

Information Memorandum

Hong Leong Wholesale Bond Fund

MANAGER:

HONG LEONG ASSET MANAGEMENT BHD
[199401033034 (318717-M)]

TRUSTEE:

DEUTSCHE TRUSTEES MALAYSIA BERHAD
[200701005591 (763590-H)]

THIS INFORMATION MEMORANDUM FOR THE **HONG LEONG WHOLESALE BOND FUND** IS DATED 27 November 2023

THE FUND WAS CONSTITUTED ON 21 SEPTEMBER 2012.

INVESTORS ARE ADVISED TO READ THIS INFORMATION MEMORANDUM. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE SECTION 4 - "RISK FACTORS".

THIS INFORMATION MEMORANDUM DATED 27 NOVEMBER 2023 SUPERSEDES THE:

- (1) REPLACEMENT INFORMATION MEMORANDUM FOR THE HONG LEONG WHOLESALE BOND FUND DATED 15 APRIL 2021; and**
- (2) 1st SUPPLEMENTARY INFORMATION MEMORANDUM FOR THE HONG LEONG WHOLESALE BOND FUND DATED 10 DECEMBER 2021.**

RESPONSIBILITY STATEMENTS

This Information Memorandum has been reviewed and approved by the directors of Hong Leong Asset Management Bhd and they collectively and individually accept full responsibility for the accuracy of all information. Having made all reasonable enquiries, 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 Information Memorandum false or misleading.

STATEMENTS OF DISCLAIMER

The Securities Commission Malaysia has not authorised or recognised the Fund and a copy of this Information Memorandum has not been registered with the Securities Commission Malaysia.

The lodgement of this Information Memorandum should not be taken to indicate that the Securities Commission Malaysia recommends the Fund or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Information Memorandum.

The Securities Commission Malaysia is not liable for any non-disclosure on the part of Hong Leong Asset Management Bhd, the management company responsible for the Fund and takes no responsibility for the contents in this Information Memorandum. The Securities Commission Malaysia makes no representation on the accuracy or completeness of this Information Memorandum, and expressly disclaims any liability whatsoever arising from, or in reliance upon, the whole or any part of its contents.

INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, INVESTORS WHO ARE IN DOUBT ON THE ACTION TO BE TAKEN SHOULD CONSULT THEIR PROFESSIONAL ADVISERS IMMEDIATELY.

ADDITIONAL STATEMENTS

Sophisticated Investors should note that they may seek recourse under the *Capital Markets and Services Act 2007* for breaches of securities laws including any statement in this Information Memorandum that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to this Information Memorandum or the conduct of any other person in relation to the Fund.

IF THE FUND DECLARES DISTRIBUTION OUT OF CAPITAL, THE CAPITAL OF THE FUND MAY BE ERODED IF THE DISTRIBUTION IS ACHIEVED BY FORGOING THE POTENTIAL FOR FUTURE CAPITAL GROWTH AND THIS CYCLE MAY CONTINUE UNTIL ALL CAPITAL IS DEPLETED.

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1. DEFINITIONS

Auditor	PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146). The appointed auditor for the Fund.
Base Currency	Refers to the base currency of the Fund, i.e. RM.
Bursa Malaysia	The stock exchange managed and operated by Bursa Malaysia Securities Berhad [200301033577 (635998-W)] and includes any changes to the name or the operator of the Malaysian stock exchange.
Business Day	A day (other than Saturday, Sunday and public holidays) on which the Manager is open for business and Bursa Malaysia is open for trading.
Class(es)	Refers to any number of class(es) of Units representing similar interests in the assets of the Fund and such other Class(es) that may be issued by the Fund from time to time and “Class” means any one class of Units.
Class D	Means a Class which is denominated in RM which the features are as set out in this Information Memorandum.
CMSA	Capital Markets and Services Act 2007 and any amendments made thereto.
Deed	The deed entered into between the Manager and the Trustee for the Unit holders of the Fund, including any supplementary deeds thereto.
Eligible Market	Means an exchange, government securities market or an over-the-counter market:- (i) that is regulated by a regulatory authority of that jurisdiction; (ii) that is open to the public or to a substantial number of market participants; and (iii) on which financial instruments are regularly traded.
Forward Price	The Selling Price or Redemption Price calculated based on the NAV per Unit at the next valuation point after the application to purchase or redeem Units is received by the Manager.
Guidelines	Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by the Securities Commission Malaysia as may be amended from time to time.

HLAM or the Manager	Hong Leong Asset Management Bhd [199401033034 (318717-M)].
HLWBoF or the Fund	Hong Leong Wholesale Bond Fund.
Information Memorandum	Refers to this information memorandum of the Fund, including any supplementary or replacement information memorandum thereto.
MARC	Malaysian Rating Corporation Berhad [199501035601 (364803-V)].
NAV per Unit	The NAV of a Class divided by the number of UIC for that Class at the same valuation point.
Net Asset Value (NAV)	Net asset value of the Fund or a Class. The NAV of the Fund (or a Class) on each Business Day is determined by deducting the value of all the Fund's liabilities (or the liabilities relating to that Class) from the value of all the Fund's assets (or assets relating to that Class), at a valuation point.
RAM	RAM Rating Services Berhad [200701005589 (763588-T)].
Redemption Price	The price payable to an investor (before deducting the redemption charge, if any) for a Unit pursuant to a redemption request. The Redemption Price shall be the NAV per Unit of the Fund or the relevant Class as at the next valuation point of the Fund after a redemption request is received and accepted by the Manager.
RM or MYR	Means Malaysian Ringgit.
S&P	Standard & Poor's Rating Services.
SC	The Securities Commission Malaysia.
Selling Price	The price payable by an investor (before including the sales charge) for the purchase of a Unit pursuant to a request for purchase of Units. The Selling Price shall be the NAV per Unit of the Fund or the relevant Class as at the next valuation point of the Fund after a request for purchase of Units is received and accepted by the Manager.

Single Pricing	It is a method when you purchase Units from the Manager and sell your Units back to the Manager at a single price, i.e. the NAV per Unit. The sales charge and the redemption charge (if any) would be calculated separately based on your invested amount/redemption proceeds.
Sophisticated Investor(s)	Means any person who: (a) falls within any of the categories of investors set out in Part I, Schedules 6 and 7 of the CMSA; or (b) acquires unlisted capital market products where the consideration is not less than two hundred and fifty thousand ringgit or its equivalent in foreign currencies for each transaction whether such amount is paid for in cash or otherwise, or such other investor(s) as may be defined by the SC from time to time.
Special Resolution	Means a resolution passed at a meeting of Unit holders duly convened in accordance with the Deed by a majority of not less than three-fourths of the Unit holders present and voting at the meeting in person or by proxy; for the avoidance of doubt, "three-fourths of the Unit holders present and voting" means three-fourths of the votes cast by the Unit holders present and voting; for the purposes of terminating the Fund or a Class, "Special Resolution" means a resolution passed at a meeting of Unit holders duly convened in accordance with the Deed by a majority in number representing at least three-fourths of the value of the Units held by the Unit holders in the Fund or in that Class, as the case may be, present and voting at the meeting in person or proxy.
Trustee	Deutsche Trustees Malaysia Berhad [200701005591 (763590-H)] ("DTMB").
UIC	Units in circulation.
Unit(s)	Is an undivided share in the beneficial interest and/or rights in the Fund (or Class) and a measurement of the interest and/or right of a Unit holder in the Fund (or Class) and means a Unit of the Fund (or Class).
Unit holder(s), investor(s), applicant(s), you	Means the Sophisticated Investor for the time being who is registered pursuant to the Deed as a holder of Units, including a person(s) jointly registered.

2. CORPORATE DIRECTORY

MANAGER

HONG LEONG ASSET MANAGEMENT BHD [199401033034 (318717-M)]

Registered office:

Level 30, Menara Hong Leong
No. 6, Jalan Damanlela
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50490 Kuala Lumpur
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Bukit Damansara
50490 Kuala Lumpur
Tel : +603-2081 8600
Fax : +603-2081 8500
Website : www.hlam.com.my
E-mail : inquiry@hlam.hongleong.com.my

TRUSTEE

DEUTSCHE TRUSTEES MALAYSIA BERHAD [200701005591 (763590-H)]

Registered address and Business address:

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50250 Kuala Lumpur
Tel : +603-2053 7522
Fax : +603-2053 7526
E-mail : dtmb.rtm@db.com

3. KEY DATA OF THE FUND

3.1 General Information

		Page
Fund name	Hong Leong Wholesale Bond Fund	-
Fund category	Fixed income (Wholesale)	-
Fund type	Income	-
Launch date	7 October 2013	-
Investment objective	<p>The Fund aims to provide regular income¹ while maintaining capital stability² through investments in fixed income instruments.</p> <p><i>Notes:</i> ¹ Income may be distributed in the form of cash and/or additional Units. ² Please take note that this Fund is not a capital guaranteed or capital protected fund and returns are not guaranteed.</p>	19
Asset allocation	<p>Fixed income instruments: Minimum 80% of the Fund's NAV.</p> <p><i>Note: The Fund may hold sufficient cash for liquidity purposes.</i></p>	20
Investment process and strategy	<p>The Fund aims to achieve its investment objective by investing in fixed income instruments which include but are not limited to local and foreign corporate bonds, government and/or government-sponsored bonds, convertible bonds, medium-term notes, commercial papers, money market instruments and cash-equivalents.</p>	19
Performance benchmark	<p>12-month fixed deposit rate quoted by Malayan Banking Berhad.</p> <p>Information on the benchmark can be obtained from www.maybank2u.com.my. Unit holders should be aware that the risk profile of the Fund is not the same as that of the benchmark.</p>	20

KEY DATA OF THE FUND

3.1 General Information

		Page
General risks	Market risk, fund management risk, non-compliance risk, loan/financing risk and inflation/purchasing power risk.	13
Specific risks	Particular security risk, credit/default risk, counterparty risk, interest rate risk, liquidity risk, reinvestment risk, concentration risk, single issuer risk, country risk, currency risk and derivatives risk.	14
Investor profile	<p>This Fund is suitable for Sophisticated Investors who:</p> <p>(i) are seeking for regular income¹ stream; and</p> <p>(ii) are looking for a more conservative investment with reasonable capital stability².</p> <p><i>Notes:</i> ¹Income may be distributed in the form of cash and/or additional Units. ²Please take note that this Fund is not a capital guaranteed or capital protected fund and returns are not guaranteed.</p>	-
Distribution policy	<p>Distribution of income* will be half-yearly, subject to the availability of income. The Manager has the discretion** to distribute income depending on realised gains or income, interest rates, market conditions and the performance of the Fund.</p> <p>The Manager's current intention is to declare distributions out of the income and/or capital*** of the Fund after deducting fees and expenses incurred by the Fund. Income distribution may be declared out of capital*** if the Fund does not have sufficient net realised gains or net realised income from the current financial year. The rationale for providing for payment of distribution out of capital*** is to allow for the ability to provide a stable and consistent level of distribution to Unit holders. Distribution out of capital*** carries the risk of eroding the capital of the Fund and as a result the value of future returns may be diminished.</p> <p><i>Notes:</i> * Income may be distributed in the form of cash and/or additional Units. ** The Manager has the discretion to decide on the amount to be distributed to Unit holders. If the distribution available is too small or insignificant, the Manager may choose not to distribute the income as the distribution may not be beneficial to the Unit holders as the total cost to be incurred in such distribution may be higher than the amount available for distribution. *** Capital refers to unrealised income or unrealised gain.</p>	22

3. KEY DATA OF THE FUND

3.1 General Information

Financial year	The Fund's financial period is a 12-month period ending on 31 March each year.	-
Date of Deed	Principal deed: 21 September 2012 First supplemental deed: 19 December 2013 Second supplemental deed: 25 March 2015 Third supplemental deed: 4 February 2021 Fourth supplemental deed: 9 September 2021 Fifth supplemental deed: 9 August 2023	47

3.2 Fees and Charges

The following table describes the charges that you may **directly** incur when you buy Units:

		Page
Sales charge	There is no sales charge imposed by the Manager.	36
Redemption charge	There is no redemption charge imposed by the Manager.	36
Switching fee	There is no switching fee imposed on switching of Units.	36
Transfer fee	There is no transfer fee imposed on the transfer of Units to a transferee.	36

The following table describes the fees that you may **indirectly** incur when you invest in the Fund:

		Page
Annual management fee*	Class D: Up to 1.00% per annum of the NAV of the Class.	36
Annual trustee fee*	0.015% per annum of the NAV of the Fund (excluding foreign custodian fees and charges).	37
Other Fund expenses*	Foreign custodian fee (if any), brokerage fee (if any), professional fees and direct administration expenses.	37

THERE ARE FEES AND CHARGES INVOLVED AND SOPHISTICATED INVESTORS ARE ADVISED TO CONSIDER THEM BEFORE INVESTING IN THE FUND.

Note:

** All fees and charges and/or sum set out in this Information Memorandum payable to the Manager/Trustee are subject to any applicable taxes and/or duties and at such rate as may be imposed by the government from time to time. The Manager/Trustee (where applicable) shall have the right to charge and recover from the Fund any applicable taxes and/or duties now or hereafter imposed by law or required to be paid in connection with the products or services provided by the Manager/Trustee (where applicable).*

3. KEY DATA OF THE FUND

3.3 Transactions

		Page
Investment options	Direct bank transfer or cheque/bank draft. Payable to Hong Leong Asset Management Bhd and crossed "Account Payee Only".	-
Minimum initial investment	Class D: RM 1,000,000	27
Minimum additional investment	Class D: RM 100,000	27
Minimum redemption of Units	Class D: 100,000 Units	29
Frequency of investment	Generally, there is no restriction on the number of times when an application for Units can be made. <i>Note: The Manager reserves the right to reject any application that is not complete and/or not accompanied by the required documents and payment (in cleared funds).</i>	28
Frequency of redemption	Generally, there is no restriction on the number of times when an application for redemption of Units can be made. Unit holders will be paid within seven (7) Business Days from the date the redemption request is received by the Manager. <i>Note: The Manager reserves the right to reject any application that is not complete and/or not accompanied by the required documents.</i>	29
Minimum account balance	Class D: 100,000 Units	33
Cooling-off right	Cooling-off right is not allowed for this Fund.	32

Switching of Units	Switching is a facility offered by the Manager to its existing Unit holders. This facility enables you to switch from units of one fund to units of other fund(s) managed by the Manager.	30
Transfer of Units	The minimum transfer of Units is 100,000 Units. A transferee must be a Sophisticated Investor and is required to sign the "Pre-Qualification Form" together with "Transfer Form" and "Account Opening Form" if the transferee is a new Unit holder together with other supporting documents.	30

UNIT PRICES AND DISTRIBUTIONS PAYABLE, IF ANY MAY GO DOWN AS WELL AS UP.

4. RISK FACTORS

4.1 General Risks

Prospective Sophisticated Investors should consider the following general risks of investing in the Fund in addition to the other information set out in this Information Memorandum:

- **Market risk**
Market risk refers to the potential losses that may arise from changes in the value of the investments of the Fund in response to market developments (such as adverse changes in government regulations and policies, economic developments, investor sentiment, inflation, interest rates and exchange rates), which would then affect the Fund's NAV.
- **Fund management risk**
The performance of the Fund is dependent on the experience, knowledge, expertise and investment strategies adopted by the personnel of the Manager. Lack of experience, knowledge and expertise, as well as poor execution of the investment strategy or general management of the Fund may jeopardise the Unit holders' capital and returns. In view of this, proper training and stringent selection of personnel to manage the Fund is crucial towards mitigating this risk.
- **Non-compliance risk**
This is the risk where the Manager does not comply with the provisions as set out in the Deed; or the laws/guidelines that govern the Fund; or its internal procedures and policies. The non-compliance could be due to several factors such as a result of human errors and oversight, system failures or fraudulent acts by the Manager. Any non-compliance may adversely affect the Fund's NAV per Unit, especially in situations where the Manager is forced to sell the investments of the Fund at an unfavorable price in order to resolve the non-compliance. In order to mitigate this risk, the Manager has imposed stringent internal compliance controls.
- **Loan/financing risk**
This risk occurs when Unit holders take a loan/financing to finance their investment. The inherent risk of investing with borrowed/financed money includes Unit holders being unable to service the loan/financing repayments. In the event Units are used as collateral, Unit holders may be required to top-up the existing instalment if the prices of Units fall below a certain level due to market conditions. Failing which, the Units may be sold at a lower NAV per Unit as compared to the NAV per Unit at the point of purchase towards settling the loan/financing.
- **Inflation/purchasing power risk**
This refers to the likelihood of a Unit holder's investments are not growing at a rate equal or greater than the inflation rate, thus resulting in the Unit holder's decreasing purchasing power.

4.2 Specific Risks

In addition, there are also specific risks associated with the investment portfolio of the Fund. The key risks include but are not limited to the following:

- **Particular security risk**

The performance of each security that the Fund invests in will affect the NAV per Unit and is dependent on factors which include but are not limited to the management quality of the particular company, its growth potential, changes in consumer tastes and preferences, and conditions specific to the industry of the security of which the Fund has invested in. Valued collectively, the performance of individual securities will cause the Fund's NAV per Unit to rise or fall accordingly. The Fund's NAV per Unit is also dependent on the weightage of the individual securities within the Fund's portfolio. This risk is managed by the adherence to a strict investment decision-making process which is applied in the security selection process and involves primary and secondary research on the company's industry and business outlook, management track record, financial health, earnings quality, growth potential and other financial valuations.
- **Credit/default risk**

This risk is intrinsic to the Fund's investments in fixed income instruments and refers to the possibility of the issuer of the fixed income instrument being unable or not willing to pay/repay in a timely manner the interest payments due and/or the principal respectively. This will cause a decline in the value of the defaulted fixed income instrument and subsequently affect the Fund's NAV per Unit. This risk can be mitigated through a rigorous and disciplined credit research and analysis to ascertain the creditworthiness of the issuer prior to its investments.
- **Counterparty risk**

The Fund's placements of cash/deposits with financial institutions are subject to the risk of the counterparty. Counterparty risk refers to the possibility that the counterparty of an instrument being unable to make timely payments of interest and/or principal payment on the maturity date. This may then lead to a default in the payment and/or interest and ultimately, affect the NAV per Unit of the Fund.
- **Interest rate risk**

This risk refers to the effect of interest rate changes on the market value of the Fund's fixed income investments. In the event of rising interest rates, prices of fixed income securities tend to move inversely. Meanwhile, fixed income securities with longer maturities and lower coupon/profit rates are more sensitive to interest rate changes. The interest rate risk will be mitigated via the management of the duration structure of the fixed income portfolio by diversifying the investments in fixed income securities across different maturities (e.g. one year, three years and five years) and investing in short-term (i.e. less than three years) fixed income securities.

- **Liquidity risk**

Liquidity risk comprises two broad risk types: Market Liquidity Risk and Funding Liquidity Risk. Market Liquidity Risk is defined as the ease with which a security can be sold at or near its fair value depending on the trading volume of that security in the market. If the Fund holds a large portfolio of securities that are less liquid, these securities may have to be sold at unfavourable prices and/or withdraw deposits placed with financial institutions prior to maturity which would expose the Fund to a higher degree of market liquidity risk. As such, any premature withdrawal of deposits where interest income may be forfeited or forced sale of the Fund's investment to meet any shortfall will have adverse impact on the Fund's NAV per Unit and subsequently the value of Unit holders' investments in the Fund.

Funding Liquidity Risk is defined as the risk that the Fund will not be able to meet efficiently both the expected and unexpected current and future cash outflow. The risk primarily involves the Fund's inability to meet redemption requests without major distortion to the portfolio allocation.

To mitigate this risk, the Manager will employ prudent liquidity management such as cash flow and redemption monitoring to ensure that the Fund maintains reasonable levels of liquidity to meet any redemption request supplemented by a temporary defensive strategy should adverse conditions prevail. The Manager will apply Liquidity Risk Management tools inclusive of Liquidity Stress Test to assess the Fund's viability to meet expected and unexpected redemptions under adverse scenarios.

The Manager may, in consultation with the Trustee, suspend dealing in Units under exceptional circumstances where there is sufficient reason to do so having regard to the interests of the Unit holders in an effort to further curtail the liquidity risk experienced by the Fund. Exceptional circumstances can be considered where the market value or fair value of a material portion of the Fund's assets cannot be determined.

- **Reinvestment risk**

Reinvestment risk occurs when an issuer of a fixed income security decides to exercise its right to pay back the principal on an obligation, at a date earlier than the expected maturity date. When that happens, the Fund will have to reinvest the proceeds at prevailing market rates, which may be at a lower rate of return than the original fixed income security at the time of initial investment.

- **Concentration risk**

The Fund may have a concentrated portfolio of securities which means it may hold a limited number of investments, take large positions in a relatively small number of securities and/or invest in securities of a single issuer. As a result, if one or more of these investments decline or is otherwise affected, it may have a pronounced effect on the Fund's NAV per Unit. The Manager seeks to mitigate this risk by conducting fundamental research prior to its investments.

- **Single issuer risk**

The Fund may invest a greater portion of its assets in a single issuer, and as such, the Fund is susceptible to any adverse developments affecting the single issuer held in its portfolio. Any changes in the financial condition of the single issuer may cause fluctuations in the Fund's NAV. The Manager seeks to mitigate this risk by conducting fundamental research prior to its investments, where the Manager will conduct thorough analysis of the issuer's financial statements by assessing its potential earnings growth, cash flow sustainability, debt manageability as well as historical financial performance.
- **Currency risk**

This risk is associated when the Fund has investments that are denominated in foreign currency. Any fluctuations in the currency exchange rates can affect the Fund's foreign investments when it is converted back to the Fund's local currency in RM, and subsequently affect the Fund's NAV per Unit. Investors should be aware that if the currencies in which the investments are denominated depreciate against the Base Currency, this will have an adverse effect on the NAV of the Fund in the Base Currency 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. This risk may be mitigated through investing in a wide range of foreign currency denominated assets, thus reducing the risk of single currency exposure. Alternatively, hedging may be applied to minimise the currency risk, where necessary. While currency hedging has the potential to mitigate adverse currency fluctuations, any potential gains from currency appreciation will be capped. Therefore, Unit holders will not benefit from any currency appreciation.
- **Country risk**

The foreign investments made by the Fund may be affected by changes in the economic, social and/or political conditions of the countries in which the investments are made. These changes may in turn, influence the growth and development of businesses and have an adverse impact on market sentiment. 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. However, this risk may be mitigated by conducting thorough research on the respective markets, their economies, companies, politics and social conditions as well as minimising or omitting investments in such markets.

The Manager will also ensure all the necessary licenses/permits for investments are applied for in countries which require such licenses/permits. In the event that the Manager is unable to obtain the necessary licenses/permits in those countries, or that such licenses/permits are then revoked or not renewed, the Manager will then seek to invest in other accessible markets.

- **Derivatives risk**

The Fund may invest into derivatives or structured products, which are financial contracts whose value depends on, or is derived from, the value of an underlying asset, reference rate or index. Such assets, rates and indices may include shares, interest rates, currency exchange rates and stock indices. While the judicious use of these financial derivative instruments by the Manager can be beneficial, the risks involved in the investments of these financial derivative instruments may be higher than risks involved in traditional securities investments.

Unit holders should be aware that there is a risk of higher volatility in the NAV per Unit of the Fund when derivatives or structured products are part of the Fund's investment assets. Some of the risks associated with investments in derivatives or structured products by the Fund include the following:

- a) **Leverage risk**

Investments in derivatives or structured products involve leverage risk because derivatives allow the Fund to be exposed to a selected underlying with a nominal amount significantly larger than the premium paid for by the Fund. Unit holders should be aware that there is no assurance that the Fund's derivative strategy will succeed. Therefore, Unit holders should carefully consider their risk tolerance level and be aware that there is a risk of higher volatility in the NAV per Unit of the Fund before investing in the Fund. However, this risk is mitigated as any downside risk will be limited only to the premium paid for by the Fund. In addition to that, investments in derivatives or structured products are closely monitored by the Manager with careful research prior to its investments.

- b) **Derivatives/structured products counterparty risk**

When the Fund invests in derivatives or structured products, it will be subjected to the derivatives or structured products counterparty default risk. This risk refers to the possibility of the counterparty of these financial derivative instruments being unable to make payments and/or pay/repay the obligations in a timely manner. As a result, this could lead to a lower or zero valuation of these financial derivatives instruments, which would then have an adverse impact on the NAV per Unit of the Fund. Therefore, the Manager will only invest in derivatives or structured products issued by counterparties with a strong credit rating. A Malaysian counterparty must have a credit rating of at least "AA3" by RAM or its equivalent rating by MARC, whereas a foreign counterparty must have a credit rating of at least "A" as rated by S&P or its equivalent rating by another recognised global rating agency. In the event that the counterparty is downgraded below the abovementioned credit ratings, the Manager will unwind the invested financial derivative instruments or hold the financial derivative instruments to maturity if its period to maturity is less than six (6) months.

- c) Derivatives/structured products valuation risk
The Manager is relying on the counterparty of the derivatives or structured products to conduct the daily valuation of the derivatives or structured products. Any error in valuation would result in an under or over computation of the NAV per Unit of the Fund. However, this risk is mitigated as the Manager will conduct a periodic independent in-house verification of the prices of the derivatives or structured products provided by its counterparty.

SOPHISTICATED INVESTORS SHOULD TAKE NOTE THAT THE ABOVE LIST OF RISKS MAY NOT BE EXHAUSTIVE AND IF NECESSARY, THEY SHOULD CONSULT THEIR ADVISER(S) FOR A BETTER UNDERSTANDING OF THE RISKS.

5. INFORMATION ON THE FUND

5.1 Investment Objective

The Fund aims to provide regular income¹ while maintaining capital stability² through investments in fixed income instruments.

Notes:

¹ Income may be distributed in the form of cash and/or additional Units.

² Please take note that this Fund is not a capital guaranteed or capital protected fund and returns are not guaranteed.

Any material changes to the investment objective of the Fund would require Unit holders' approval.

5.2 Investment Process and Strategy

The Manager believes that a focused, disciplined and research-oriented investment process is key to achieving consistent performance.

The Fund aims to achieve its investment objective by investing in fixed income instruments which include but are not limited to local and foreign corporate bonds, government and/or government-sponsored bonds, convertible bonds, medium-term notes, commercial papers, money market instruments and cash-equivalents. The foreign countries which the Fund may invest in include but are not limited to Singapore, Philippines, Indonesia, Thailand, Vietnam, Australia, Hong Kong, China, India, South Korea, Japan, United States of America, United Kingdom, Germany, France, Saudi Arabia and United Arab Emirates. The investments in foreign markets are limited to countries where the regulatory authority is an ordinary or associate member of the International Organization of Securities Commissions (IOSCO).

The Manager will maintain fundamental management of the Fund where investment decisions are made in accordance to future projections of interest rates, return on investments and access to liquidity. The Manager will also adhere to stringent investment guidelines to preserve capital, provide liquidity under an optimised yield management approach and to mitigate credit risk. Key fundamental criteria include global and domestic interest rate trends, inflation rates, government and regulatory rulings, commodity prices, economic leading indicators and overall macroeconomic growth. Construction of the Fund's portfolio will then be made after taking into account the above matters in deciding on optimising returns to risk and identifying the appropriate fixed income securities for the Fund.

In terms of fixed income security selection, the Manager will adopt a strict credit selection process to ensure that the Fund only invests in appropriate fixed income securities in

accordance with the investment objective of the Fund. The Fund’s selection process involves a screening methodology that depends largely on the credit quality/financial profile of its fixed income securities portfolio to assure relative certainty in principal payment and overall total return stability as well as the marketability of its fixed income securities to assure liquidity.

In selecting financial institutions for investments in money market instruments and placement of deposits, the Fund will adopt a prudent selection process and rigorous credit assessment to ensure that only creditworthy financial institutions and appropriate investments are made in accordance with the Fund’s objective, to optimise yield and provide liquidity to the Fund. As such, the Fund will only invest with financial institutions in Malaysia with a long-term rating of at least “A3” or a short-term rating of at least “P2” as rated by RAM or its equivalent rating by MARC.

The Fund may also invest in derivatives to gain exposure to fixed income instruments, as well as a way for the Fund to hedge against investment risks such as market risk, interest rate risk and currency risk. The underlying reference of the derivatives may include fixed income, interest rate and currency or any other investments that may be permitted by the SC from time to time.

5.3 Asset Allocation

Asset class	Asset allocation (% of the Fund’s NAV)
Fixed income instruments	Minimum 80%

Note: The Fund may hold sufficient cash for liquidity purposes.

5.4 Performance Benchmark

The performance benchmark for the Fund is the 12-month fixed deposit rate quoted by Malayan Banking Berhad. Information on the benchmark can be obtained from www.maybank2u.com.my. In addition, the performance of the Fund is available to the investors from the Manager’s website at www.hlam.com.my.

Unit holders should be aware that the risk profile of the Fund is not the same as that of the benchmark.

5.5 Permitted Investments

The Fund may invest in any of the following investments:

- Listed and unlisted fixed income securities and fixed income related securities traded in an Eligible Market;
- Government securities and any other securities guaranteed by Bank Negara Malaysia, any Government or related government agencies in an Eligible Market;
- Deposits and money market instruments with financial institutions of an Eligible Market;
- Structured products/derivatives;
- Units or shares of collective investment schemes with similar objective;
- Any other form of instruments, which are in line with the objective of the Fund, as may be agreed upon by the Manager and Trustee from time to time.

5.6 Investment Limits and Restrictions

The Fund shall be subject to the following limits and restrictions:-

- The Fund's investments in money market instruments and placements of deposits with any financial institutions in Malaysia must have a long-term rating of at least "A3" or a short-term rating of at least "P2" as rated by RAM or its equivalent rating by MARC.
- The Fund's investments in derivatives/structured products with any counterparties must have strong credit ratings. A Malaysian counterparty must have a credit rating of at least "AA3" by RAM or its equivalent rating by MARC. A foreign counterparty, on the other hand, must have a credit rating of at least "A" as rated by S&P, or its equivalent rating by another global rating agency.

5.7 Risk Management Strategies

The risk management strategies undertaken by the Manager include but are not limited to the following:

- Adhering to the Fund's investment objective, investment strategies and investment limits and restrictions as stated in this Information Memorandum, the Deed and/or the Guidelines;
- Constant monitoring of the Fund's investments to ensure the Fund maintains reasonable levels of liquidity to meet any redemption request (*Please refer to 'Liquidity risk' in Section 4.2 of this Information Memorandum for more details*);
- Ensuring that the Fund will only invest in derivatives with counterparties with a strong credit rating (as stated in Section 5.6 – Investment Limits and Restrictions). In the event that the counterparty is downgraded below the abovementioned credit ratings, the Manager will unwind the affected invested derivatives or hold the derivative to maturity if its period to maturity is less than six (6) months.
- Regular review of the Fund's performance; and
- Escalating and reporting investment matters to the investment committee.

5.8 Bases of Valuation

Listed and unlisted fixed income securities

Listed fixed income securities are valued at the closing market price quoted on an Eligible Market. Investments in unlisted fixed income securities denominated in RM are valued on a daily basis using fair value prices quoted by a bond pricing agency (“BPA”) registered with the SC. Where the Manager is of the view that the price for a specific unlisted fixed income security differs from the ‘market price’ by more than 20 basis points, the Manager may use the ‘market price’, provided that the Manager records its basis for using a non-BPA price; obtains necessary internal approvals to use the non-BPA price; and keeps an audit trail of all decisions and basis for adopting the ‘market yield’. Market price for unlisted fixed income securities are derived from an average of market quotations obtained from a panel of three financial institutions that are governed by the Financial Services Act 2013. Foreign unlisted fixed income securities are valued daily based on fair price by reference to average indicative yield quoted by at least three independent and established institutions.

Money market instruments/Deposits

The value of any deposits placed with financial institutions and/or investments in money market instruments shall be determined each day by reference to their nominal values/principal sum and the accrued interest, if any.

5.9 Cross Trades

The Manager may undertake cross trades, i.e. sale and purchase transactions between funds or portfolios under the management of the Manager where the:

- (a) sale and purchase decisions are in the best interest of both funds or portfolios;
- (b) transactions are executed through a dealer or a financial institution on an arm’s length and fair value basis;
- (c) reason for such transactions is documented prior to execution of the trades; and
- (d) cross trades are identified to both funds or portfolios in their respective periodic transaction report or statement.

Cross trades between:

- (a) employee of the Manager and the funds or portfolios; and
- (b) the Manager for its proprietary trading and its funds or portfolios, are prohibited.

5.10 Distribution Policy and Mode of Distribution

Distribution of income* will be half-yearly, subject to the availability of income. The Manager has the discretion** to distribute income depending on realised gains or income, interest rates, market conditions and the performance of the Fund.

The Manager's current intention is to declare distributions out of the income and/or capital^{***} of the Fund after deducting fees and expenses incurred by the Fund. Income distribution may be declared out of capital^{**} if the Fund does not have sufficient net realised gains or net realised income from the current financial year. The rationale for providing for payment of distribution out of capital^{**} is to allow for the ability to provide a stable and consistent level of distribution to Unit holders. Distribution out of capital^{***} carries the risk of eroding the capital of the Fund and as a result the value of future returns may be diminished.

Unit holders may opt to receive or reinvest the distribution by selecting the appropriate option in the application form. For Unit holders who opt to receive the cash distribution, the said income will be credited to the Unit holder's bank account within seven (7) Business Day after distribution date. In the absence of a registered bank account, the distribution (if any) will be re-invested. Payment cannot be made to bank accounts in the name of third parties. Whereas for Unit holders who opt for reinvestment, the distribution amount will be based on the Fund's NAV per Unit, computed at the close of the reinvestment date (i.e. the first Business Day following the distribution date). There is no charge imposed on distribution reinvestments. The distribution voucher will be mailed to the Unit holders' latest address.

In the absence of a written instruction from the Unit holder on the mode of distribution, the distribution amount will be automatically reinvested based on the Fund's NAV per Unit, computed at the close of the reinvestment date (i.e. the first Business Day following the distribution date).

Notes:

* *Income may be distributed in the form of cash and/or additional Units.*

** *The Manager has the discretion to decide on the amount to be distributed to Unit holders. If the distribution available is too small or insignificant, the Manager may choose not to distribute the income as the distribution may not be beneficial to the Unit holders as the total cost to be incurred in such distribution may be higher than the amount available for distribution.*

*** *Capital refers to unrealised income or unrealised gain.*

INVESTORS SHOULD NOTE THAT REGULAR DISTRIBUTIONS OF THE FUND ARE NOT GUARANTEED AND ARE NOT IN ANY WAY A FORECAST OR PROJECTION OF THE FUTURE OR LIKELY PERFORMANCE OF THE FUND.

5.11 Incorrect Pricing

Subject to any relevant laws, if there is an error in the valuation and/or pricing of the NAV per Unit of the Fund, the Manager will take immediate remedial action to correct the error. Rectification shall, where necessary, extend to the reimbursements of money as follows if the error is at or above the significant threshold of 0.5% of the Fund's NAV per Unit or where applicable, of the Fund's NAV per Unit attributable to a Class:

- (a) if there is an over valuation and/or pricing in relation to the purchase and creation of Units, the Fund shall reimburse the Unit holder;
- (b) if there is an over valuation and/or pricing in relation to the redemption of Units, the Manager shall reimburse the Fund;
- (c) if there is an under valuation and/or pricing in relation to the purchase and creation of Units, the Manager shall reimburse the Fund; and
- (d) if there is an under valuation and/or pricing in relation to the redemption of Units, the Fund shall reimburse the Unit holder or former Unit holder.

The Manager retains the discretion whether or not to reimburse if the error is below 0.5% of the NAV per Unit or where the total impact on an individual account is less than RM10.00 or in the case of a foreign currency Class, less than 10.00 denominated in the foreign currency denomination of the Class. This is because the reprocessing costs may be greater than the amount of the adjustment.

6. TRANSACTION INFORMATION

6.1 Fund Valuation and Publication of Prices

The NAV per Unit is quoted on a Forward Price basis and can be obtained from the Manager's website at www.hlam.com.my.

The valuation of the Fund is conducted on each Business Day at the close of the Bursa Malaysia. If you would like to know the latest price of Units, please contact our Customer Experience personnel or you may refer to our website www.hlam.com.my or Section 11 – Directory of Sales Offices for our contact details.

Investors should note that the Manager does not accept responsibility for any errors on the part of the publisher on the prices published daily in various major newspapers (if any), or for any non-publication of prices by such publisher and shall incur no liability in respect of any action taken or loss suffered by investors in reliance upon such publications.

6.2 Pricing Policy

The Manager adopts a Single Pricing policy to price the Units in relation to the purchase and redemption of Units. Hence, the purchase and redemption of Units will be carried out at a single price (i.e. NAV per Unit). The sales and redemption charge (if any) will be calculated separately based on your investment or redemption amount.

6.3 Unit Pricing

The Selling Price and Redemption Price of the Class are calculated based on the NAV per Unit of the Class at the next valuation point after the application to purchase or redeem Units is received by the Manager.

Determination of the NAV per Unit

The NAV per Unit is determined on each Business Day by dividing the value of the Fund's assets attributable to the Class less its liabilities (i.e. NAV of the Class), by the number of UIC for that Class at the same valuation point and rounded to 4 decimal places.

$$\text{NAV per Unit} = \frac{\text{Assets} - \text{Liabilities}}{\text{UIC}}$$

The following illustration is based on the assumption that the Fund invests in fixed income securities, money market instruments and deposits and that the UIC is 100,000,000 Units.

Illustration: Computation of NAV per Unit	
Assets	RM
Fixed income securities	100,000,000
Money market instruments and deposits	3,000,000
<i>Less: Liabilities</i>	<u>(3,000,000)</u>
NAV	100,000,000
UIC	<u>100,000,000</u>
NAV per Unit	= NAV/UIC = $\frac{100,000,000}{100,000,000}$ = RM1.0000 (rounded to 4 decimal places)

6.4 Purchase of Units

(a) Calculation on sales charge and Units

The Selling Price is calculated based on the NAV per Unit as at the next valuation point after the application to purchase Units is received by the Manager on a Business Day (Forward Price basis). The sales charge (if any) that is levied on the purchase of Units by Unit holders will not be incorporated into the NAV per Unit of the Fund and are computed and charged separately. However, there is NO sales charge for investments into the Fund.

Illustration: Calculation on sales charge and Units for Class D

Assuming if a Sophisticated Investor invested RM100,000 in Class D and the NAV per Unit for Class D is RM1.0000, then the total amount to be paid by the Sophisticated Investor is as follows:

Investment amount	RM 100,000
Add sales charge (RM100,000 x 0%)	<u> NIL </u>
Total amount to be paid by the Sophisticated Investor	<u> RM 100,000 </u>

Therefore, the Units credited to above investor's investment account are (expressed in 2 decimal places):

$$\frac{\text{Investment amount}}{\text{NAV per Unit}} = \frac{\text{RM100,000}}{\text{RM1.0000}} = 100,000.00 \text{ Units}$$

Units can be purchased during normal business hours at the Manager's head office or branches. The cut-off time for the applications to purchase Units shall be at 4.00 p.m. on each Business Day. All applications for Units must be accompanied with the relevant documents and payment (in cleared funds). Any application for Units that are received by the Manager after 4.00 p.m. on a Business Day will be deemed as transacted on the next Business Day and would only be processed at the next Business Day.

The Manager also reserves the right to reject any application that is not complete and/or not accompanied by the required documents and/or payment (in cleared funds).

(b) Minimum initial and additional investment

The minimum initial investment and minimum additional investment for Class D:

Class	Minimum Initial Investment (RM)	Minimum Additional Investment (RM)
D	RM 1,000,000	RM 100,000

The Manager may in its sole discretion allow such other lower amount.

There is no restriction on the frequency of investments into the Fund.

(c) How to purchase Units of the Fund?

When you make an investment, Sophisticated Investors must forward the following documents to the Manager's head office or branches before their respective cut-off times:

1. Completed pre-qualification declaration and account opening form (if the Sophisticated Investor is a new Unit holder);
2. Completed investment application form;
3. Necessary remittance; and
4. Relevant supporting documents such as:-
 - a photocopy of your identity card (for an individual applicant) or certified true copy of the certificate of incorporation;
 - form 24 or return for the allotment of shares under section 78 of the Companies Act 2016;
 - form 44 or notice under section 46 of the Companies Act 2016;
 - form 49 or notice under section 58 of the Companies Act 2016;
 - memorandum and articles of association or constitution or by-laws, relevant resolutions (for corporate applicants) and other relevant documents.

6.5 Redemption of Units

(a) Calculation and payment of redemption proceeds

The Redemption Price is calculated based on the NAV per Unit as at the next valuation point after the application to redeem Units is received by the Manager on a Business Day (Forward Price basis). The redemption charge (if any) that is levied on the redemption of Units by Unit holders will not be incorporated into the NAV per Unit of the Fund and are computed and charged separately. However, there is NO redemption charge for redeeming Units of the Fund.

Illustration: Calculation on net redemption proceeds for Class D

Assuming if a Sophisticated Investor intends to redeem 100,000.00 Units in Class D and that the NAV per Unit for Class D is RM1.0000, then the net redemption proceeds that the Sophisticated Investor will receive is as follows:

Redemption proceeds (100,000.00 Units x RM1.0000)	RM 100,000
<i>Less redemption charge (RM100,000 x 0%)</i>	<i>NIL</i>
Net redemption proceeds	<u>RM 100,000</u>

(i.e. total amount to be paid to the Sophisticated Investor)

Units can be redeemed during normal business or banking hours at the Manager’s head office or branches. All applications must be accompanied with the relevant documents. Any application for redemption of Units that are received by the Manager after 4.00 p.m. on a Business Day will be deemed as transacted on the next Business Day and would only be processed at the next Business Day.

Generally, Unit holders will be paid within 7 (seven) Business Days from the date the redemption request is received by the Manager.

The Manager reserves the right to reject any application that is not complete and/or not accompanied by the required documents.

(b) Minimum redemption of Units

The minimum redemption of Units for Class D is as follow:

Class	Minimum Redemption of Units
D	100,000 Units

A Unit holder may redeem part or all of its Units by completing a “Form of Request for Redemption” and by submitting this form to the Manager’s head office, branches or sales agents. The Unit holder shall not be entitled to partially redeem his holdings in the Fund if it reduces the remaining account balance of the Fund to an amount which is lower than the Fund’s stipulated minimum account balance. In such circumstances, the Manager may its sole discretion effect a full redemption on the entire account and inform the Unit holder thereafter. There is NO restriction on the frequency of redemption of Units, subject to the minimum account balance. For more information, please refer to Section 6.9. – Minimum Account Balance.

In the case where Units are in the names of more than one Unit holder, the mode of holding will be specified as a “Joint Application”. Redemption requests under this mode

will have to be signed by all the joint holders. However, in the case where the mode of holdings is specified as "Either Applicant to Sign", it is not necessary for all joint holders to make the redemption request and any person who is registered as a joint holder in the Fund will have the authority to make redemption requests. In all cases, redemption proceeds will only be paid to the first-named joint holder in the Fund's register (unless the Unit holder specifies otherwise in the "Form of Request for Redemption"). Payment cannot be made to bank accounts in the name of third parties.

6.6 Transfer of Units

A Unit holder is allowed to transfer their Units in part or entirety to other person(s). This facility is offered by the Manager to its existing Unit holders. The minimum transfer amount is 100,000 Units, unless you are transferring your entire investment. A transferee must be a Sophisticated Investor and is required to sign the "Pre-Qualification Form", "Transfer Form", and "Account Opening Form" if the transferee is a new Unit holder together with all supporting documents such as a photocopy of his/her identity card (for an individual applicant) or certified true copy of the certificate of incorporation or registration, memorandum and articles of association or constitution or by-laws, and relevant resolutions (for corporate applicants).

6.7 Fund Switching

Switching is a facility offered by the Manager to its existing Unit holders. This facility enables you to switch from units of one fund (or class) to units of other fund(s) (or class) managed by the Manager provided that the currency denomination is the same.

- There is no switching fee imposed on any switching application within any of the fund(s) (or class) managed by the Manager.
- The Manager reserves the right to reject the switching request under the following conditions:-
 - 1) If the net switched out proceeds does not meet the minimum initial investment amount or minimum additional investment amount of the fund that the Unit holder intends to switch into. In this event, Unit holder shall be given the option to either:-
 - (a) remain invested in the fund that they are invested in; or
 - (b) redeem the units in the fund that they intended to switch out.
 - 2) If deemed disruptive to fund management or contrary to the best interest of the fund (or class) and/or the Unit holders.
- If following the switching, the account of the fund which the Unit holder has switched out from does not maintain a minimum account balance stipulated for

that fund, then full switching will be effected or the Manager reserves the right to reject the switching request. In the event this switching request is rejected, the Unit holder shall be given the option to either:-

- (a) remain invested in the fund that they are invested in; or
- (b) redeem the entire holding of units in the fund that they intended to switch out.

- Switching from an Islamic fund to a conventional fund is discouraged especially for Muslim Unit holders.
- Switching application should be made before the cut-off time of 4.00 p.m. on any Business Day, except for funds with cut-off time of 11.00 a.m. When switching application is received after the cut-off time, the switching application shall be deemed to have been received on the next Business Day.
- The Manager may at its absolute discretion waive or reduce the sales charge (if any) from time to time on the switching application. Alternatively, investors may negotiate with their preferred distributor for lower fees and charges, subject to the distributor's decision.
- There will be no sales charge imposed on an investor who switches his Units to another fund within one (1) month of his investing into Hong Leong Money Market Fund.
- Switching from any unit trust fund to a wholesale fund or between wholesale funds are permissible if the investor meets the requirements of a Sophisticated Investor as defined herein.
- The Manager reserves the right to vary the terms and conditions of the switching facility from time to time.

In relation to switching between Classes of the Fund (if any), the minimum balance that must be retained in the Unit holders' account for each Class may differ and may be determined by the Manager from time to time. If the balance (i.e. number of Units) of an investment in a Class is less than the minimum number of Units stipulated for that Class, Unit holders are required to make additional investment in that Class in order to meet the required minimum balance of investment for that Class. Otherwise, the Manager has the discretion to switch the Units to another Class with lower minimum balance which may subject to higher fees or we can redeem the entire investment from that Class and forward the proceeds to the Unit holder.

Please refer to the following table for a detailed switching illustration:

Switching Illustration

Switch from \ Switch to	Intended Fund	
	FUND WITH 0% SALES CHARGE	FUND WITH SALES CHARGE
FUND WITH 0% SALES CHARGE	<ul style="list-style-type: none"> Reinvest into the intended fund(s) at net asset value per Unit. 	<ul style="list-style-type: none"> Reinvest into the intended fund(s) at net asset value per unit and the difference of the sales charge between the current fund and the intended fund(s).
FUND WITH SALES CHARGE	<ul style="list-style-type: none"> Reinvest into the intended fund(s) at net asset value per Unit. 	<ul style="list-style-type: none"> Reinvest into the intended fund(s) at net asset value per unit and the difference of the sales charge between the current fund and the intended fund(s). If a switch is made from a fund with higher sales charge into a fund with lower sales charge, NO sales charge will be imposed on the Unit holder.

Notes:

- Switching into Hong Leong Institutional Bond Fund is **only permitted for institutional investors** where the minimum switching amount is 200,000 Units.
- Switching into Hong Leong Bond Fund-Standalone Investment Plan is **not allowed**.
- Switching from Hong Leong Bond Fund-Ordinary Investment Plan into Hong Leong Bond Fund-Standalone Investment Plan or vice versa is **not allowed**.

6.8 Cooling-Off Right

Cooling-off right is not allowed for this Fund.

6.9 Minimum Account Balance

The minimum balance of Units in Class D that must be retained in a Unit holders' account is set out in the table below:

Class	Minimum Account Balance
D	100,000 Units

The Manager may in its sole discretion allow such other lower amount.

If the Units in the Unit holders' account fall below the above minimum account balance due to switching, transfer or redemption, the Manager may effect a full switching, transfer or redemption on the entire account and inform the Unit holders thereafter.

6.10 Suspension of Dealing in Units

Under exceptional circumstances, having exhausted all other liquidity risk management tools*, the Manager may in consultation with the Trustee and having considered the interest of the Unit holders, suspend the dealing in Units where there is good and sufficient reason to do so. Exceptional circumstances can be considered where the market value or fair value of a material portion of the Fund's asset cannot be determined. The Manager will cease the suspension as soon as practicable after the exceptional circumstances have ceased, and in any event, within twenty-one (21) days from the commencement of suspension.

During the suspension period, the redemption requests from the Unit holders will not be accepted and such redemption requests will only be processed on the next Business Day once the suspension is lifted.

The period of suspension may be extended if the Manager satisfies the Trustee that it is in the best interest of Unit holders for the dealing in Units to remain suspended, subject to a weekly review by the Trustee.

The Trustee may suspend the dealing in Units, if the Trustee, on its own accord, considers that exceptional circumstances have been triggered. In such a case, the Trustee must immediately call for a Unit holders' meeting to decide on the next course of action.

** Please refer to Section 4.2 – Specific Risks – Liquidity risk for further details on liquidity risk management tools.*

6.11 Unclaimed Moneys

Any redemption and termination proceeds payable to Unit holders which remain unclaimed after one year as is prescribed by the Unclaimed Moneys Act, 1965 will be surrendered to the Registrar of Unclaimed Moneys in accordance with the said Act.

6.12 Periodic Reporting to Unit holders

Cash investment	A confirmation advice will be sent to the Unit holder for each investment.
Change of account details	A letter to confirm the changes will be sent to the Unit holder.
Statement of accounts	A monthly statement of accounts will be sent to Unit holders, which contains the number of Units, the transactions' date and type, the NAV and the financial year-end of the Fund.
Quarterly and annual reports	The quarterly and annual reports will be sent to the Unit holder within 2 months of the end of the period they cover. The reports will provide Unit holders with a snapshot of key risk factors, the Fund's investment outlook, financial performance, market outlook, key changes in the investment team (if any), illiquid holdings, details on the portfolio exposure and information on the Fund's performance and volatility.
Publication of prices	The NAV per Unit is quoted on a Forward Price basis and is published daily at the Manager's website at www.hlam.com.my . Alternatively, Unit holders may also contact our Customer Experience personnel at +603-2081 8600 ext 18603/18604.

6.13 How and Where Units Can Be Bought and Sold

For application or redemption of Units, applicants or Unit holders are required to complete the relevant forms which are readily available from the following outlets:-

- Head office of HLAM; or
- Branch offices of HLAM.

Who do I contact for clarification or further information?

We encourage feedback from you in order for us to upgrade our services to meet your needs. You could seek assistance or lodge complaints to the following sources on any Business Days from Monday to Friday (9.00 a.m. to 6.00 p.m.):-

- Client Experience personnel at head office of HLAM;

- Branch offices of HLAM;
- E-mail via inquiry@hlam.hongleong.com.my; or
- Visit our website at www.hlam.com.my.

Please refer to Section 11 – Directory of Sales Offices for further information.

7. FEES, CHARGES AND EXPENSES

7.1 Sales Charge

There is no sales charge imposed by the Manager.

7.2 Redemption Charge

There is no redemption charge imposed by the Manager.

7.3 Switching Fee

There is no switching fee imposed on switching of Units.

7.4 Transfer Fee

There is no transfer fee imposed on the transfer of Units to a transferee.

7.5 Annual Management Fee[^]

The annual management fee is calculated and accrued on a daily basis based on the NAV of the Class before the deduction of management fee and trustee fee at a rate set out in the table below.

Class	Management fee (based on the NAV of the Class)
D	Up to 1.00% per annum

Example:

Assuming the daily NAV of the Class before deduction of management fee and trustee fee at the valuation point for one particular valuation day is RM90,000,000, then the management fee for that particular valuation day is calculated as below:-

$$\frac{\text{RM90,000,000} \times 1.00\%}{365 \text{ days}^*} = \text{RM2,465.75 (daily)}$$

Therefore, total management fee for the Class for that particular valuation day
= RM2,465.75

^{*} Note: In the event of leap year, the annual management fee will be divided by 366 days.

7.6 Annual Trustee Fee[^]

The annual trustee fee is calculated and accrued on a daily basis based on the NAV of the Fund at a rate of 0.015% per annum of the Fund's NAV (excluding foreign custodian fees and charges).

Example:

Assuming the daily NAV of the Fund before deduction of management fee and trustee fee at the valuation point for one particular valuation day is RM90,000,000, then the trustee fee for that particular valuation day is calculated as below:-

$$\frac{\text{RM90,000,000} \times 0.015\%}{365 \text{ days}^*} = \text{RM36.99 (daily)}$$

Therefore, total trustee fee for that particular valuation day
= RM36.99

** Note: In the event of leap year, the annual trustee fee will be divided by 366 days.*

7.7 Other Fund Expenses[^]

Only the expenses (or part thereof) which are directly related and necessary to the operation and administration of the Fund may be charged to the Fund. These would include (but are not limited to) the following:

- (a) commissions or/fees paid to brokers or dealers in effecting dealings in the investments of the Fund, shown on the contract notes or confirmation notes;
- (b) taxes and other duties charged on the Fund by the government and/or other authorities;
- (c) costs, fees and expenses properly incurred by the Auditor;
- (d) costs, fees and expenses incurred for the valuation of any investment of the Fund by independent valuers for the benefit of the Fund;
- (e) costs, fees and expenses incurred for any modification of the Deed save where such modification is for the benefit of the Manager and/or the Trustee;
- (f) costs, fees and expenses incurred for any meeting of the Unit holders save where such meeting is convened for the benefit of the Manager and/or the Trustee;
- (g) costs, commissions, fees and expenses of the sale, purchase, insurance and any other dealing of any asset of the Fund;
- (h) costs, fees and expenses incurred in engaging any specialist approved by the Trustee for investigating or evaluating any proposed investment of the Fund;
- (i) costs, fees and expenses incurred in engaging any valuer, adviser or contractor for the benefit of the Fund;
- (j) costs, fees and expenses incurred in the preparation and audit of the taxation, returns and accounts of the Fund;
- (k) costs, fees and expenses incurred in the termination of the Fund or the removal of the Trustee or the Manager and the appointment of a new trustee or fund manager;

- (l) costs, fees and expenses incurred in relation to any arbitration or other proceedings concerning the Fund or any asset of the Fund, including proceedings against the Trustee or the Manager by the other for the benefit of the Fund (save to the extent that legal costs incurred for the defence of either of them are not ordered by the court to be reimbursed by the Fund);
- (m) costs, fees and expenses deemed by the Manager and the Trustee to have been incurred in connection with any change or the need to comply with any change or introduction of any law, regulation or requirement (whether or not having the force of law) of any governmental or regulatory authority;
- (n) remuneration and out-of-pocket expenses of the independent members of the investment committee, unless the Manager decides otherwise;
- (o) (where custodial function is delegated by the Trustee) charges and fees paid to sub-custodians taking into custody any foreign assets of the Fund; and
- (p) any tax now or hereafter imposed by law or required to be paid in connection with any costs, fees and expenses incurred under sub-paragraphs (a) to (o) above.

Note:

^ All fees and charges and/or sum set out in this Information Memorandum payable to the Manager/Trustee are subject to any applicable taxes and/or duties and at such rate as may be imposed by the government from time to time. The Manager/Trustee (where applicable) shall have the right to charge and recover from the Fund any applicable taxes and/or duties now or hereafter imposed by law or required to be paid in connection with the products or services provided by the Manager/Trustee (where applicable).

7.8 Rebates and Soft Commissions

The Manager, fund manager, Trustee or Trustee’s delegate will not retain any rebate from, or otherwise share in any commission with, any broker or dealer in consideration for directing dealings in the investments of the Fund. Accordingly, any rebate or shared commission will be directed to the account of the Fund.

Notwithstanding the aforesaid, the Manager or the fund manager may retain goods and services by way of soft commissions provided always that (i) the goods and services bring direct benefit or advantage to the management of the Fund and may include research and advisory related services, (ii) any dealing with the broker or dealer is executed on terms which are the most favourable for the Fund and (iii) the availability of soft commissions is not the sole or primary purpose to perform or arrange transactions with such broker or dealer, and the Manager or fund manager shall not enter into unnecessary trades in order to achieve a sufficient volume of transactions to qualify for soft commissions.

UNIT PRICES AND DISTRIBUTIONS PAYABLE, IF ANY, MAY GO DOWN AS WELL AS UP.

THERE ARE FEES AND CHARGES INVOLVES AND SOPHISTICATED INVESTORS ARE ADVISED TO CONSIDER THEM BEFORE INVESTING IN THE FUND.

8. THE MANAGEMENT COMPANY

8.1 The Manager

The Manager was incorporated as a private limited company under the Companies Act 1965 (now known as Companies Act 2016) on 5 October 1994 under the name of HLB Unit Trust Management Sdn Bhd. On 3 January 1995, it was converted into a public limited company. It was renamed to HLG Unit Trust Bhd on 15 July 2002 when it became a wholly-owned subsidiary of Hong Leong Capital Berhad (formerly known as HLG Capital Berhad) (“HLGCB”). The Manager acquired the business activities, assets and liabilities of HLG Asset Management Sdn Bhd, a related company on 1 June 2010.

For more information on the Manager, please visit HLAM’s website at www.hlam.com.my

8.2 The Board of Directors

Ms. Lee Jim Leng (non-independent, non-executive/Chairman)

Mr. Hoo See Kheng (non-independent, Executive Director)

YBhg Dato’ Abdul Majit bin Ahmad Khan (independent, non-executive)

YM Tunku Dato’ Mahmood Fawzy bin Tunku Muhiyiddin (independent, non-executive)

8.3 The Roles, Duties and Responsibilities of the Manager

The Manager is responsible for the daily sales, management and administration of the Fund in accordance with the provisions of the Deed, this Information Memorandum and the Manager’s internal policies. In fulfilling its responsibility, the Manager undertakes, among others the following functions:

- Implementation of appropriate investment strategies to achieve the Fund’s objective;
- Administering the Unit holders’ transactions;
- Maintaining proper records and registers for the Fund;
- Calculating the amount of income for cash distributions/unit splits to the Unit holders; and
- Providing sales, marketing and customer service support to Unit holders and fund distributors.

8.4 The Key Personnel of the Investment Team

The investment team of the Manager comprises a number of fund managers and investment research analysts who possess the experience and expertise to undertake the investment management of the funds managed. Portfolio meetings are held on a weekly basis, where the investment team will review and assess the portfolio of the Fund.

The key personnel of the investment team of Manager are as follows:

Chief Executive Officer/Executive Director

Mr. Hoo See Kheng obtained a Bachelor of Commerce, majoring in Accounting and Finance from University of New South Wales Australia and a post-graduate diploma in System Analysis and Design from Japan-Singapore Institute of Software Technology. Mr. Hoo is also a member of the Malaysian Institute of Accountants and a Certified Information System Auditors, United States of America. He obtained his Capital Markets Services Representative's license from the SC on 22 October 1998.

Mr. Hoo joined HLAM on 1 March 2014. He was appointed as an Executive Director of HLAM on 27 March 2014 and subsequently on 12 May 2014, appointed as Chief Executive Officer. He was also appointed as an investment committee member with effect from 14 April 2014.

Mr. Hoo has more than twenty years' experience in the financial industry; mainly in areas of asset management and unit trust.

Fund Manager, Fixed Income

Ms. Kek Pei Chin, holds a degree in Bachelor of Business in Accounting from RMIT University. She joined HLAM in August 2021. Ms. Kek began her career as a credit rating analyst in RAM. She subsequently joined Citibank Berhad as a Relationship Manager for Financial Institutions under the Corporate and Investment Banking division. Ms. Kek further embarked on an entrepreneurial journey and was one of the co-founders and director of a MSC company which provides online fundamental analysis system to investors and investor relations solutions to public-listed companies on Bursa Malaysia. Prior to joining HLAM, she was the team lead for the Ringgit Fixed Income Credit Research team in RHB Asset Management Sdn Bhd and was responsible for the credit evaluation and credit risk management of the Ringgit Fixed Income portfolio. Ms. Kek holds the Capital Markets Services Representative's license from the SC since 17 February 2022.

Ms. Kek is the designated fund manager for the Fund.

Fund Manager, Fixed Income

Ms. Sara Tey Suet Yin holds a Bachelor of Business from University of Technology Sydney. Ms. Sara joined HLAM in September 2016 as a fund manager. Prior to joining HLAM, she was in CIMB's treasury Fixed Income and Corporate FX Sales department. She

holds the Capital Markets Services Representative's License from the SC since 9 March 2017.

Ms. Sara is the co-designated fund manager for the Fund.

**FURTHER INFORMATION ON THE MANAGER AND FUND MANAGERS IS
PROVIDED IN THE MANAGER'S WEBSITE AT WWW.HLAM.COM.MY/FUND-HUB.**

8.5 Policies and Procedures on Money Laundering Activities

The Manager has put in place anti-money laundering policies and procedures which are in line with the provisions of the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 and other provisions as stipulated in the guidelines issued by Bank Negara Malaysia and the SC.

The Manager will conduct customer due diligence and enhanced customer due diligence (where required) at the point of establishing a business relationship and throughout the business relationship with customer. This is to ensure that all reasonable and practical measures are taken to obtain satisfactory evidence of the identity and legal existence of such persons.

The Manager will also perform the on-going customer due diligence to ensure that the customer's transaction/activity pattern is consistent with the customer's risk profile.

When there is any suspicion over any customer and/or transaction/activity, the employee is required to submit an Internal Suspicious Transaction Report directly to the compliance officer of the Manager. The compliance officer will determine whether it warrants reporting to the Financial Intelligence & Enforcement Department of Bank Negara Malaysia.

9. THE TRUSTEE OF THE FUND

9.1 Profile of Deutsche Trustees Malaysia Berhad

Deutsche Trustees Malaysia Berhad (“DTMB”) (Registration No.: [200701005591 (763590-H)]) was incorporated in Malaysia on 22 February 2007 and commenced business in May 2007. DTMB is registered as a trust company under the Trust Companies Act 1949, with its business address at Level 20, Menara IMC, 8 Jalan Sultan Ismail, 50250 Kuala Lumpur.

DTMB is a member of Deutsche Bank Group (“Deutsche Bank”). Deutsche Bank provides commercial and investment banking, retail banking, transaction banking and asset and wealth management products and services to corporations, governments, institutional investors, small and medium-sized businesses, and private individuals.

Experience in trustee business

DTMB is part of Deutsche Bank’s securities services, which provides trust, custody and related services on a range of securities and financial structures. DTMB is the trustee for 232 collective investment schemes including unit trust funds, wholesale funds, exchange-traded funds and private retirement schemes.

DTMB’s trustee services are supported by Deutsche Bank (Malaysia) Berhad (“DBMB”), a subsidiary of Deutsche Bank, financially and for various functions, including but not limited to financial control and internal audit.

9.2 Duties and Responsibilities of the Trustee

DTMB’s main functions are to act as trustee and custodian of the assets of the Fund and to safeguard the interests of Unit holders. In performing these functions, the Trustee has to exercise due care and vigilance and is required to act in accordance with the relevant provisions of the Deed, the CMSA and all relevant laws.

9.3 Trustee’s Statement of Responsibility

The Trustee has given its willingness to assume the position as trustee of the Fund and is willing to assume all its obligations in accordance with the Deed, CMSA and all relevant laws. In respect of monies paid by an investor for the application of Units, the Trustee’s responsibility arises when the monies are received in the relevant account of the Trustee for the Fund and in respect of redemption, the Trustee’s responsibility in respect of the redemption amount is discharged once it has paid the redemption amount to the Manager.

9.4 Delegate of the Trustee

The Trustee has appointed DBMB as the custodian of the assets of the Fund. DBMB is a wholly-owned subsidiary of Deutsche Bank AG. DBMB offers its clients access to a growing domestic custody network that covers over 30 markets globally and a unique combination of local expertise backed by the resources of a global bank. In its capacity as the appointed custodian, DBMB's roles encompass safekeeping of assets of the Fund; trade settlement management; corporate actions notification and processing; securities holding and cash flow reporting; and income collection and processing.

All investments of the Fund are registered in the name of the Trustee for the Fund, or where the custodial function is delegated, in the name of the custodian to the order of the Trustee for the Fund. As custodian, DBMB shall act only in accordance with instructions from the Trustee.

Disclosure on related-party transactions/conflict of interests

As the trustee for the Fund and the Manager's delegate for the fund accounting and valuation services (where applicable), there may be related party transactions involving or in connection with the Fund in the following events:

- (1) Where the Fund invests in the products offered by Deutsche Bank AG and any of its group companies (e.g. money market placements);
- (2) Where the Fund has obtained financing from Deutsche Bank AG and any of its group companies, as permitted under the SC's guidelines and other applicable laws;
- (3) Where the Manager appoints DTMB to perform its back office functions (e.g. fund accounting and valuation, where applicable); and
- (4) Where the Trustee has delegated its custodian functions for the Fund to DBMB.

DTMB will rely on the Manager to ensure that any related party transactions, dealings, investments and appointments are on terms which are the best that are reasonably available for or to the Fund and are on an arm's length basis as if between independent parties.

While the Trustee has internal policies intended to prevent or manage conflicts of interests, no assurance is given that their application will necessarily prevent or mitigate conflicts of interests. DTMB's commitment to act in the best interests of the Unit holders does not preclude the possibility of related party transactions or conflicts.

10. SALIENT TERMS OF DEED

10.1 Unit holder's Rights

- (a) Unit holder shall have the right to receive distributions of income (if any), to participate in any increase in the value of the Units and to enjoy such other rights and privileges as are provided in the Deed.
- (b) No Unit holder shall be entitled to require the transfer to him of any of the investments or assets of the Fund or be entitled to interfere with or question the exercise by the Trustee, or the Manager on its behalf, of the rights of the Trustee as the registered owner of such investments and assets.
- (c) Unit holder shall have the right to call for Unit holder's meeting and to vote for the removal of the Trustee or the Manager through a Special Resolution.
- (d) Unit holder shall have the right to receive annual and quarterly reports of the Fund.

10.2 Unit holder's Liabilities

No Unit holder is liable for any amount in excess of the purchase price paid for the Units as determined in accordance with the Deed at the time the Units were purchased and any charges payable in relation thereto. A Unit holder shall not be under any obligation to indemnify the Manager and/or the Trustee in the event that the liabilities incurred by the Manager and/or the Trustee in the name of or on behalf of the Fund pursuant to and/or in the performance of the provisions of the Deed exceed the value of the assets of the Fund, and any right of indemnity of the Manager and/or the Trustee shall be limited to recourse to the Fund.

10.3 Termination of the Fund

The Fund may be terminated or wound up upon the occurrence of any of the following events:

- (a) a Special Resolution is passed at a Unit holders' meeting to terminate or wind up the Fund, following occurrence of events stipulated under section 301(1) of the CMSA and the court has confirmed the resolution, as required under section 301(2) of the CMSA; and
- (b) a Special Resolution is passed at a Unit holders' meeting to terminate or wind up the Fund.

Notwithstanding the above and subject to the provisions of the relevant laws, the Manager may, without having to obtain the prior approval of the Unit holders, terminate the trust created and wind up the Fund if such termination:

- (a) is required by the relevant authorities; or

- (b) is in the best interests of Unit holders and the Manager in consultation with the Trustee deems it to be uneconomical for the Manager to continue managing the Fund.

Notwithstanding the aforesaid, if the Fund is left with no Unit holder, the Manager shall be entitled to terminate the Fund.

Upon the termination of the trust created, the Trustee shall:

- (a) sell all the Fund's assets then remaining in its hands and pay out of the Fund any liabilities of the Fund; such sale and payment shall be carried out and completed in such manner and within such period as the Trustee considers to be in the best interests of the Unit holders; and
- (b) from time to time distribute to the Unit holders, in proportion to the number of Units held by them respectively:
 - (1) the net cash proceeds available for the purpose of such distribution and derived from the sale of the Fund's assets and investments less any payments for liabilities of the Fund; and
 - (2) any available cash produce,

provided always that the Trustee shall not be bound, except in the case of final distribution, to distribute any of the moneys for the time being in his hands the amount of which is insufficient for payment to the Unit holders of Ringgit Malaysia Fifty (50) sen or its equivalent currency denomination of the Class, if applicable, in respect of each Unit and provided also that the Trustee shall be entitled to retain out of any such moneys in his hands full provision for all costs, charges, taxes, expenses, claims and demands incurred, made or anticipated by the Trustee in connection with or arising out of the winding-up of the Fund and, out of the moneys so retained, to be indemnified against any such costs, charges, taxes, expenses, claims and demands; each of such distribution shall be made only against the production of such evidence as the Trustee may require of the title of the Unit holder relating to the Units in respect of which the distribution is made.

In the event of the trust created being terminated, the Trustee shall be at liberty to call upon the Manager to grant the Trustee, and the Manager shall so grant, a full and complete release from the Deed and the Manager shall indemnify the Trustee against any claims arising out of the Trustee's execution of the Deed provided always that such claims have not been caused by any failure on the part of the Trustee to exercise the degree of care and diligence required of a trustee as contemplated by the Deed and all relevant laws.

10.4 Termination of a Class

The Manager may terminate a particular Class in accordance with the relevant laws. The Manager may only terminate a particular Class if the termination of that Class does not prejudice the interest of Unit holders of any other Class. For the avoidance of doubt, the termination of a Class shall not affect the continuity of any other Class.

Notwithstanding the above and subject to the provisions of any relevant law, the Manager may, without having to obtain the prior approval of the Unit holders, terminate a particular Class if such termination:

- (a) is required by the relevant authorities; or
- (b) is in the best interests of Unit holders and the Manager in consultation with the Trustee deems it to be uneconomical for the Manager to continue managing the Class.

Notwithstanding the aforesaid, if the Class is left with no Unit holder, the Manager shall be entitled to terminate the Class.

If at a meeting of Unit holders to terminate a Class, a Special Resolution to terminate the Class is passed by the Unit holders:

- (a) the Trustee and the Manager shall notify the relevant authorities in writing of the passing of the Special Resolution; and
- (b) the Trustee or the Manager shall as soon as practicable inform all Unit holders of the termination of that Class.

The Trustee shall then arrange for a final review and audit of the final accounts of the Fund attributable to that Class by the Auditor. Upon the completion of the termination of that Class, the Trustee and the Manager shall notify the relevant authorities of the completion of the termination of that Class.

10.5 Unit holders' Meeting

Unless otherwise required or allowed by the relevant laws, the Manager shall, within twenty-one (21) days of receiving a direction from not less than fifty (50) or one-tenth (1/10), whichever is less, of all the Unit holders of the Fund or of a particular Class, as the case may be, summon a meeting of the Unit holders of the Fund or of that Class by:

- (a) sending by post/facsimile at least fourteen (14) days before the date of the proposed meeting a notice of the proposed meeting to all the Unit holders; and
- (b) specifying in the notice the place and time of the meeting and the terms of the resolutions to be proposed at the meeting.

The Unit holders may direct the Manager to summon a meeting for any purpose including, without limitation, for the purpose of:

- (a) requiring the retirement or removal of the Manager;
- (b) requiring the retirement or removal of the Trustee;
- (c) considering the most recent financial statements of the Fund;
- (d) giving to the Trustee such directions as the meeting thinks proper; or
- (e) considering any matter in relation to the Deed,

provided always that the Manager shall not be obliged to summon such a meeting unless a direction has been received from not less than fifty (50) or one-tenth (1/10), whichever is less, of all the Unit holders of the Fund or all the Unit holders of a particular Class.

10.6 Deed

The Fund is governed by a deed dated 21 September 2012, the first supplemental deed dated 19 December 2013, the second supplemental deed dated 25 March 2015, the third supplemental deed dated 4 February 2021, the fourth supplemental deed dated 9 September 2021 and the fifth supplemental deed dated 9 August 2023.

11. DIRECTORY OF SALES OFFICES

Hong Leong Asset Management Bhd

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