

Impact of Proposed Finance Bill 2021 to Investors investing in P MMMF & PMICF

15 December 2021

Dear Valued Investors,

The Finance Bill 2021 involving amendments to Income Tax Act 1967 to implement the Budget 2022 measures was tabled for the first reading in Parliament on 9 November 2021.

Upon the approval of Finance Bill 2021, with effect from 1 January 2022, tax exemption shall cease to be applicable to income distributed to non—individual unit holders by retail money market funds.

In essence, non-individual investors receiving income from retail money market funds, ie. Phillip Master Money Market Fund (“P MMMF”) and Phillip Master Islamic Cash Fund (“PMICF”) will be subjected to a taxation of 24% for all income distributed from 1 January 2022 and onwards.

This is to ensure the standardise treatment with income arising from other investments made by non-individuals.

Income distributed to individual unit holders remains tax exempted based on the existing tax regulations.

Simply put, if you are an individual unit holder, the approval of Finance Bill 2021 does not impact you as tax exemption remains for individual unit holders.

P MMMF’s NAV per unit shall be maintained at RM0.50 and income accrued will continue to be distributed monthly. There are no changes to it.

As for PMICF, with effect from 1 January 2022, PMICF’s NAV per unit will no longer be maintained at RM1.00 and instead the fund’s NAV per unit will fluctuate with the income accrued and net value of the assets in the fund on daily basis.

We have also earlier sent out a Notice on PMICF Unit Holders’ meeting for unitholders to consider the resolution to amend the distribution policy of the Fund. We are proposing to change PMICF’s distribution policy, whereby the Manager does not intend to declare income distribution for the fund going forward.

Profits from investing into PMICF will come from capital gains. Presently, any capital gains on unit trust funds are not subjected to tax under the Malaysian Income Tax Act, 1967 (ITA) for both individuals and non-individuals.

As a summary, below are the key differentiation for P MMMF and PMICF:

Fund Features	P MMMF	PMICF
Category of Fund	Money Market Fund	Islamic Money Market
NAV per unit	RM 0.50	Prevailing NAV
Income distribution policy	Monthly	The Fund is not expected to distribute income. Income distribution (if any) is incidental *
24% of taxation imposed on income distributed to individuals	No	No
24% of taxation imposed on income distributed to non-individuals	Yes	N/A*

* Subject to successful outcome of PMICF’s Unitholders’ Meeting to be held on 21 December 2021 and regulator’s approval.

Should you need further clarifications, please reach out to your servicing Unit Trust Consultant/ Financial Planner.

Thank you.

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