclosure and waiver of conflicts of interest before making investment decision.
- The portfolio will be concentrated in fixed income securities of any issuer by not more than 35% of NAV.
- The Fund uses financial derivative instruments for Efficient Portfolio Management (EPM). The Fund, as seller of protection (the "Seller"), will enter into a credit default swap transaction with the KASIKORNBANK Public Company Limited as buyer of protection (the "Buyer"). As seller of protection, the Fund will be required to make a payment to the Buyer if there occurs a Credit Event with respect to Reference Obligation or Reference Entity. The notional amount of CDS transaction will be approximately 35% of NAV. In consideration of Credit Protection given by the Fund, the Buyer will pay the Fund an upfront premium.
- Since the Management Company as the Manager of the Fund (the protection seller) is related to the KASIKORNBANK Public Company Limited (the protection buyer) as its subsidiary, there are conflicts of interest arising in respect of the Transaction.
- The Fund will use derivatives to fully hedged against exchange rate risk arising from fixed income/deposits investment.
- The Fund may use financial derivative instruments for Efficient Portfolio Management (EPM) and structured notes, which may expose the Fund to greater risk than the fund that invests directly in the underlying assets. The Fund therefore has greater profit/loss from such investment.
- The Fund may not receive principal and return as expected if there occurs Credit Events with respect to Reference Obligation or Reference Entity.
- The Fund is subject to country concentration risk since it invests in Qatar and China more than 20% of NAV. Investors should also consider overall portfolio diversification.

# Risk Spectrum



## Risk Factors

- Credit Risk**

International credit rating

Low	<b>AAA</b>	<b>AA,A</b>	<b>BBB</b>	<b>Below BBB</b>	<b>unrated</b>	High
-----	------------	-------------	------------	------------------	----------------	------

Remark: Highlighted credit rating box(es) mean(s) that this fund invests more than or equal to 20% of NAV in securities with those credit ratings.

- Market Risk**

Portfolio Duration

Low	< 3 mths	<b>3 mths– 1 yr</b>	1–3 yrs	3–5 yrs	>5 yrs	High
-----	----------	---------------------	---------	---------	--------	------

Standard Deviation

Low	< 5%	<b>5–10%</b>	10–15%	15–25%	> 25%	High
-----	------	--------------	--------	--------	-------	------

- High Issuer Concentration Risk**

Low	≤10%	10% – 20%	20% – 50%	50% – 80%	<b>&gt; 80%</b>	High
-----	------	-----------	-----------	-----------	-----------------	------

- Exchange Rate Risk**

FX Hedging Policy for fixed income/deposits investment.

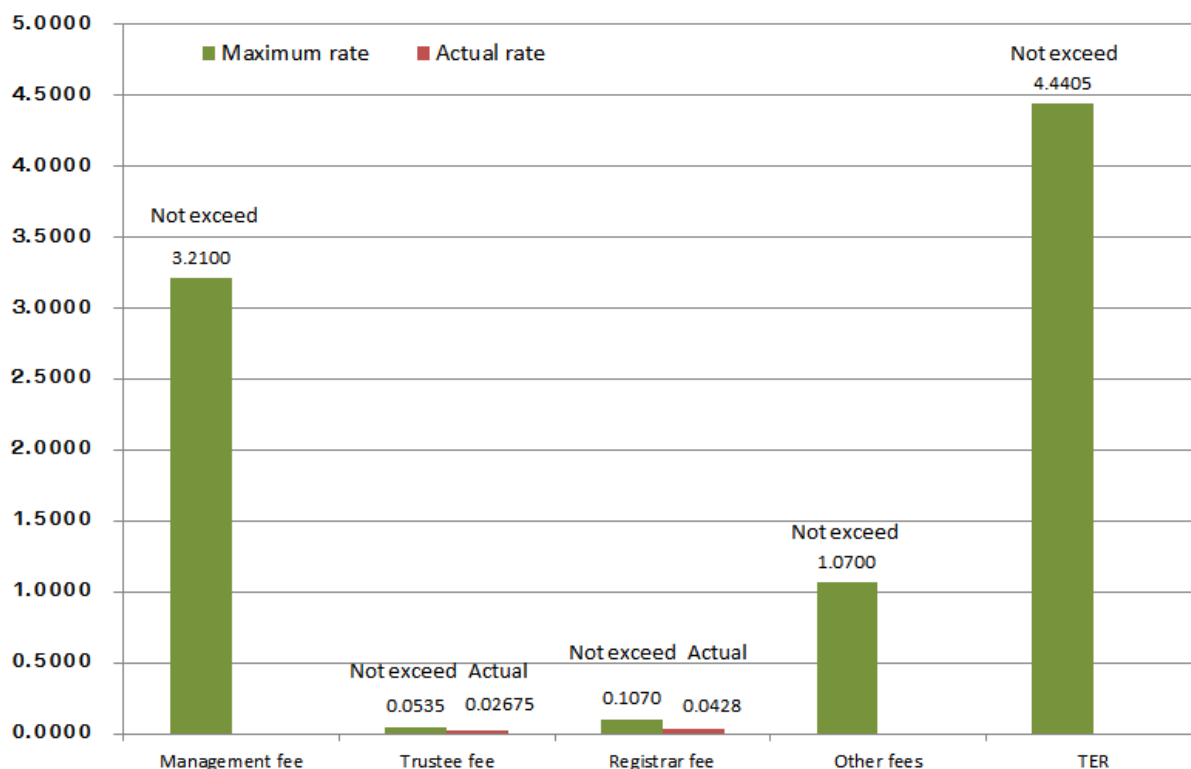
Low	<b>Fully or Almost fully hedging</b>	<b>Partial Hedging</b>	<b>Hedged at FM's discretion</b>	<b>Unhedging</b>	High
-----	--------------------------------------	------------------------	----------------------------------	------------------	------



## Fees and Expenses

\* Fees affect your return on investment, you should therefore consider such fees before making an investment decision \*

### Fee charged to the Fund (% p.a. of registered fund size)



Remark : The Management Fee will be able to notify on the trading day.

### Fees charged to unitholders (% of trading value)

Fees	Not Exceeding	Actual
Front-End Fee	1.00%	Waived
Exit Fee	None	None
Switching Fee	Equal to the higher rate between the back-end fee of switch-out fund and the front-end fee of switch-in fund.	

Remark : Fees are included VAT, specific business tax, and other taxes.



## Fund Performance

\* Past performance is not a guarantee of future results \*

**Benchmark** : None. Since the Fund's return depends on interest rate and credit events occurrence.

**Fund type for performance comparison at selling point is** –



## Other Information

<b>Dividend Payment Policy</b>	None
<b>Trustee</b>	Standard Chartered Bank (Thai) Public Company Limited
<b>Inception Date</b>	July 24, 2019 (subject to change)
<b>Duration</b>	Approximately 9 months but not lower than 8 months and not longer than 10 months
<b>Subscription and Redemption Details</b>	<b>Fund size</b> : 3,600 Million Baht
	<b>Subscription date</b> : July 17 – 23, 2019
	Minimum subscription value : 1,000,000 Baht
	<b>*** Cheques are not accepted for subscription payment on July 23, 2019***</b>
	Switching policy : Unitholders can subscribe this Fund by switching from K-CASH, K-MONEY, K-TREASURY, K-SF and K-SFPLUS during the initial offering period.
<b>Remark:</b> The Fund reserves the right not to offer the unit trusts of the fund to or for the benefit of the United States of America, US citizens, residents of the United States of America, or persons normally residing in the United States of America as well as the assets of such persons and companies or partnerships established and operating in the United States of America	
<b>Redemption date</b> : Redemption will be at maturity of the fund. The Management Company will announce automatic redemption date to notify unitholders within 15 business days.	
Redemption Monies Proceeding : The Management Company will use proceeds from auto-redemption of this fund to subscribe reinvested fund, which is specified in passbook. Numbers of unit trust of reinvested fund, which the unitholders will receive, are calculated by using subscription price of reinvested	

	fund on auto-redemption day of this fund.
<b>Fund Manager</b>	Pramook Malasitt Foreign Fund Manager Effective date: July 24, 2019
<b>Selling Agents</b>	<p>KASIKORNBANK PCL.</p> <p>AEC Securities PCL. Tel. 0-2659-3456</p> <p>AIRA Securities PCL. Tel. 0-2684-8888</p> <p>Asia Plus Securities Co., Ltd. Tel. 0-2680-1000</p> <p>Asia Wealth Asset Management Co., Ltd. Tel. 0-2680-6000</p> <p>Bualuang Securities PCL. Tel. 0-2618-1116, 0-2618-1019</p> <p>Capital Nomura Securities PCL. Tel. 0-2638-5500</p> <p>Central Wealth Solution Unit Investment Securities Co., Ltd. Tel. 0-83842-8337</p> <p>CGS-CIMB Securities (Thailand) Co., Ltd. Tel. 0-2841-9100</p> <p>DBS Vickers Securities (Thailand) Co., Ltd. Tel. 0-2657-7171</p> <p>Finansia Syrus Securities PCL. Tel. 0-2658-9234</p> <p>Finansa Securities Ltd. Tel. 0-2697-3800</p> <p>Globlex Securities Co., Ltd. Tel. 0-2672-5900</p> <p>Government Saving Bank Tel. 0-2614-9821</p> <p>I V Global Securities PCL. Tel. 0-2658-5800 ext. 808, 809</p> <p>ICBC (Thai) Bank PCL. Tel. 0-2629-5588</p> <p>Kasikorn Securities PCL. Tel. 0-2696-0000</p> <p>KGI Securities (Thailand) PCL. Tel. 0-2658-8996</p> <p>Krungsri Securities PCL. Tel. 0-2659-7000 ext. 7381-2</p> <p>KT ZMICO Securities Co., Ltd. Tel. 0-2695-5555 ext. 5847-9</p> <p>KTB Securities (Thailand) Co., Ltd. Tel. 0-2648-1777</p> <p>Land and Houses Bank PCL. Tel. 0-2359-0000</p> <p>Land and Houses Securities PCL. Tel. 0-2352-5100</p> <p>Maybank Kim Eng Securities (Thailand) PCL. Tel. 0-2658-5000 ext. 3870</p> <p>Merchant Partners Asset Management Limited Tel. 0-2660-6666</p> <p>Thanachart Securities PCL. Tel. 0-2217-8852</p> <p>Capital Nomura Securities PCL. Tel. 02-638-5500</p> <p>Phatra Securities PCL. Tel. 0-2305-9000</p> <p>Phillip Securities (Thailand) PCL. Tel. 0-2635-1718</p> <p>RHB Securities (Thailand) PCL. Tel. 0-2088-9999</p> <p>Tisco Securities Co., Ltd. Tel. 0 2633 6000</p> <p>Tisco Bank PCL Tel. 0 2633 6000</p> <p>Trinity Securities Co., Ltd. Tel. 0-2088-9100, 0-2088-9399, 0-2343-9500</p> <p>UOB KayHian Securities (Thailand) PCL. Tel. 0-2659-8000</p> <p>Wealth Magik Mutual Fund Brokerage Co., Ltd. Tel. 0-2861-5508</p> <p>Muang Thai Life Assurance PCL. Tel. 1766</p> <p>Yuanta Securities (Thailand) Co., Ltd. Tel. 02-009-8889</p> <p>Finnomema Mutual Fund Brokerage Securities Co., Ltd. Tel. 02-026-5100</p>

	<p>Robowealth Mutual Fund Brokerage Securities Co., Ltd. Tel. 02-026-6222</p> <p>SCB Securities Co., Ltd. Tel. 02-949-1999</p> <p>Merchant Partners Securities Co., Ltd. Tel. 02-660-6688</p> <p>And other selling agents.</p>
<p><b>For further information about the Fund, requesting for the fund prospectus or making a complaint, please contact</b></p>	<p>Kasikorn Asset Management Company Limited</p> <p>Head Office : 400/22 KASIKORNBANK Building, 6th and 12th Floor, Phahon Yothin Road, Samsen Nai, Phaya Thai, Bangkok 10400</p> <p>Website : <a href="http://www.kasikornasset.com">www.kasikornasset.com</a></p> <p>Email : <a href="mailto:Ka.customer@Kasikornasset.com">Ka.customer@Kasikornasset.com</a></p>
<p><b>Transactions causing conflicts of interest</b></p>	<p>Please examine transactions that may cause conflicts of interest at <a href="http://www.kasikornasset.com">www.kasikornasset.com</a></p>

- Investment in the Fund is not a deposit and not under protection of Deposit Protection Agency. Therefore, investment in the Fund may contain risks where investors may suffer financial losses.
- The Fund is approved and regulated by the office of the Securities and Exchange Commission of Thailand.
- The draft prospectus does not represent that the office of the Securities and Exchange Commission of Thailand has certified the accuracy of the information contained in the prospectus or guaranteed the pricing or return on investment of such Fund. The Management Company has reviewed the information in this summary prospectus as of July 5, 2019, with care as the party responsible for the management of the Fund and certifies that the above information is correct, true and not misleading.



## Details of Reference Entity and Reference Obligation of CDS Transaction

**Reference Entity :** True Move H Universal Communication Co., Ltd.)

**Rating :** BBB+/TRIS



TrueMove H is True Group's core business which operates in mobile business. TrueMove H is Thailand's the third-largest mobile phone operator.

### Strengths

- Business growth rate of the company is higher than peers and its wide network covering all administrative districts in all 77 provinces.
- The company's customer base has improved due to successful promotion campaign which matched customers' need in the regional level.  
At the end of Q1/2019, The company continued to outperform the industry in terms of number of new subscriber which increased by 0.34 million subscribers.
  - Average revenue per user (ARPU) is at THB 217 per month.
  - At the end of Q1/2019, Total subscriber base increased to 29.6 million subscribers.
- Operating performance continued to improve according to;
  - TUC has acquired a wide range of spectrum so the company has the highest number of frequency per user in Thailand
    - TUC has the highest mobile service coverage in all platforms comprising 4G, 3G and 2G networks. The network covers all administrative districts in all 77 provinces together with a good pricing strategy.
    - TUC gains higher market share's revenue.

### Risk Concerns

- Intensifying competition
- Overhang litigation case
- In 2019, TUC may face liquidity risk and its ratio could be under pressure from more loss from litigation case.
- Failure to pay the spectrum license fee risk

### Company Financial data as of Q1/2019

- Total Asset was THB 361,680 million with the growth of 9.2% yoy, increasing from THB 331,190 million in 2017.
- Total revenue was THB 26,159 million decreased by 2.6% compared with Q4/2018. The main revenue contribution came from mobile service revenue accounting of THB 19,103 million with the growth of 7.1% QoQ from last quarter and market sharing increased by 29.5% in first quarter of 2019

- Total customer increased to 29.6 million subscribers in the first quarter of 2019 divide consisted of 7.7million post-paid subscriber and 21.9 million prepaid subscriber with the increase in new subscriber by 0.338 million subscribers.

**Reference Obligation is an obligation to pay a license fee by True Move H Universal Communication Co., Ltd. (the Reference Entity ) to the Buyer in relation to the license to use frequency for telecommunications business with respect to the 4th installment of 900MHz frequency band, issued by the National Broadcasting and Telecommunications Commission ( NBTC ) to the Reference Entity.**

**According to thorough analysis and process, KAsset, as Asset Management Company, believes that credit event of the transaction as a seller of CDS is less likely triggered over a specific period.**

- TUC was granted the spectrum license for business which is necessary to TUC and without the spectrum license, the company will confronting with business interruption.
- The company is core business for True group accounting for 83% in terms of revenue and 74% in terms of total asset
- This reference Obligation excluded cross default in credit events in ISDA standard. For example, if other liability of company default, this reference Obligation will not triggering
- We expecting that the company will have carefully consideration on the repayment of underlying assets. According toTUC has issued debentures which have cross default to other contracts. If the underlying asset has defaulted payment. It will be causing default of other debentures.

Conclusion: In 2018, the company was outperformed peer in the intensifying competition environment. as the result, we expecting that the company have ability to repayment on time.

## Definition of Risk Factors

- **Credit Risk** indicates the ability to repay debts and/or obligations of the issuer. For credit risk assessment, credit rating of bonds, which indicates debt servicing ability of the bond issuers based on their past performance and financial strength. Credit ratings of long-term bonds can be briefly defined as follows.

Grade	TRIS	Fitch	Moody's	S&P	Description
Investment grade	AAA	AAA(thai)	Aaa	AAA	The highest possible rating assigned, which means <u>the lowest default risk</u> .
	AA	AA(thai)	Aa	AA	The second-highest rating, which means <u>very low default risk</u> .
	A	A(thai)	A	A	<u>Low default risk</u> .
	BBB	BBB(thai)	Baa	BBB	<u>Medium default risk</u> .
Below Investment grade	Below BBB	Below BBB(thai)	Below Baa	Below BBB	<u>High default risk</u> .

- **Market Risk**

(1) **Market Risk of Fixed Income Fund** involves in interest rates movement, which is subject to many external factors such as economic conditions, as well as domestic and international political factors. Normally, bond prices move in the opposite direction of interest rates. For instance, if interest rates in the global market rise, which causes interest rates of newly-issued bonds to increase in tandem, prices of existing bonds will fall. In general, the higher the portfolio duration, the more a bond's price will drop as interest rates rise.

(2) **Market Risk of Equity Fund** means change in value of assets, increase or decrease, in which the Fund invests as a result of external factors, e.g., economic/investment conditions, market sentiment and/or domestic or foreign political factors. If the standard deviation (SD) of the fund is high, this means that the fund has high historical volatility in asset prices.

- **Currency Risk** involves change in foreign exchange rates, which affects value of fund units. For instance, if the fund invests in assets quoted in US Dollar currency and Baht subsequently strengthens, the fund may get lower returns in Baht currency. On the contrary, the fund will gain higher returns in Baht currency under the opposite situation. Therefore, foreign exchange hedging strategy is the important tool for currency risk management. There are several hedging strategies i.e.,

- **Fully hedged or almost fully hedged:** Investors have no currency risk.
- **Partially hedged with specific ratio:** Investors may be exposed to currency risk.
- **Hedging at Fund Manager's discretion:** Investors may be exposed to currency risk.
- **Unhedged:** Investors are fully exposed to currency risk.

**Request Form**

**(for Using Proceeds from Auto-Redemption to Subscribe Investment Units of Mutual Fund)**

I,.....

am a unitholder of.....("redeemed fund")

Fund Account No. ....,

wish the management company to use proceeds from auto-redemption of the last period to subscribe investment units of mutual fund ("reinvested fund") as I request. (Please choose only one fund)

**K Money Market Fund (K-MONEY)** Fund Account No. ....

**K Treasury Fund (K-TREASURY)** Fund Account No.....

**K Short Term Fixed Income Fund (K-SF)** Fund Account No. ....

I acknowledge that The Management Company will use proceeds from auto-redemption of redeemed fund to subscribe investment units of reinvested fund as I requested above. Numbers of investment units of reinvested fund, which I will receive, are calculated by using subscription price of reinvested fund on auto-redemption day of redeemed fund.

I have studied and understood the information in prospectus of both redeemed fund and reinvested fund, including risk levels of both redeemed fund and reinvested fund.

.....

(Unitholder signature)

Date.....

In case of wishing to make change of your request, please contact Securities Registrar, Securities Services Department, Kasikorn Bank PCL Tel. 0-2470-1976 or 0-2470-1983 Fax. 0-2273-2279

**For officer only**

Received by .....

Information Examiner .....

Date .....

Date.....

-This form is for selling agents to attach with Subscription Order Form-

## **Risk disclosure and waiver to conflicts of interest of K Enhanced Credit 2 Fund Not for Retail Investors (KEC2-UI)**

**(Please study details from Fund Fact Sheet of KEC2-UI)**

I acknowledge the nature of the Investment and associated risks and to grant the Fund waiver to potential conflicts of interest which arising in respect of the Transaction as follows:

- The Fund will use derivatives to fully hedged against exchange rate risk arising from fixed income/deposits investment.
- The Fund uses financial derivative instruments for Efficient Portfolio Management (EPM). The Fund, as seller of protection (the “Seller”), will enter into a credit default swap transaction with the KASIKORNBANK Public Company Limited as buyer of protection (the “Buyer”). As seller of protection, the Fund will be required to make a payment to the Buyer if there occurs a Credit Event with respect to Reference obligation or Reference entity. The notional amount of CDS transaction will be approximately 35% of NAV.
  - **Reference Obligation is an obligation to pay a license fee by True Move H Universal Communication Co., Ltd. (the Reference Entity ) to the Buyer in relation to the license to use frequency for telecommunications business with respect to the 4th installment of 900MHz frequency band, issued by the National Broadcasting and Telecommunications Commission ( NBTC ) to the Reference Entity.**
  - **Reference Entity is True Move H Universal Communication Co., Ltd.**

**Credit Events** refer to any of the following events:

1. Bankruptcy – certain events indicating or confirming the insolvency or bankruptcy of the Reference Entity.
2. Failure to Pay – the failure of the Reference Entity to make a payment under the Reference Obligation by the Scheduled Repayment Date, with a grace period
3. Restructuring – any of the following restructurings in respect of the Reference Obligation
  - 3.1 a reduction in the principal or any premium that is payable, or a postponement or other deferral of a date for the payment. However, the deferral by a relevant governmental authority not due to the bankruptcy or failure to pay by the Reference Entity, will not be included, for example, deferral announcement of Scheduled Repayment Date or change payment conditions.
  - 3.2 Subordination
4. Any of the following events occur when Failure to Pay or a Restructuring:
  - 4.1 Repudiation – any disaffirming, disclaiming, repudiating or rejecting the Reference Obligation or challenging Reference Obligation’s validity
  - 4.2 Moratorium – declaration or imposition of a moratorium, standstill, roll-over or deferral with respect to the Reference Obligation by the Reference Entity or a relevant governmental authority. However, the deferral by a relevant governmental authority not due to the bankruptcy or failure to pay by the Reference Entity, will not be included, for example, deferral announcement of Scheduled Repayment Date or change payment conditions.

### **Principal and Return payment conditions**

#### **Condition 1 No occurrence of any Credit Events of Reference Obligation or Reference Entity occurs.**

The unitholders will receive principal, interest and premium from CDS transaction.

#### **Condition 2 If any Credit Event of Reference Obligation or Reference Entity occurs.**

The occurrence of a Credit Event of Reference Obligation or Reference Entity within an applicable timeframe, could result in the Fund having to pay the Cash Settlement Amount to the Buyer. So the Fund has to withdraw deposits or unwind some investment positions in order to settle the Cash Settlement Amount. The unitholders, therefore, may not receive principal and return as expected. The Management Company nevertheless has taken steps to minimize such loss to the Fund and ultimately to the Fund’s unitholders by imposing an obligation on the Buyer to use its best endeavors to recover the due and unpaid amount in respect of the Reference Obligation from the Reference Entity (the “Recovery”) following the Fund’s payment of the Cash Settlement Amount to the Buyer, and the Management Company has set up a legal arrangement whereby part of any such Recovery in proportion to the relative size of the Cash Settlement Amount to the notional amount of the Reference Obligation shall be passed to the Fund or any successor or agent designated by the Management Company with a view to ultimately distributing the Recovery to the unitholders of the Investment Units proportionately based on their share of the Investment Units.

**Risks associated with entering into credit default swap transaction as protection seller** including but not limited to risks as below :

- **Change of Reference Entity** If and when the Reference Entity ceases to exist and the entire Reference Obligations (and Additional Reference Obligations, if applicable) are transferred to another entity by reason of corporate action (e.g. merger) during the Risk Period (a “Succession Event”), the parties may agree to designate such other entity as a successor to the original Reference Entity (a “Successor”) in respect of the entire Transaction.
- **Change of Reference Obligation** There might be a scenario where the quantum outstanding of the Reference Obligation is reduced or Substitute Reference Obligation, resulting in the Fund having to take credit exposure on other obligation
- **A failure to agree to a Successor to the Reference Entity** may lead to early termination of the Transaction, which might have a negative impact on the overall return generated by the Fund on the Transaction and the Management Company might find it appropriate to dissolve the Fund and the unitholders may not receive returns as expected.

**Conflicts of interest**

Since the Management Company as the Manager of the Fund (the protection seller) is related to the KASIKORNBANK Public Company Limited (the protection seller) as its subsidiary, there are conflicts of interest arising in respect of the Transaction. However, the terms of the Transaction are negotiated and concluded on an arm’s length basis. The Buyer also acts as calculation agent. The Fund will receive certain remuneration in the form of premium (i.e. the Fixed Amount) under the Transaction from the Buyer. Upon the occurrence of a Credit Event, the Buyer is entitled to receive the Cash Settlement Amount of not exceeding the Notional Amount from the Fund. The Management Company has put in place a contractual covenant under which the Buyer undertakes to maintain an unhedged economic exposure to no less than 65% of the Reference Obligation, to ensure that the Buyer will have “skin in the game” when performing its obligation to obtain Recovery from the Reference Entity.

The Fund is High Risk or Complex Fund which may differ from plain products in the market. Please discuss with your selling agents for more information and study the Prospectus, Factsheet and other sales materials before making investment decision.

I have studied the information of investment in K Enhanced Credit 2 Fund Not for Retail Investors (KEC2–UI) including the risks and cautions of investment appearing in this document, factsheet and prospectus which I have thoroughly acknowledged and waived any conflicts of interest arising from the transaction as the information appearing in those documents. I also commit to all regulations and conditions appearing in the prospectus.

I am a person who meets the following criterias:

A. Juristic Person with the following characteristics:

- having proportion of shareholders’ equity, according to the latest audited financial statement, exceeding Baht 200 million.
- having investment in either securities and/or derivatives exceeding Baht 40 million, or securities, derivatives and/or deposits exceeding Baht 80 million, according to the latest audited financial statement.

B. Individual including spouse with the following characteristics:

- having net assets (assets deducted by debts) exceeding Baht 70 million. In this regard, such assets do not include value of immovable property used as permanent residence.
- having annual income exceeding Baht 10 million or Baht 7 million if not include spouse.
- having direct investment capital in either securities (shares, debentures, financial negotiable notes, bonds, bills of exchange, unit trusts and warrants to such securities) or derivatives exceeding Baht 25 million, or securities, derivatives and/or deposits exceeding Baht 50 million.

.....  
(Unitholder)

Date .....

- For selling agents-

## **Risk disclosure and waiver to conflicts of interest of K Enhanced Credit 2 Fund Not for Retail Investors (KEC2-UI)**

**(Please study details from Fund Fact Sheet of KEC2-UI)**

I acknowledge the nature of the Investment and associated risks and to grant the Fund waiver to potential conflicts of interest which arising in respect of the Transaction as follows:

- The Fund will use derivatives to fully hedged against exchange rate risk arising from fixed income/deposits investment.
- The Fund uses financial derivative instruments for Efficient Portfolio Management (EPM). The Fund, as seller of protection (the “Seller”), will enter into a credit default swap transaction with the KASIKORNBANK Public Company Limited as buyer of protection (the “Buyer”). As seller of protection, the Fund will be required to make a payment to the Buyer if there occurs a Credit Event with respect to Reference obligation or Reference entity. The notional amount of CDS transaction will be approximately 35% of NAV.
  - **Reference Obligation is an obligation to pay a license fee by True Move H Universal Communication Co., Ltd. (the Reference Entity ) to the Buyer in relation to the license to use frequency for telecommunications business with respect to the 4th installment of 900MHz frequency band, issued by the National Broadcasting and Telecommunications Commission ( NBTC ) to the Reference Entity.**
  - **Reference Entity is True Move H Universal Communication Co., Ltd.**

**Credit Events** refer to any of the following events:

1. Bankruptcy – certain events indicating or confirming the insolvency or bankruptcy of the Reference Entity.
2. Failure to Pay – the failure of the Reference Entity to make a payment under the Reference Obligation by the Scheduled Repayment Date, with a grace period
3. Restructuring – any of the following restructurings in respect of the Reference Obligation
  - 3.1 a reduction in the principal or any premium that is payable, or a postponement or other deferral of a date for the payment. However, the deferral by a relevant governmental authority not due to the bankruptcy or failure to pay by the Reference Entity, will not be included, for example, deferral announcement of Scheduled Repayment Date or change payment conditions.
  - 3.2 Subordination
4. Any of the following events occur when Failure to Pay or a Restructuring:
  - 4.1 Repudiation – any disaffirming, disclaiming, repudiating or rejecting the Reference Obligation or challenging Reference Obligation’s validity
  - 4.2 Moratorium – declaration or imposition of a moratorium, standstill, roll-over or deferral with respect to the Reference Obligation by the Reference Entity or a relevant governmental authority. However, the deferral by a relevant governmental authority not due to the bankruptcy or failure to pay by the Reference Entity, will not be included, for example, deferral announcement of Scheduled Repayment Date or change payment conditions.

### **Principal and Return payment conditions**

**Condition 1 No occurrence of any Credit Events of Reference Obligation or Reference Entity occurs.**

The unitholders will receive principal, interest and premium from CDS transaction.

**Condition 2 If any Credit Event of Reference Obligation or Reference Entity occurs.**

The occurrence of a Credit Event of Reference Obligation or Reference Entity within an applicable timeframe, could result in the Fund having to pay the Cash Settlement Amount to the Buyer. So the Fund has to withdraw deposits or unwind some investment positions in order to settle the Cash Settlement Amount. The unitholders, therefore, may not receive principal and return as expected. The Management Company nevertheless has taken steps to minimize such loss to the Fund and ultimately to the Fund’s unitholders by imposing an obligation on the Buyer to use its best endeavors to recover the due and unpaid amount in respect of the Reference Obligation from the Reference Entity (the “Recovery”) following the Fund’s payment of the Cash Settlement Amount to the Buyer, and the Management Company has set up a legal arrangement whereby part of any such Recovery in proportion to the relative size of the Cash Settlement Amount to the notional amount of the Reference Obligation shall be passed to the Fund or any successor or agent designated by the Management Company with a view to ultimately distributing the Recovery to the unitholders of the Investment Units proportionately based on their share of the Investment Units.

**Risks associated with entering into credit default swap transaction as protection seller** including but not limited to risks as below :

- **Change of Reference Entity** If and when the Reference Entity ceases to exist and the entire Reference Obligations (and Additional Reference Obligations, if applicable) are transferred to another entity by reason of corporate action (e.g. merger) during the Risk Period (a “Succession Event”), the parties may agree to designate such other entity as a successor to the original Reference Entity (a “Successor”) in respect of the entire Transaction.
- **Change of Reference Obligation** There might be a scenario where the quantum outstanding of the Reference Obligation is reduced or Substitute Reference Obligation, resulting in the Fund having to take credit exposure on other obligation
- **A failure to agree to a Successor to the Reference Entity** may lead to early termination of the Transaction, which might have a negative impact on the overall return generated by the Fund on the Transaction and the Management Company might find it appropriate to dissolve the Fund and the unitholders may not receive returns as expected.

**Conflicts of interest**

Since the Management Company as the Manager of the Fund (the protection seller) is related to the KASIKORNBANK Public Company Limited (the protection seller) as its subsidiary, there are conflicts of interest arising in respect of the Transaction. However, the terms of the Transaction are negotiated and concluded on an arm’s length basis. The Buyer also acts as calculation agent. The Fund will receive certain remuneration in the form of premium (i.e. the Fixed Amount) under the Transaction from the Buyer. Upon the occurrence of a Credit Event, the Buyer is entitled to receive the Cash Settlement Amount of not exceeding the Notional Amount from the Fund. The Management Company has put in place a contractual covenant under which the Buyer undertakes to maintain an unhedged economic exposure to no less than 65% of the Reference Obligation, to ensure that the Buyer will have “skin in the game” when performing its obligation to obtain Recovery from the Reference Entity.

The Fund is High Risk or Complex Fund which may differ from plain products in the market. Please discuss with your selling agents for more information and study the Prospectus, Factsheet and other sales materials before making investment decision.

I have studied the information of investment in K Enhanced Credit 2 Fund Not for Retail Investors (KEC2-UI) including the risks and cautions of investment appearing in this document, factsheet and prospectus which I have thoroughly acknowledged and waived any conflicts of interest arising from the transaction as the information appearing in those documents. I also commit to all regulations and conditions appearing in the prospectus.

I am a person who meets the following criterias:

A. Juristic Person with the following characteristics:

- having proportion of shareholders’ equity, according to the latest audited financial statement, exceeding Baht 200 million.
- having investment in either securities and/or derivatives exceeding Baht 40 million, or securities, derivatives and/or deposits exceeding Baht 80 million, according to the latest audited financial statement.

B. Individual including spouse with the following characteristics:

- having net assets (assets deducted by debts) exceeding Baht 70 million. In this regard, such assets do not include value of immovable property used as permanent residence.
- having annual income exceeding Baht 10 million or Baht 7 million if not include spouse.
- having direct investment capital in either securities (shares, debentures, financial negotiable notes, bonds, bills of exchange, unit trusts and warrants to such securities) or derivatives exceeding Baht 25 million, or securities, derivatives and/or deposits exceeding Baht 50 million.

.....  
(Unitholder)

Date .....

- For unitholder-