

# Master Prospectus

This Master Prospectus incorporates the following unit trust funds:

## FUNDS

### **EQUITY**

	<u>DATE OF CONSTITUTION</u>
Hong Leong Growth Fund	23 August 1995
Hong Leong Value Fund	12 March 1999
Hong Leong Consumer Products Sector Fund	25 July 2000
Hong Leong Dana Makmur	2 October 2001
Hong Leong Dividend Fund	22 December 2004
Hong Leong Asia-Pacific Dividend Fund	27 January 2006
Hong Leong Hong Kong Equity Optimizer Fund	21 July 2011
Hong Leong SEA-5 Equity Fund	6 December 2016
Hong Leong Asia Pacific Equity Fund	17 December 2018

### **MIXED ASSETS**

Hong Leong Strategic Fund	20 January 2005
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### **BALANCED**

Hong Leong Balanced Fund	18 March 2002
Hong Leong Dana Maa'rof	27 February 2003

### **BOND**

Hong Leong Bond Fund	5 December 2001
Hong Leong Institutional Bond Fund	15 September 2005

### **FIXED INCOME**

Hong Leong Islamic Income Management Fund	16 March 2007
Hong Leong Regular Income Fund	11 May 2016

### **MONEY MARKET**

Hong Leong Money Market Fund	13 June 2014
Hong Leong Dana Al-Izdihar	6 April 2017

(hereinafter called "the Funds" and individually called "the Fund").

**THIS HONG LEONG MASTER PROSPECTUS DATED 27 FEBRUARY 2023 IS A REPLACEMENT MASTER PROSPECTUS AND IT REPLACES AND SUPERCEDES THE HONG LEONG MASTER PROSPECTUS DATED 23 AUGUST 2019, THE 1<sup>st</sup> SUPPLEMENTARY MASTER PROSPECTUS DATED 18 NOVEMBER 2019, THE 2<sup>nd</sup> SUPPLEMENTARY MASTER PROSPECTUS DATED 27 MARCH 2020 AND THE 3<sup>rd</sup> SUPPLEMENTARY MASTER PROSPECTUS DATED 31 DECEMBER 2020.**

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

**TRUSTEES** DEUTSCHE TRUSTEES MALAYSIA BERHAD [200701005591 (763590-H)]  
 CIMB COMMERCE TRUSTEE BERHAD [199401027349 (313031-A)]  
 CIMB ISLAMIC TRUSTEE BERHAD [198801000556 (167913-M)]  
 MAYBANK TRUSTEES BERHAD [196301000109 (5004-P)]

**INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THE MASTER PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER. FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 107.**

## **RESPONSIBILITY STATEMENTS**

This Master Prospectus 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 the 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 Master Prospectus false or misleading.

## **STATEMENTS OF DISCLAIMER**

The Securities Commission Malaysia has authorised the Funds and a copy of this Master Prospectus has been registered with the Securities Commission Malaysia.

The authorisation of the Funds, and registration of this Master Prospectus, should not be taken to indicate that the Securities Commission Malaysia recommends the said Funds or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Master Prospectus.

The Securities Commission Malaysia is not liable for any non-disclosure on the part of Hong Leong Asset Management Bhd, responsible for the said Funds and takes no responsibility for the contents in this Master Prospectus. The Securities Commission Malaysia makes no representation on the accuracy or completeness of this Master Prospectus, 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. IF INVESTORS ARE UNABLE TO MAKE THEIR OWN EVALUATION, THEY ARE ADVISED TO CONSULT PROFESSIONAL ADVISERS.**

## **ADDITIONAL STATEMENTS**

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 the Master Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the Master Prospectus or the conduct of any other person in relation to the Funds.

Hong Leong Dana Makmur, Hong Leong Dana Maa'rof, Hong Leong Islamic Income Management Fund and Hong Leong Dana Al-Izdihar have been certified as Shariah-compliant by the Shariah adviser appointed for these Funds.

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## 1. DEFINITIONS

<b>Auditor</b>	PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146). The appointed auditor for the Funds.
<b><i>baitulmal</i></b>	Refers to the treasury of a State Islamic Religious Council.
<b>Base Currency</b>	Refers to the base currency of the Fund, RM.
<b>BIMBSEC</b>	BIMB Securities Sdn Bhd [199401004484 (290163-X)]. The Shariah adviser appointed for HLDM, HLDM2, HLIIMF and HLDAIZ.
<b>BNM</b>	Bank Negara Malaysia.
<b>Bursa Malaysia</b>	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.
<b>Business Day</b>	<p>A day (other than Saturday, Sunday and public holidays) on which the Manager is open for business and Bursa Malaysia is open for trading.</p> <p><i>Note: The Manager may declare certain Business Day to be a non-Business Day, although the Manager and Bursa Malaysia are open for business, if some of the foreign markets in which the Fund is invested therein are closed for business. This is to ensure that Unit holders will be given a fair valuation at all times, be it when buying or redeeming Units. Unit holders may contact the Manager for more information on the Fund's non-Business Day(s).</i></p>
<b>CCTB</b>	CIMB Commerce Trustee Berhad [199401027349 (313031-A)].
<b>CITB</b>	CIMB Islamic Trustee Berhad [198801000556 (167913-M)].
<b>Class(es)</b>	<p>Refer 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.</p> <p>Classes that are offered by Hong Leong SEA-5 Equity Fund: Class A; and Class B</p>
<b>Class A and Class B</b>	Means a Class which is denominated in RM which the features are as set out in this Master Prospectus.
<b>CMSA or the Act</b>	Capital Markets and Services Act 2007 and any amendments made thereto.

<b>Cooling-Off Period</b>	Grace period for investors to reconsider their investments. The Cooling-Off Period for the Fund is six (6) Business Days commencing from the date the Manager accepts the application to purchase Units.
<b>Deed(s)</b>	Principal deed(s) entered into between the Manager and the Trustees for the Unit holders of the Fund(s), including any supplementary deeds thereto.
<b>deposits</b>	Refers to fixed deposits.
<b>DTMB</b>	Deutsche Trustees Malaysia Berhad [200701005591 (763590-H)].
<b>Eligible Market</b>	Means an exchange, government securities market or an OTC 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.
<b>EPF</b>	Employees Provident Fund.
<b>ETF(s)</b>	Exchange-traded fund(s).
<b>Exit Fee</b>	A fee imposed on investor when withdrawing their investment.
<b>External Fund Manager(s)</b>	<ul style="list-style-type: none"> <li>Sumitomo Mitsui DS Asset Management (Hong Kong) Limited, the external fund manager appointed for Hong Leong Asia Pacific Equity Fund.</li> <li>Hong Leong Islamic Asset Management Sdn Bhd, the external fund manager appointed for Hong Leong Dana Makmur, Hong Leong Dana Maa'rof, Hong Leong Islamic Income Management Fund and Hong Leong Dana Al-Izdihar.</li> </ul>
<b>financial institution</b>	Means (a) If the institution is in Malaysia: (i) licensed bank; (ii) licensed investment bank; or (iii) licensed Islamic bank; or (b) If the institution is outside Malaysia, any institution that is licensed, registered, approved or authorised by the relevant banking regulator to provide financial services.
<b>FiMM</b>	Federation of Investment Managers Malaysia.
<b>Forward Price</b>	The Selling Price or Redemption Price calculated based on the NAV per Unit of that Fund at the next valuation point after the application to purchase or redeem Units of that Fund is received

by the Manager respectively.

<b>Fund(s)</b>	<p>The following eighteen (18) unit trust funds covered under this Master Prospectus are collectively called “the Funds” and individually called “the Fund”:</p> <ul style="list-style-type: none"><li>(a) Hong Leong Growth Fund;</li><li>(b) Hong Leong Value Fund;</li><li>(c) Hong Leong Consumer Products Sector Fund;</li><li>(d) Hong Leong Dana Makmur;</li><li>(e) Hong Leong Dividend Fund;</li><li>(f) Hong Leong Asia-Pacific Dividend Fund;</li><li>(g) Hong Leong SEA-5 Equity Fund;</li><li>(h) Hong Leong Asia Pacific Equity Fund;</li><li>(i) Hong Leong Hong Kong Equity Optimizer Fund;</li><li>(j) Hong Leong Strategic Fund;</li><li>(k) Hong Leong Balanced Fund;</li><li>(l) Hong Leong Dana Maa’rof;</li><li>(m) Hong Leong Bond Fund, <i>which is a bond fund comprising two plans -</i><ul style="list-style-type: none"><li>• <i>Hong Leong Bond Fund – Ordinary Investment Plan; and</i></li><li>• <i>Hong Leong Bond Fund – Standalone Investment Plan;</i></li></ul></li><li>(n) Hong Leong Institutional Bond Fund;</li><li>(o) Hong Leong Islamic Income Management Fund;</li><li>(p) Hong Leong Regular Income Fund;</li><li>(q) Hong Leong Money Market Fund; and</li><li>(r) Hong Leong Dana Al-Izdihar.</li></ul>
<b>FBM EMAS</b>	FTSE Bursa Malaysia EMAS.
<b>FBM EMAS Shariah Index</b>	FTSE Bursa Malaysia EMAS Shariah Index.
<b>FBM KLCI</b>	FTSE Bursa Malaysia KLCI.
<b>GIA</b>	General investment account. Refers to an investment account which is based on Shariah contracts and applicable for investment purposes.
<b>Guidelines</b>	Guidelines on Unit Trust Funds issued by the SC including any amendments made thereto.
<b>HLAM or the Manager</b>	Hong Leong Asset Management Bhd [199401033034 (318717-M)].
<b>HLISAM</b>	Hong Leong Islamic Asset Management Sdn Bhd [198501008000 (140445-U)].
<b>IDX</b>	Indonesia Stock Exchange.
<b>INID</b>	Islamic negotiable instruments of deposits.

**Investment Committee** The investment committee of the Fund who is responsible for formulating, implementing and monitoring the investment management policies of the Fund to achieve the investment objective of the Fund.

**Investment Account** Investment Account is a product offered by Islamic financial institutions where money is paid and accepted for the purposes of investment, including for the provision of finance, in accordance with Shariah principles which are Mudarabah, Musyarakah and Wakalah.

Investment accounts product that are offered by onshore licensed financial institutions under the BNM guidelines includes Term Investment Account (TIA-i) by Hong Leong Wafiyah Investment Account and unrestricted investment account ('UIA') Suria offered by Bank Muamalat.

**Islamic Funds** The Hong Leong Dana Makmur, Hong Leong Dana Maa'rof, Hong Leong Islamic Income Management Fund and Hong Leong Dana Al-Izdihar.

**Islamic deposits** Means a sum of money accepted or paid in accordance with Shariah-

- (a) on terms under which it will be repaid in full, with or without any gains, return or any other consideration in money or money's worth, either on demand or at a time or in circumstances agreed by or on behalf of the person making the payment and person accepting it; or
- (b) under an arrangement, on terms whereby the proceeds under the arrangement to be paid to the person paying the sum of money shall not be less than such sum of money,

but excludes money paid *bona fide*-

- (i) by way of an advance or a part payment under a contract for the sale, hire or other provision of property or services, and is repayable only in the event that the property or services are not in fact sold, hired or otherwise provided;
- (ii) by way of security for the performance of a contract or by way of security in respect of any loss which may result from the non-performance of a contract;
- (iii) without limiting paragraph (ii), by way of security for the delivery up or return of any property, whether in a particular state of repair or otherwise; and
- (iv) in such other circumstances, or to or by such other person, as set out in schedule 2 of the Islamic Financial Services Act 2013.

<b>IUTA(s)</b>	Institutional Unit Trust Adviser(s) which is a corporation registered with FiMM and authorised to market and distribute unit trust schemes of another party.
<b>KLIBOR</b>	Kuala Lumpur Interbank Offered Rate.
<b>long-term</b>	Above 5 years.
<b>LPD</b>	Refers to 22 August 2022 and is the last practicable date whereby the information disclosed in this Master Prospectus shall remain relevant and current as at the date of issue of this Master Prospectus.
<b>MARC</b>	Malaysian Rating Corporation Berhad [199501035601 (364803-V)].
<b>Master Prospectus</b>	Master Prospectus dated 27 February 2023.
<b>medium-term</b>	3 to 4 years.
<b>medium to long-term</b>	3 to 5 years.
<b>MSCI AC Asia-Pacific ex Japan</b>	Morgan Stanley Capital International All Countries Asia-Pacific ex Japan Index.
<b>Multi-class ratio or MCR</b>	Multi-class ratio, being the apportionment of the Fund's NAV to each Class based on the size of that Class. The MCR is calculated by dividing the NAV (in RM) attributable to each respective Class by the NAV of the Fund before income and expenses for the day. The apportionment is expressed as a ratio and calculated as a percentage.
<b>MTB</b>	Maybank Trustees Berhad [196301000109 (5004-P)].
<b>NAV</b>	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.
<b>NAV per Unit</b>	The NAV of the Fund (or a Class) divided by the number of UIC for the Fund (or a Class) at the same valuation point.
<b>NID</b>	Negotiable instruments of deposits.
<b>OTC</b>	Over-the-counter.
<b>PSE</b>	The Philippines Stock Exchange.

<b>Quant Shop MGS Bond (Short) Index</b>	Quant Shop Malaysian Government Securities Bond Short (1-3 Years) Index.
<b>RAM</b>	RAM Rating Services Berhad [200701005589 (763588-T)].
<b>REITs</b>	Real Estate Investment Trusts.
<b>Redemption Price</b>	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 of the relevant Class as at the next valuation point of the Fund after a redemption request is received and accepted by the Manager.
<b>RM</b>	Ringgit Malaysia.
<b>SET</b>	Stock Exchange of Thailand.
<b>S&amp;P</b>	Standard & Poor's Ratings Services.
<b>SACSC</b>	The Shariah Advisory Council of the SC.
<b>SC</b>	The Securities Commission Malaysia.
<b>Selling Price</b>	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 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.
<b>SGX</b>	Singapore Stock Exchange.
<b>Shariah</b>	Means Islamic law comprising the whole body of rulings pertaining to human conducts derived from sources of the Shariah namely the <i>Qur'an</i> (the holy book of Islam) and <i>Sunnah</i> (practices and explanations rendered by the Prophet Muhammad ( <i>pbuh</i> ) and other sources of Shariah such as <i>Ijtihad</i> (exertion of individual efforts to determine the true ruling of the divine law on matters whose revelations are not explicit) of Shariah scholars.
<b>Shariah Adviser</b>	Refers to BMBSEC which includes its permitted assigns and successors in title.
<b>Shariah requirements</b>	Mean the rulings, guidelines and resolutions made by the SACSC or the advice given by the Shariah Adviser.
<b>Shariah Supervisory Boards</b>	Refer to independent supervisory or advisory bodies of specialized jurists in <i>Fiqh al-mua'malat</i> (Islamic commercial jurisprudence).



<b>short-term</b>	Less than 1 year.
<b>short to medium-term</b>	1 to 3 years.
<b>Single Pricing</b>	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.
<b>SMDAM</b>	Sumitomo Mitsui DS Asset Management Company, Limited.
<b>Sophisticated Investor</b>	Means any person who: (a) falls within any of the categories of investors set out in Part 1, 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.
<b>Special Resolution</b>	Means a resolution passed at a meeting of Unit holders of the Fund (or Class) duly convened in accordance with the Deed and carried 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 Class) voting at the meeting in person or by proxy.
<b>sukuk</b>	Refers to certificates of equal value which evidence undivided ownership or investment in the assets using Shariah principles and concepts endorsed by the SACSC or any relevant Shariah Supervisory Boards and/or the Shariah Adviser.
<b>Trustee(s)</b>	This refers to DTMB, CCTB, CITB and/or MTB.
<b>UIC</b>	Units in circulation.
<b>UK</b>	United Kingdom.
<b>Unit(s)</b>	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).
<b>Unit holder(s), investor(s), applicant(s), you</b>	Means the person for the time being who is registered pursuant to the Deed of the Fund as a holder of Units, including a joint holder.
<b>US</b>	United States of America.

## 2. CORPORATE DIRECTORY

- **MANAGER**

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

- Registered office:

- Level 30, Menara Hong Leong  
No 6, Jalan Damanlela  
Bukit Damansara  
50490 Kuala Lumpur  
Tel : +603-2080 9888  
Fax : +603-2080 9801

- Business address:

- Level 18, Block B, Plaza Zurich  
No. 12, Jalan Gelenggang  
Bukit Damansara  
50490 Kuala Lumpur  
Tel : +603 – 2081 8600  
Fax : +603 – 2081 8500  
Website : [www.hlam.com.my](http://www.hlam.com.my)  
E-mail : [inquiry@hlam.hongleong.com.my](mailto:inquiry@hlam.hongleong.com.my)

- **EXTERNAL FUND MANAGERS**

- **SUMITOMO MITSUI DS ASSET MANAGEMENT (HONG KONG) LIMITED**

- Registered address and Business address:

- Units 601-602 & 615-616  
6/F., One International Finance Centre  
1 Harbour View Street  
Central  
Hong Kong  
Tel : 852-2521 8883  
Fax : 852-2537 1793

- **HONG LEONG ISLAMIC ASSET MANAGEMENT SDN BHD [198501008000 (140445-U)]**

- Registered office:

- Level 30, Menara Hong Leong  
No 6, Jalan Damanlela  
Bukit Damansara  
50490 Kuala Lumpur  
Tel : +603-2080 9888  
Fax : +603-2080 9801

Business address:

Level 18, Block B, Plaza Zurich  
No. 12, Jalan Gelenggang  
Bukit Damansara  
50490 Kuala Lumpur  
Tel : +603 – 2081 8600  
Fax : +603 – 2081 8500  
Website : [www.hlam.com.my](http://www.hlam.com.my)  
E-mail : [inquiry@hlam.hongleong.com.my](mailto:inquiry@hlam.hongleong.com.my)

- **TRUSTEES**

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

Registered address and Business address:

Level 20, Menara IMC  
8 Jalan Sultan Ismail  
50250 Kuala Lumpur  
Tel : +603-2053 7522  
Fax : +603-2053 7526  
Email : [dtmb.rtm@db.com](mailto:dtmb.rtm@db.com)

**CIMB COMMERCE TRUSTEE BERHAD [199401027349 (313031-A)]**

Registered address:

Level 13, Menara CIMB  
Jalan Stesen Sentral 2  
Kuala Lumpur Sentral  
50470 Kuala Lumpur  
Tel : +603-2261 8888  
Fax : +603-2261 0099

Business address:

Level 21, Menara CIMB  
Jalan Stesen Sentral 2  
Kuala Lumpur Sentral  
50470 Kuala Lumpur  
Tel : +603-2261 8888  
Fax : +603-2261 9894  
Email : [ss.corptrust@cimb.com](mailto:ss.corptrust@cimb.com)  
Website : [www.cimb.com](http://www.cimb.com)

**CIMB ISLAMIC TRUSTEE BERHAD [198801000556 (167913-M)]**

Registered address:

Level 13, Menara CIMB  
Jalan Stesen Sentral 2  
Kuala Lumpur Sentral  
50470 Kuala Lumpur  
Tel : +603-2261 8888  
Fax : +603-2261 0099

Business address:

Level 21, Menara CIMB  
Jalan Stesen Sentral 2  
Kuala Lumpur Sentral  
50470 Kuala Lumpur  
Tel : +603-2261 8888  
Fax : +603-2261 9894  
Email : [ss.corptrust@cimb.com](mailto:ss.corptrust@cimb.com)  
Website : [www.cimb.com](http://www.cimb.com)

**MAYBANK TRUSTEES BERHAD [196301000109 (5004-P)]**

Registered address and Business address:

8<sup>th</sup> Floor Menara Maybank  
100 Jalan Tun Perak  
50050 Kuala Lumpur  
Tel : +603-2070 8833/2074 8952  
Fax : +603-2070 9387  
Website : [www.maybank.com](http://www.maybank.com)  
Email : [mtb.ut@maybank.com.my](mailto:mtb.ut@maybank.com.my)

- **SHARIAH ADVISER**

**BIMB SECURITIES SDN BHD [199401004484 (290163-X)]**

Registered address:

32<sup>nd</sup> Floor, Menara Bank Islam  
No. 22 Jalan Perak  
50450 Kuala Lumpur

Business address:

Tingkat 32, Menara Multi-Purpose  
Capital Square, No. 8, Jalan Munshi Abdullah  
50100 Kuala Lumpur  
Tel : +603-2613 1600  
Fax : +603-2613 1799  
Website : [www.bimbsec.com.my](http://www.bimbsec.com.my)  
Email : [shariah@bimbsec.com.my](mailto:shariah@bimbsec.com.my)

### 3. INFORMATION ON THE FUNDS

#### Equity funds

#### 3.1. HONG LEONG GROWTH FUND (“HLGF”)

##### 3.1.1. Fund profile

<b>Launch date</b>	8 September 1995
<b>Category of Fund</b>	Equity
<b>Type of Fund</b>	Growth and Income
<b>Trustee</b>	DTMB
<b>Financial year</b>	30 June

##### 3.1.2. Investment objective

To provide Unit holders with an attractive<sup>\*</sup> level of regular income<sup>\*\*</sup> and capital gain on the value of Units at an acceptable risk.

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

##### 3.1.3. Investment policy, strategy and asset allocation

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

To achieve the Fund's investment objective, the Fund will invest primarily in equity securities of growth companies operating in Malaysia, and to a lesser extent in foreign markets. Generally, companies that exhibit high probability of achieving above market and/or industry growth rate; that operate within a high growth sector; that have a professional and capable management team with proven ability to achieve sustainable growth; and that have a viable and scalable business model with products that continue to meet market needs are selected. Although the Fund is actively managed according to its principal investment strategy, the frequency of its trading strategy will very much depend on market conditions and opportunities.

#### Notes:

<sup>\*</sup> Please take note that the Fund aims to provide sustainable risk-adjusted returns in the form of capital growth and income in accordance with the performance benchmark and distribution policy of the Fund, although this is not guaranteed.

<sup>\*\*</sup> The Fund's main focus is on capital growth and to a lesser extent, income. Income may be distributed in the form of cash and/or Units. Please refer to Section 3.1.5. more information on the Fund's distribution policy.

The Fund will invest a minimum 70% of its NAV into equities and a maximum 30% of its NAV will be invested in fixed income securities. The Fund will hold sufficient cash for liquidity purposes.

The asset allocation of the Fund will be reviewed periodically depending on the economic and stock market outlook.

The Manager combines a “top-down” asset and sector allocation analysis with a “bottom-up” stock selection process. Therefore, the Manager uses economic research to evaluate the impact of current macroeconomic factors to identify the potential sectors for the Fund’s investments. Macroeconomic factors such as gross domestic product (GDP), currency stability, monetary and fiscal policies, political developments and government regulations are also considered in assessing the Fund’s asset allocation strategy. For stock selection, the Manager adopts a rigorous and disciplined fundamental investment analysis where it focuses and selects its stock for investments. In identifying such stocks for the Fund’s investment, the Manager will consider the company’s business model, management and financial health. The Fund’s investment process also involves assessing various valuation ratios such as the earnings growth, price to earnings ratios (PER), price to growth (PEG), price to net tangible assets (P/NTA) and dividend yield of a stock.

The Fund’s investments may include derivatives such as futures, options, forwards and swaps to hedge against investment risks such as market risk, interest rate risk and currency risk. The Fund’s exposure from derivatives position will not exceed the Fund’s NAV at all times. The underlying reference of these derivatives instruments may include fixed income, interest rate and currency or any other investments that may be permitted by the SC from time to time. The Fund will only invest in derivatives that are 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. The Manager will unwind the affected invested derivative instrument or hold the derivative instrument to maturity if its period to maturity is less than six (6) months if the counterparty is downgraded below the abovementioned credit ratings. Please refer to section 3.22, ‘Derivatives’ for more information on use of derivatives for hedging.

#### Temporary defensive strategy

The Manager may take temporary defensive positions in attempting to respond to certain conditions which include but are not limited to adverse market, economic and political conditions, insufficient funds to form an efficient portfolio and periods of high fund redemptions. In such situations, the Manager may reduce its equity exposure below the above stated range by reallocating its investments into lower-risk assets such as fixed income securities and/or deposits.

### **3.1.4. Risk management strategies**

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

- Monitoring and evaluating the market and economic conditions of the regional markets;
- Adhering to the Fund's investment objective, investment strategies and restrictions as stated in the Master Prospectus, Deed and/or Guidelines;
- Determining and monitoring effective diversification of securities across sectors and companies;
- Employing an active asset allocation strategy depending on the equity market conditions and rebalancing the portfolio should the need arise;
- Practice prudent liquidity management to ensure that the Fund maintains reasonable levels of liquidity to meet any redemption request;  
*(Please refer to 'Liquidity Risk' in section 3.24.1 for more details)*
- Monitoring and diversifying the Fund's portfolio of fixed income securities in the form of, but not limited to, the issuers and sectors, the tenure of the securities and the credit rating of the securities to reduce any concentration risk;
- Regular review of the Fund's performance; and
- Escalating and reporting investment matters to the Investment Committee.

### **3.1.5. Distribution policy\***

The Fund intends to provide Unit holders with medium to long-term capital growth and aims to provide regular distribution of income. The distribution of income will be in the form of additional Units, unless Unit holder opts for the distribution to be paid out.

*\* Income distributions (if any) are not guaranteed. Distributions of income will only be made from realised gains or realised income derived from the investments of the Fund(s).*

### **3.1.6. Performance benchmark**

The performance benchmark of the Fund is the FBM KLCI which is readily available from Bursa Malaysia's website at [www.bursamalaysia.com](http://www.bursamalaysia.com). The performance benchmark is appropriate as it is consistent with the characteristic of the Fund's portfolio to invest primarily in Malaysia and that the Fund's investments in foreign markets are incidental to its primary focus of investing in Malaysia. The risk profile of the Fund is different from the risk profile of the performance benchmark.

The performance of the Fund against the benchmark is published in the Manager's monthly fund performance review publication and is available from the Manager's website at [www.hlam.com.my](http://www.hlam.com.my).

### **3.1.7. Permitted investments of the Fund**

The Fund may invest in any of the following investments, including but not limited to:

- Listed securities traded in or under the rules of an Eligible Market;
- Unlisted securities including securities that are not listed or quoted on an exchange of an Eligible Market but have been approved by the relevant regulatory authority for such listing and quotation, and are offered directly to the Fund by the issuer;  
*(Note: The Fund will not invest in digital assets).*
- Listed fixed income securities traded under the rules of an Eligible Market;
- Unlisted fixed income securities in an Eligible Market;
- Government securities and any other securities guaranteed by BNM, any government or government-related agencies of an Eligible Market;
- Deposits and money market instruments with financial institutions of Eligible Markets;
- Units/shares of collective investment schemes with similar objectives;
- Structured products/derivatives; and
- Any other kind of investments, which are in line with the objective of the Fund, as may be agreed upon by the Trustee and Manager from time to time.

The Fund's investments are subject to limits and restrictions that are detailed in Section 3.19 – Investment Limits and Restrictions of the Funds.

### **3.1.8. Investor profile**

The Fund is suitable for investors who:-

- are willing to accept a slightly higher risk level than the FBM KLCI;
- wish to participate in the economic growth of Malaysia through investing in the Malaysian equity market with reasonable risk exposure level; and
- have a medium to long-term investment horizon.



### 3.2. HONG LEONG VALUE FUND (“HLVF”)

#### 3.2.1. Fund profile

<b>Launch date</b>	26 April 1999
<b>Category of Fund</b>	Equity
<b>Type of Fund</b>	Growth
<b>Trustee</b>	DTMB
<b>Financial year</b>	31 August

#### 3.2.2. Investment objective

To achieve large percentage gains by investing in well-managed and financially stable companies which stocks are selling at prices close to or at deep discounts to their net tangible asset values.

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

#### 3.2.3. Investment policy, strategy and asset allocation

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

To achieve the Fund's investment objective, the Fund will invest with a value investment strategy across equity securities of all market capitalisation levels of companies operating in Malaysia. Generally, companies that have valuations at a discount to the market and/or its sector peers are selected. The Manager will also look at forward looking company-specific events that may lead to a change in the overall business prospects and valuations, in its selection of securities for investment. Additionally, the Fund may also invest in stocks with market capitalisation of up to RM1 billion that are not well covered by equity research houses and stockbrokers. Although the Fund is actively managed according to its principal investment strategy, the frequency of its trading strategy will very much depend on market conditions and opportunities.

The Fund will invest a minimum 70% of its NAV into equities and a maximum 30% of its NAV will be invested in fixed income securities. The Fund will hold sufficient cash for liquidity purposes.

The asset allocation of the Fund will be reviewed periodically depending on the economic and stock market outlook.

The Manager combines a “top-down” asset and sector allocation analysis with a “bottom-up” stock selection process. Therefore, the Manager uses economic research to evaluate the impact of current macroeconomic factors to identify the potential sectors for the Fund's investments. Macroeconomic factors such as gross domestic product (GDP), currency stability,

monetary and fiscal policies, political developments and government regulations are also considered in assessing the Fund's asset allocation strategy. For stock selection, the Manager adopts a rigorous and disciplined fundamental investment analysis where it focuses and selects its stock for investments. In identifying such stocks for the Fund's investment, the Manager will consider the company's business model, management and financial health. The Fund's investment process also involves assessing various valuation ratios such as the earnings growth, price to earnings ratios (PER), price to growth (PEG), price to net tangible assets (P/NTA) and dividend yield of a stock.

The Fund's investments may include derivatives such as futures, options, forwards and swaps to hedge against investment risks such as market risk, interest rate risk and currency risk. The Fund's exposure from derivatives position will not exceed the Fund's NAV at all times. The underlying reference of these derivatives instruments may include fixed income, interest rate and currency or any other investments that may be permitted by the SC from time to time. The Fund will only invest in derivatives that are 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. The Manager will unwind the affected invested derivative instrument or hold the derivative instrument to maturity if its period to maturity is less than six (6) months if the counterparty is downgraded below the abovementioned credit ratings. Please refer to section 3.22, 'Derivatives' for more information on use of derivatives for hedging.

#### Temporary defensive strategy

The Manager may take temporary defensive positions in attempting to respond to certain conditions which include but are not limited to adverse market, economic and political conditions, insufficient funds to form an efficient portfolio and periods of high fund redemptions. In such situations, the Manager may reduce its equity exposure below the above stated range by reallocating its investments into lower-risk assets such as fixed income securities and/or deposits.

#### **3.2.4. Risk management strategies**

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

- Monitoring and evaluating the market and economic conditions of the local market;
- Adhering to the Fund's investment objective, investment strategies and restrictions as stated in the Master Prospectus, Deed and/or Guidelines;
- Determining and monitoring effective diversification of securities across sectors and companies;
- Employing an active asset allocation strategy depending on the equity market conditions and rebalancing the portfolio should the need arise;
- Practice prudent liquidity management to ensure that the Fund maintains reasonable levels of liquidity to meet any redemption request;  
*(Please refer to 'Liquidity Risk' in section 3.24.1 for more details)*
- Monitoring and diversifying the Fund's portfolio of fixed income securities in the form of, but not limited to, the issuers and sectors, the tenure of the securities and the credit rating of the securities to reduce any concentration risk;

- Regular review of the Fund's performance; and
- Escalating and reporting investment matters to the Investment Committee.

### **3.2.5. Distribution policy\***

The Fund intends to provide Unit holders with long-term capital growth. As such, cash distribution will be incidental to the overall capital growth objective and a substantial portion of the income returns from investments will be reinvested. The Fund may also declare distributions in the form of additional Units to its Unit holders.

*\* Income distributions (if any) are not guaranteed. Distributions of income will only be made from realized gains or realized income derived from the investments of the Fund(s).*

### **3.2.6. Performance benchmark**

The risk profile of the Fund is different from the risk profile of the performance benchmark. The performance benchmark of the Fund is the FBM EMAS which is readily available from Bursa Malaysia's website at [www.bursamalaysia.com](http://www.bursamalaysia.com). The performance of the Fund against the benchmark is published in the Manager's monthly fund performance review publication and is available from the Manager's website at [www.hlam.com.my](http://www.hlam.com.my).

### **3.2.7 Permitted investments of the Fund**

The Fund may invest in any of the following investments, including but not limited to:

- Listed securities traded in or under the rules of Bursa Malaysia;
- Unlisted securities including securities that are not listed or quoted on Bursa Malaysia but have been approved by the SC for such listing and quotation, and are offered directly to the Fund by the issuer;

*Note: The Fund will not invest in digital assets.*

- Listed fixed income securities traded under the rules of Bursa Malaysia;
- Unlisted fixed income securities traded in Malaysia;
- Government securities and any other securities guaranteed by BNM, any government or government-related agencies of Malaysia;
- Deposits and money market instruments with financial institutions in Malaysia;
- Units/shares of collective investment schemes with similar objectives;
- Structured products/derivatives; and
- Any other kind of investments, which are in line with the objective of the Fund, as may be agreed upon by the Trustee and Manager from time to time.

The Fund's investments are subject to limits and restrictions that are detailed in Section 3.19 – Investment Limits and Restrictions of the Funds.

### **3.2.8. Investor profile**

The Fund is suitable for investors who:-

- have a higher than average risk tolerance level;
- have a long-term investment horizon; and
- are able to accept the anticipated higher volatility of the Fund.

### 3.3. HONG LEONG CONSUMER PRODUCTS SECTOR FUND (“HLCP SF”)

#### 3.3.1. Fund profile

<b>Launch date</b>	29 August 2000
<b>Category of Fund</b>	Equity
<b>Type of Fund</b>	Growth
<b>Trustee</b>	DTMB
<b>Financial year</b>	30 September

#### 3.3.2. Investment objective

To provide the Malaysian public with an affordable\* and flexible access into an investment portfolio that focuses solely on securities that are classified under the Bursa Malaysia Consumer Product sector.

The Fund will aim to outperform the said sector’s benchmark index which is the Bursa Malaysia Consumer Products and Services Index, while assuming a risk level that matches that of the said sector.

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

#### 3.3.3. Investment policy, strategy and asset allocation

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

To achieve the Fund’s investment objective, the Fund will invest into a diversified portfolio of equities involved in the consumer product sector. The consumer product sector comprises companies that produce, manufacture and distribute materials or components into new products for consumer use. These companies include but are not limited to companies involved in the food, beverage, tobacco, household goods, fashion, apparel, footwear, textiles and automobiles industries. Although the Fund is actively managed according to its principal investment strategy, the frequency of its trading strategy will very much depend on market conditions and opportunities.

The Fund will invest a minimum 70% of its NAV into equities and a maximum 30% of its NAV will be invested in fixed income securities. The Fund will hold sufficient cash for liquidity purposes.

The asset allocation of the Fund will be reviewed periodically depending on the economic and stock market outlook.

**Note:**

\* Unit holders may purchase Units in the Fund at a minimum initial investment amount from as low as RM100, subject to sales charge.

The Manager combines a “top-down” asset and sector allocation analysis with a “bottom-up” stock selection process. Therefore, the Manager uses economic research to evaluate the impact of current macroeconomic factors to identify the potential sectors for the Fund’s investments. Macroeconomic factors such as gross domestic product (GDP), currency stability, monetary and fiscal policies, political developments and government regulations are also considered in assessing the Fund’s asset allocation strategy. For stock selection, the Manager adopts a rigorous and disciplined fundamental investment analysis where it focuses and selects its stock for investments. In identifying such stocks for the Fund’s investment, the Manager will consider the company’s business model, management and financial health. The Fund’s investment process also involves assessing various valuation ratios such as the earnings growth, price to earnings ratios (PER), price to growth (PEG), price to net tangible assets (P/NTA) and dividend yield of a stock.

#### Temporary defensive strategy

The Manager may take temporary defensive positions in attempting to respond to certain conditions which include but are not limited to adverse market, economic and political conditions, insufficient funds to form an efficient portfolio and periods of high fund redemptions. In such situations, the Manager may reduce its equity exposure below the above stated range by reallocating its investments into lower-risk assets such as fixed income securities and/or deposits.

#### **3.3.4. Risk management strategies**

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

- Monitoring and evaluating the market and economic conditions of the local market;
- Adhering to the Fund’s investment objective, investment strategies and restrictions as stated in the Master Prospectus, Deed and/or Guidelines;
- Determining and monitoring effective diversification of securities;
- Employing an active asset allocation strategy depending on the equity market conditions and rebalancing the portfolio should the need arise;
- Practice prudent liquidity management to ensure that the Fund maintains reasonable levels of liquidity to meet any redemption request;  
*(Please refer to ‘Liquidity Risk’ in section 3.24.1 for more details)*
- Monitoring and diversifying the Fund’s portfolio of fixed income securities in the form of, but not limited to, the issuers and sectors, the tenure of the securities and the credit rating of the securities to reduce any concentration risk;
- Regular review of the Fund’s performance; and
- Escalating and reporting investment matters to the Investment Committee.

### **3.3.5. Distribution policy\***

The Fund intends to provide Unit holders with long-term capital growth. As such, cash distribution will be incidental to the overall capital growth objective and a substantial portion of the income returns from investments will be reinvested. The Fund may also declare distributions in the form of additional Units to its Unit holders.

*\* Income distributions (if any) are not guaranteed. Distributions of income will only be made from realized gains or realized income derived from the investments of the Fund(s).*

### **3.3.6. Performance benchmark**

The risk profile of the Fund is different from the risk profile of the performance benchmark. The performance benchmark of the Fund is the Bursa Malaysia Consumer Products and Services Index which is available from Bursa Malaysia's website at [www.bursamalaysia.com](http://www.bursamalaysia.com). The performance of the Fund against the benchmark is published in the Manager's monthly fund performance review publication and is available from the Manager's website at [www.hlam.com.my](http://www.hlam.com.my).

### **3.3.7. Permitted investments of the Fund**

The Fund may invest in any of the following investments, including but not limited to:

- Listed securities traded in or under the rules of Bursa Malaysia;
- Unlisted securities including securities that are not listed or quoted on Bursa Malaysia but have been approved by the SC for such listing and quotation, and are offered directly to the Fund by the issuer;

*Note: The Fund will not invest in digital assets.*

- Government securities and any other securities guaranteed by BNM, any government or government-related agencies of Malaysia;
- Deposits and money market instruments with financial institutions in Malaysia;
- Units/shares of collective investment schemes with similar objectives; and
- Any other kind of investments, which are in line with the objective of the Fund, as may be agreed upon by the Trustee and Manager from time to time.

The Fund's investments are subject to limits and restrictions that are detailed in Section 3.19 – Investment Limits and Restrictions of the Funds.

### **3.3.8. Investor profile**

The Fund is suitable for investors who:-

- have a medium to long-term investment horizon;
- seek capital appreciation through exposure to the consumer product sector; and
- are willing to assume higher risk in their investments to obtain potentially higher returns.

### 3.4. HONG LEONG DANA MAKMUR (“HLDM”)

#### 3.4.1. Fund profile

<b>Launch date</b>	12 November 2001
<b>Category of Fund</b>	Equity (Islamic)
<b>Type of Fund</b>	Growth
<b>Trustee</b>	DTMB
<b>Financial year</b>	30 June
<b>External Fund Manager</b>	HLISAM

#### 3.4.2. Investment objective

To achieve consistent capital growth over the medium to long-term by investing strictly in accordance with the Shariah requirements.

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

#### 3.4.3. Investment policy, strategy and asset allocation

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

To achieve the Fund's investment objective, the Fund follows a strict selection process to ensure only appropriate Shariah-compliant securities are invested in. The selection process is in essence a screening process that selects quality Shariah-compliant securities with risk-return profiles that match the Fund's requirements. For quality Shariah-compliant securities, the Manager will consider the following factors before its investment:

- Industry and business outlook;
- Management track record/quality;
- Treatment of minority shareholders by management and controlling shareholders;
- Financial strength and gearing levels;
- Earnings and cash-flow volatility;
- Expected future earnings growth; and
- Share price valuation.

Generally, the Fund selects undervalued companies that have the potential to offer good medium to long-term capital growth. Undervalued companies refer to companies with stock price selling at a price lower than what is believed to be its intrinsic value and can be measured by its price to earnings ratio (PER), price to book ratio (P/B), dividend yield or any other appropriate method as determined by the Manager. The investment process involves conducting primary and secondary research on factors relevant to each individual listed company.

Although the Fund is managed according to its principal investment strategy, the activeness and frequency of its trading strategy will very much depend on market conditions.

The Fund will invest a minimum 70% of its NAV into Shariah-compliant equities and a maximum 30% of its NAV will be invested in Islamic money market instruments and sukuk. The Fund will hold sufficient cash for liquidity purposes.

The asset allocation of the Fund will be reviewed periodically depending on the economic and stock market outlook.

#### Temporary defensive strategy

The Manager may take temporary defensive positions in attempting to respond to certain conditions which include but are not limited to adverse market, economic and political conditions, insufficient funds to form an efficient portfolio and periods of high fund redemptions. In such situations, the Manager may reduce its Shariah-compliant securities exposure below the above stated range by reallocating its investments into lower-risk assets such as sukuk, Islamic money market instruments and/or Islamic deposits.

#### **3.4.4. Risk management strategies**

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

- Monitoring and evaluating the market and economic conditions of the local market;
- Adhering to the Fund's investment objective, investment strategies and restrictions as stated in the Master Prospectus, Deed and/or Guidelines;
- Determining and monitoring effective diversification of Shariah-compliant securities across sectors and companies;
- Employing an active asset allocation strategy depending on the equity market conditions and rebalancing the portfolio should the need arise;
- Practice prudent liquidity management to ensure that the Fund maintains reasonable levels of liquidity to meet any redemption request;  
*(Please refer to 'Liquidity Risk' in section 3.24.1 for more details)*
- Monitoring and diversifying the Fund's portfolio of sukuk in the form of, but not limited to, the issuers and sectors, the tenure of the sukuk and the credit rating of the sukuk to reduce any concentration risk;
- Regular review of the Fund's performance; and
- Escalating and reporting investment matters to the Investment Committee.

#### **3.4.5. Distribution policy\***

The Fund intends to provide long-term capital growth. As such, cash distribution will be incidental to the overall capital growth objective and a substantial portion of the income returns from investments will be reinvested. The Fund may also declare distributions in the form of additional Units to its Unit holders.

*\* Income distributions (if any) are not guaranteed. Distributions of income will only be made from realized gains or realized income derived from the investments of the Fund(s).*



### **3.4.6. Performance benchmark**

The risk profile of the Fund is different from the risk profile of the performance benchmark. The performance benchmark of the Fund is the FBM EMAS Shariah Index. The FBM EMAS Shariah Index is readily available from Bursa Malaysia's website at [www.bursamalaysia.com](http://www.bursamalaysia.com). The performance of the Fund against the benchmark is published in the Manager's monthly fund performance review publication and is available from the Manager's website at [www.hlam.com.my](http://www.hlam.com.my).

### **3.4.7. Permitted investments of the Fund**

The Fund may invest in any of the following investments, including but not limited to:

- Shariah-compliant securities that are traded in or under the rules of Bursa Malaysia;
- Unlisted Shariah-compliant securities including Shariah-compliant securities that are not listed or quoted on Bursa Malaysia but have been approved by the SC for such listing and quotation, and are offered directly to the Fund by the issuer;

*Note: The Fund will not invest in digital assets.*

- Listed sukuk traded under the rules of Bursa Malaysia;
- Unlisted sukuk traded in Malaysia;
- Government investment issues, Islamic accepted bills, Bank Negara monetary notes-i, Cagamas sukuk and any other government-approved Islamic papers;
- Islamic deposits and Islamic money market instruments with financial institutions in Malaysia;
- Units/shares of Islamic collective investment schemes with similar objectives; and
- Any other kind of Shariah-compliant investments, which are in line with the objective of the Fund, as may be agreed upon by the Trustee and Manager from time to time.

The Fund's investments are subject to limits and restrictions that are detailed in Section 3.19 – Investment Limits and Restrictions of the Funds.

### **3.4.8. Investor profile**

The Fund is suitable for investors who:-

- want to participate in a diversified vehicle that comply with Shariah requirements;
- are sensitive to Shariah requirements and seek to achieve capital growth through a portfolio of investments that adhere to Shariah requirements; and
- have a medium to long-term investment horizon.

### 3.5. HONG LEONG DIVIDEND FUND (“HLDF”)

#### 3.5.1. Fund profile

<b>Launch date</b>	6 January 2005
<b>Category of Fund</b>	Equity
<b>Type of Fund</b>	Income and growth
<b>Trustee</b>	DTMB
<b>Financial year</b>	31 August

#### 3.5.2. Investment objective

To provide investors with a steady recurring income<sup>\*</sup> that is potentially higher than prevailing fixed deposit rates. At the same time, the Fund also attempts to attain medium to long-term capital appreciation.

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

#### 3.5.3. Investment policy, strategy and asset allocation

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

To achieve the Fund's investment objective, the Fund will invest primarily in equity securities of growth companies operating in Malaysia. Generally, the Fund invests in stocks which have good dividend payout policies and reasonable medium to long-term capital appreciation opportunities. Stocks with good dividend payout policies are those that have been consistently paying high dividends (i.e. dividend yields at and/or above market average) over the last three to five years, and are able to sustain the dividend payments at least over the next one year. The Fund will invest primarily in equity securities that will generate good income yields, i.e. having paid dividends three out of the last five years, historical track record of awarding good dividends, or potential to provide high dividends within the next 12 months. At the same time, the Fund also invests in fixed income securities with good credit quality and yield enhancement opportunities. Fixed income securities with good credit quality generally are investment-grade securities that have relatively low risk of a default. Although the Fund is actively managed according to its principal investment strategy, the frequency of its trading strategy will very much depend on market conditions and opportunities.

The Fund will invest a minimum 70% of its NAV into equities and a maximum 30% of its NAV will be invested in fixed income securities.

**Note:**

*\* Income may be distributed in the form of cash and/or Units. Please refer to Section 3.5.5 for more information on the Fund's distribution policy.*

The asset allocation of the Fund will be reviewed periodically depending on the economic and stock market outlook. The Fund will hold sufficient cash for liquidity purposes.

The Manager combines a “top-down” asset and sector allocation analysis with a “bottom-up” stock selection process. Therefore, the Manager uses economic research to evaluate the impact of current macroeconomic factors to identify the potential sectors for the Fund’s investments. Macroeconomic factors such as gross domestic product (GDP), currency stability, monetary and fiscal policies, political developments and government regulations are also considered in assessing the Fund’s asset allocation strategy. For stock selection, the Manager adopts a rigorous and disciplined fundamental investment analysis where it focuses and selects its stock for investments.

In identifying such stocks for the Fund’s investment, the Manager will consider the company’s business model, management and financial health. The Fund’s investment process also involves assessing various valuation ratios such as the earnings growth, price to earnings ratios (PER), price to growth (PEG), price to net tangible assets (P/NTA) and dividend yield of a stock.

#### Temporary defensive strategy

The Manager may take temporary defensive positions in attempting to respond to certain conditions which include but are not limited to adverse market, economic and political conditions, insufficient funds to form an efficient portfolio and periods of high fund redemptions. In such situations, the Manager may reduce its equity exposure below the above stated range by reallocating its investments into lower-risk assets such as fixed income securities and/or deposits.

### **3.5.4. Risk management strategies**

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

- Monitoring and evaluating the market and economic conditions of the local market;
- Adhering to the Fund’s investment objective, investment strategies and restrictions as stated in the Master Prospectus, Deed and/or Guidelines;
- Determining and monitoring effective diversification of securities across sectors and companies;
- Employing an active asset allocation strategy depending on the equity market conditions and rebalancing the portfolio should the need arise;
- Practice prudent liquidity management to ensure that the Fund maintains reasonable levels of liquidity to meet any redemption request;  
*(Please refer to ‘Liquidity Risk’ in section 3.24.1 for more details)*
- Monitoring and diversifying the Fund’s portfolio of fixed income securities in the form of, but not limited to, the issuers and sectors, the tenure of the securities and the credit rating of the securities to reduce any concentration risk;
- Regular review of the Fund’s performance; and
- Escalating and reporting investment matters to the Investment Committee.

### **3.5.5. Distribution policy\***

The Fund intends to provide regular income\*\* and potentially, consistent long-term capital appreciation. Regular income returns will be declared depending on interest rates, market conditions and performance of the Fund. As such, the Fund will strive to declare distributions annually, if any, in the form of either cash or additional Units to the Unit holders.

\* *Income distributions (if any) are not guaranteed. Distributions of income will only be made from realized gains or realized income derived from the investments of the Fund(s).*

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

### **3.5.6. Performance benchmark**

The performance of the Fund is benchmarked against the 12-months KLIBOR rate (30% weightage) and the FBM KLCI (70% weightage). The 12-months KLIBOR rate is readily available in the business section of the various major newspapers and financial magazines while the FBM KLCI index can be readily obtained through Bursa Malaysia's website at [www.bursamalaysia.com](http://www.bursamalaysia.com). The performance of the Fund against the benchmark is published in the Manager's monthly fund performance review publication and is available from the Manager's website at [www.hlam.com.my](http://www.hlam.com.my).

The performance benchmark chosen is most appropriate as it is consistent with the characteristic of the Fund's portfolio to invest primarily in a portfolio of stocks which offer or have the potential to offer dividend yields, while the balance of the Fund's NAV will be invested in fixed income securities. The risk profile of the Fund is different from the risk profile of the performance benchmark.

### **3.5.7. Permitted investments of the Fund**

The Fund may invest in any of the following investments, including but not limited to:

- Listed securities traded in or under the rules of Bursa Malaysia;
- Unlisted securities including securities that are not listed or quoted on Bursa Malaysia but have been approved by the SC for such listing and quotation, and are offered directly to the Fund by the issuer;

*Note: The Fund will not invest in digital assets.*

- Listed fixed income securities traded under the rules of Bursa Malaysia;
- Unlisted fixed income securities traded in Malaysia;
- Government securities and any other securities guaranteed by BNM, any government or government-related agencies of Malaysia;
- Deposits and money market instruments with financial institutions in Malaysia;
- Units/shares of collective investment schemes with similar objectives; and
- Any other kind of investments, which are in line with the objective of the Fund, as may be agreed upon by the Trustee and Manager from time to time.

The Fund's investments are subject to limits and restrictions that are detailed in Section 3.19 – Investment Limits and Restrictions of the Funds.

### **3.5.8. Investor profile**

The Fund is suitable for investors who:-

- prefer a regular income\* stream;
- are looking for stable\*\* investment returns; and
- are looking for investments with potential for medium to long-term capital appreciation.

**Notes:**

\* Income may be distributed in the form of cash and/or Units. Please refer to Section 3.5.5 for more information on the Fund's distribution policy.

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

### 3.6. HONG LEONG ASIA-PACIFIC DIVIDEND FUND (“HLAPDF”)

#### 3.6.1. Fund profile

<b>Launch date</b>	28 February 2006
<b>Category of Fund</b>	Equity
<b>Type of Fund</b>	Growth and income
<b>Trustee</b>	DTMB
<b>Financial year</b>	31 October

#### 3.6.2. Investment objective

The Fund aims to provide investors with steady recurring income<sup>\*</sup> that is potentially higher than the average fixed deposit rates. At the same time, the Fund also attempts to attain medium to long-term capital gains from investing in high quality dividend yielding equities<sup>\*\*</sup>.

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

#### 3.6.3. Investment policy, strategy and asset allocation

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

To achieve the Fund's investment objective, the Fund will invest into a diversified portfolio of equities and equity-related securities which include common stock, depositary receipts of companies in the Asia-Pacific ex Japan region which offer or have the potential to offer attractive dividend yields (i.e. dividend yields at and/or above market average). In its stock selection, the Fund will seek to invest in companies that have well-defined dividend payout policies and that have the potential to pay dividends within the next 12 months. Notwithstanding this, the Fund may also invest in other potential high-yielding instruments (i.e. dividend yields at and/or above market average) such as fixed income securities aimed at providing steady recurring income. Although the Fund is actively managed according to its principal investment strategy, the frequency of its trading strategy will very much depend on market conditions and opportunities.

The countries in the Asia-Pacific ex Japan region which the Fund will invest in include but are not limited to Australia, China, Hong Kong, India, Indonesia, Korea, Malaysia, New Zealand, Philippines, Singapore, Taiwan and Thailand. The Fund will only invest in Eligible Markets.

**Notes:**

<sup>\*</sup> Income may be distributed in the form of cash and/or Units. Please refer to Section 3.6.5 for more information on the Fund's distribution policy.

<sup>\*\*</sup> High quality dividend yielding equities refer to equity securities that have dividend yields at and/or above market average.

The Fund will invest a minimum 70% of its NAV into equities and equity-related securities which include common stock, depositary receipts of companies in the Asia-Pacific ex Japan region. A maximum 30% of its NAV may be invested into fixed income instruments which include fixed income securities, money market instruments and deposits. The Fund will hold sufficient cash for liquidity purposes.

The asset allocation of the Fund will be reviewed periodically depending on the region's economic and stock market outlook.

The Manager combines a "top-down" asset and sector allocation analysis with a "bottom-up" stock selection process. Therefore, the Manager uses economic research to evaluate the impact of current macroeconomic factors to identify the potential sectors for the Fund's investments. Macroeconomic factors such as gross domestic product (GDP), currency stability, monetary and fiscal policies, political developments and government regulations are also considered in assessing the Fund's asset allocation strategy. For stock selection, the Manager adopts a rigorous and disciplined fundamental investment analysis where it focuses and selects its stock for investments. In identifying such stocks for the investment, the Manager will consider the company's business model, management and financial health. The Fund's investment process also involves assessing various valuation ratios such as the earnings growth, price to earnings ratios (PER), price to growth (PEG), price to net tangible assets (P/NTA) and dividend yield of a stock.

The Fund may employ derivatives which include futures, options, forward contracts and warrants, 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 these derivatives instruments may include equity, fixed income, interest rate and currency or any other investments that may be permitted by the SC from time to time. The Fund's exposure from derivatives position will not exceed the Fund's NAV at all times. The Fund will only invest in derivatives that are 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. The Manager will unwind the affected invested derivative instrument or hold the derivative instrument to maturity if its period to maturity is less than six (6) months if the counterparty is downgraded below the abovementioned credit ratings. Please refer to section 3.22, 'Derivatives' for more information on use of derivatives for hedging.

**Unit holders should be aware that there is a risk of higher volatility in the NAV per Unit of the Fund when derivatives are part of the underlying investment assets of the Fund.**

#### Temporary defensive strategy

The Manager may take temporary defensive positions in attempting to respond to certain conditions which include but are not limited to adverse market, economic and political conditions, insufficient funds to form an efficient portfolio and periods of high fund redemptions. In such situations, the Manager may reduce its equity exposure below the above stated range by reallocating its investments into lower-risk assets such as fixed income securities, money market instruments and/or deposits.

#### **3.6.4. Risk management strategies**

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

- Monitoring and evaluating the market and economic conditions of the regional markets;
- Adhering to the Fund's investment objective, investment strategies and restrictions as stated in the Master Prospectus, Deed and/or Guidelines;
- Determining and monitoring effective diversification of securities across sectors and companies;
- Employing an active asset allocation strategy depending on the equity market conditions and rebalancing the portfolio should the need arise;
- Practice prudent liquidity management to ensure that the Fund maintains reasonable levels of liquidity to meet any redemption request;  
*Please refer to 'Liquidity Risk' in section 3.24.1 for more details*;
- Monitoring and diversifying the Fund's portfolio of fixed income instruments in the form of, but not limited to, the issuers and sectors, the tenure of the instruments and the credit rating of the instruments to reduce any concentration risk;
- Ensuring that the Fund will only invest in derivatives that are issued by counterparties with a strong credit rating. A Malaysian counterparty must have a credit rating of at least "AA3" as rated 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 recognised global rating agency. The Manager will unwind the affected invested derivative instrument or hold the derivative instrument to maturity if its period to maturity is less than six (6) months if the counterparty is downgraded below the abovementioned credit ratings;
- Regular review of the Fund's performance; and
- Escalating and reporting investment matters to the Investment Committee.

#### **3.6.5. Distribution policy\***

The Fund intends to provide regular income\*\* and potentially consistent long-term capital appreciation. Regular income returns will be declared annually depending on interest rates, market conditions and performance of the Fund. As such, the Fund will strive to declare distributions annually, if any, in the form of either cash or additional Units to the Unit holders.

\* *Income distributions (if any) are not guaranteed. Distributions of income will only be made from realized gains or realized income derived from the investments of the Fund(s).*

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



### 3.6.6. Performance benchmark

The performance benchmark of the Fund is the MSCI AC Asia-Pacific ex Japan. The benchmark is used for reference purposes and includes the following countries i.e. Australia, China, Hong Kong, India, Indonesia, Korea, Malaysia, New Zealand, Philippines, Singapore, Taiwan and Thailand. Information on the benchmark can be obtained from [www.msci.com](http://www.msci.com) on a subscription basis or from the Manager upon request. The risk profile of the Fund is different from the risk profile of the performance benchmark. The performance of the Fund against the benchmark is published in the Manager's monthly fund performance review publication and is available from the Manager's website at [www.hlam.com.my](http://www.hlam.com.my).

### 3.6.7. Permitted investments of the Fund

The Fund may invest in any of the following investments, including but not limited to:

- Listed securities traded in or under the rules of an Eligible Market in the Asia-Pacific (ex Japan) region;
- Unlisted securities including securities that are not listed or quoted on an exchange of an Eligible Market in the Asia-Pacific (ex Japan) region but have been approved by the relevant regulatory authority for such listing and quotation, and are offered directly to the Fund by the issuer;

*Note: The Fund will not invest in digital assets.*

- Listed and unlisted fixed income securities traded under the rules of an Eligible Market in the Asia-Pacific (ex Japan) region;
- Government securities and any other securities guaranteed by BNM, any government or government-related agencies of an Eligible Market in the Asia-Pacific (ex Japan) region;
- Deposits and money market instruments with financial institutions of an Eligible Market in the Asia-Pacific (ex Japan) region;
- Structured products/derivatives, including but not limited to futures, options, swaps and forward contracts, issued in an Eligible Market in the Asia-Pacific (ex Japan) region;
- Units/shares of collective investment schemes with similar objectives; and
- Any other kind of investments, which are in line with the objective of the Fund, as may be agreed upon by the Trustee and Manager from time to time.

The Fund's investments are subject to limits and restrictions that are detailed in Section 3.19 – Investment Limits and Restrictions of the Funds.

### 3.6.8. Investor profile

The Fund is suitable for investors who:-

- are seeking a regular income<sup>\*</sup> stream;
- desire stable<sup>\*\*</sup> investment returns;
- are seeking greater diversification in their investment holdings through regional exposure from countries in the Asia-Pacific ex Japan region; and
- are seeking investments with potential for medium to long-term capital appreciation from countries in the Asia-Pacific ex Japan region.

#### **Notes**

<sup>\*</sup> *Income may be distributed in the form of cash and/or Units. Please refer to Section 3.6.5 for more information on the Fund's distribution policy.*

<sup>\*\*</sup> *Please take note that this Fund is not a capital guaranteed fund or a capital protected fund and the returns are not guaranteed.*

### 3.7. HONG LEONG HONG KONG EQUITY OPTIMIZER FUND (“HLHKEOF”)

#### 3.7.1. Fund profile

<b>Launch date</b>	20 September 2011
<b>Category of Fund</b>	Equity
<b>Type of Fund</b>	Growth and income
<b>Trustee</b>	DTMB
<b>Financial year</b>	31 March

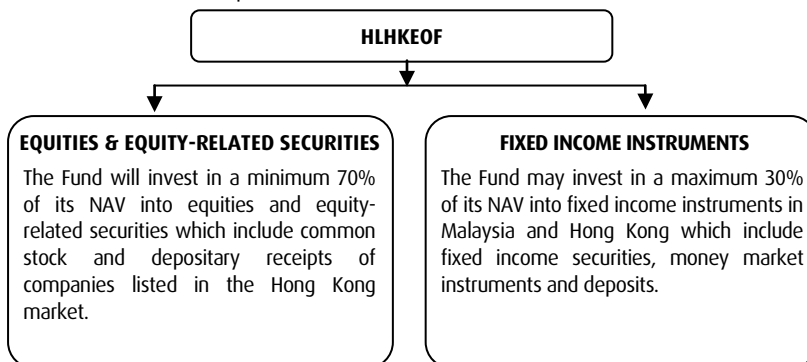
#### 3.7.2. Investment objective

The Fund seeks to achieve medium to long-term capital growth and income<sup>\*</sup> by investing in a portfolio of investments comprising equities, equity-related securities and fixed income instruments primarily in the Hong Kong market.

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

#### 3.7.3. Fund structure

To achieve its investment objective, the Fund will invest primarily<sup>\*\*</sup> in equities and equity-related securities which include common stock and depositary receipts of companies that are listed in Hong Kong. The Fund may also invest up to 30% of its NAV in fixed income instruments in Malaysia and Hong Kong which include fixed income securities, money market instruments and deposits.



**Notes:**

<sup>\*</sup> The Fund's main focus is on capital growth and to a lesser extent, income. Income may be distributed in the form of cash and/or Units. Please refer to Section 3.7.6 for more information on the Fund's distribution policy.

<sup>\*\*</sup> The Fund intends to invest a minimum 70% of its NAV in the Hong Kong market, at all times. However, the Fund's investments in Hong Kong may reduce to levels lower than the above in situations where the Manager anticipates adverse market conditions in Hong Kong.

At any given time, the Fund aims to hold approximately 15-25 investment securities in its portfolio, with an active risk management system to achieve sufficient portfolio diversification and protect against any significant downside volatility.

#### **3.7.4. Investment policy, strategy and asset allocation**

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

To achieve the Fund's investment objective, the Fund adopts an actively managed investment strategy and may invest into a diversified portfolio of equities and equity-related securities that are listed in Hong Kong. The Fund's investments in equities and equity-related securities may include common stock and depositary receipts of companies. Although the Fund is actively managed according to its principal investment strategy, the frequency of its trading strategy will very much depend on market conditions and opportunities.

The Fund will invest a minimum 70% of its NAV into equities and equity-related securities that are listed in the Hong Kong market, and a maximum 30% of its NAV may be invested in fixed income instruments in Malaysia and Hong Kong which include fixed income securities, money market instruments and deposits. The Fund will hold sufficient cash for liquidity purposes.

The asset allocation of the Fund will be reviewed periodically depending on the region's economic and stock market outlook.

The Manager will adopt a rigorous and disciplined fundamental investment analysis and emphasise on a bottom-up approach to its selection of the Fund's equity investments, thus identifying global themes and sectors and then focusing on the individual security's business quality, management and valuation considerations (which include but is not limited to earnings growth, price to earnings ratio (PER), price to growth (PEG), price to net tangible assets (P/NTA) and dividend yield), which are listed in Hong Kong.

A maximum 30% of the Fund's NAV may be invested in fixed income instruments in Malaysia and Hong Kong which include fixed income securities, money market instruments and deposits. The Fund will only invest in fixed income securities with ratings by a domestic or global rating agency that indicates high safety for timely payment of interest and/or principal. As such, the Fund will only invest in local fixed income securities with a credit rating of at least "BBB3" or "P3" as rated by RAM, or its equivalent ratings by MARC. For foreign fixed income securities, the credit rating must be at least "BB" as rated by S&P, or its equivalent rating by another recognised global rating agency.

The Fund may invest in derivatives 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 these derivatives instruments may include equity, fixed income, interest rate and currency or any other investments that may be permitted by the SC from time to time. The Fund will only invest in derivatives that are 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. The Manager will unwind the affected invested derivative instrument or hold the derivative instrument to maturity if its period to maturity is less than six (6) months if the counterparty is downgraded below the abovementioned credit ratings. Please refer to section 3.22, ‘Derivatives’ for more information on use of derivatives for hedging.

#### Temporary defensive strategy

The Manager may take temporary defensive positions in attempting to respond to certain conditions which include but are not limited to adverse market, economic and political conditions, insufficient funds to form an efficient portfolio and periods of high fund redemptions. In such situations, the Manager may reduce its equity exposure below the above stated range by reallocating its investments into lower-risk assets such as fixed income securities, money market instruments and/or deposits.

### **3.7.5. Risk management strategies**

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

- The Manager believes that the best way to manage risk is to know each company in the portfolio extremely well and to always be on top of the main risk factors affecting each stock. As such, portfolio meetings are held on a weekly basis, where, amongst other things, portfolio managers/analysts run through the stocks in the portfolio and assess the main risks at the stock and portfolio levels;
- Diversification of the Fund’s asset allocation in terms of its exposure to various sectors;
- Monitoring and evaluating the global market and economic conditions;
- Adhering to the Fund’s investment objective, investment strategies and restrictions as stated in the Master Prospectus, Deed and/or Guidelines;
- Employing an active asset allocation strategy depending on the equity market conditions and rebalancing the portfolio should the need arise;
- Practice prudent liquidity management to ensure that the Fund maintains reasonable levels of liquidity to meet any redemption request;  
*Please refer to ‘Liquidity Risk’ in section 3.24.1 for more details)*
- Monitoring and diversifying the Fund’s portfolio of fixed income instruments in the form of, but not limited to, the issuers and sectors, the tenure of the instruments and the credit rating of the instruments to reduce any concentration risk;
- Ensuring that the Fund will only invest in derivatives that are issued by counterparties with a strong credit rating. A Malaysian counterparty must have a credit rating of at least “AA3” as rated 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 recognised global rating agency. The Manager will unwind the affected invested derivative instrument or hold the derivative instrument to maturity if its period to maturity is less than six (6) months if the counterparty is downgraded below the abovementioned credit ratings. Regular review of the Fund’s performance; and
- Escalating and reporting investment matters to the Investment Committee.

### **3.7.6. Distribution policy\***

Depending on the availability of distributable income\*\* and performance of the Fund, distribution (if any) will be on an annual basis.

*\* Income distributions (if any) are not guaranteed. Distributions of income will only be made from realised gains or realised income derived from the investments of the Fund(s).*

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

### **3.7.7. Performance benchmark**

The performance of the Fund is benchmarked against the Hang Seng Index. Information on the benchmark of the Fund can be obtained from [www.hsi.com.hk](http://www.hsi.com.hk) or from the Manager upon request. The risk profile of the Fund is different from the risk profile of the performance benchmark. The performance of the Fund against the benchmark is published in the Manager's monthly fund performance review publication and is available from the Manager's website at [www.hlam.com.my](http://www.hlam.com.my).

### **3.7.8. Permitted investments of the Fund**

The Fund may invest in any of the following investments:

- Listed securities (which include equity securities and depositary receipts) traded in Hong Kong;
- Listed derivatives and structured product investments (which include warrants, callable bull/bear contracts, equity-linked instruments) that are traded in Hong Kong which enable yield enhancements for the Fund;
- Initial public offerings of companies seeking a listing in the Hong Kong market;
- OTC securities;
- Listed fixed income securities and fixed income related securities (e.g. loan stocks, convertible bonds etc) traded in Malaysia and Hong Kong;
- Unlisted fixed income securities and fixed income related securities (e.g. loan stocks, convertible bonds etc) traded in Malaysia and Hong Kong;  
*Note: The Fund will not invest in digital assets.*
- Sovereign bonds traded in Malaysia and Hong Kong;
- Deposits and money market instruments with local and foreign financial institution;
- Equity, interest rates and fixed income related derivatives which includes, but is not limited, to futures, options, forward contract for hedging purposes;
- Unlisted units/shares of other collective investment schemes with similar objectives; and
- Any other form of investments, which is in line with the objective of the Fund, as may be agreed upon by the Manager and Trustee from time to time.

The Fund's investments are subject to limits and restrictions that are detailed in Section 3.19 – Investment Limits and Restrictions of the Funds.

### **3.7.9. Investor profile**

The Fund is suitable for investors who:

- have a medium to long-term investment horizon;
- wish to participate in potential investment opportunities in the Hong Kong market;
- are seeking primarily capital growth and to a lesser extent, income ; and
- are willing to accept higher risk in their investments to obtain potentially higher returns.

***Note:***

*The Fund's main focus is on capital growth and to a lesser extent, income. Income may be distributed in the form of cash and/or Units. Please refer to Section 3.7.6 for more information on the Fund's distribution policy.*

### 3.8 HONG LEONG SEA-5 EQUITY FUND (“HLSEA-5”)

#### 3.8.1 Fund profile

<b>Launch date</b>	9 January 2017
<b>Category of Fund</b>	Equity
<b>Type of Fund</b>	Growth
<b>Trustee</b>	MTB
<b>Financial year</b>	30 November
<b>Initial offer price</b>	<b>Class A:</b> RM0.5000 per Unit* <b>Class B:</b> RM0.5000 per Unit  *The IOP of Class A has ended.
<b>Initial Offer Period (IOP)</b>	<b>Class A:</b> The IOP of Class A has ended. <b>Class B:</b> The IOP will be one (1) calendar day which is on the date of this Master Prospectus.

#### 3.8.2. Investment Objective

The Fund aims to achieve medium to long-term capital growth by investing in a portfolio of investments in 5 South-East Asia markets, namely Malaysia, Singapore, Indonesia, Thailand and Philippines.

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

#### 3.8.3. Investment policy, strategy and asset allocation

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

To achieve the Fund's investment objective, the Fund will invest in a diversified portfolio of equities comprising blue chip stocks and index stocks listed in the 5 South-East Asia markets, namely Malaysia, Singapore, Indonesia, Thailand and Philippines. Generally, companies that exhibit high probability of achieving above market and/or industry growth rate; that operate within a high growth sector; that have a professional and capable management team with proven ability to achieve sustainable growth; and that have a viable and scalable business model with products that continue to meet market needs are selected. Although the Fund is actively managed according to its principal investment strategy, the frequency of its trading strategy will very much depend on market conditions and opportunities.

The Manager intends to invest a minimum of 70% and a maximum of 98% of the Fund's NAV into equities. Minimum 2% of the Fund's NAV will be held as liquid assets.



The Manager combines a “top-down” asset and sector allocation analysis with a “bottom up” stock selection process. Therefore, the Manager uses economic research to evaluate the impact of current macroeconomic factors to identify the potential sectors for the Fund’s investments. Macroeconomic factors such as gross domestic product (“GDP”), currency stability, monetary and fiscal policies, political developments and government regulations are also considered in assessing the Fund’s asset allocation strategy.

In selecting the stocks, the Manager will adopt a rigorous and disciplined fundamental investment analysis where it focuses and selects its stock for investments. In identifying such stocks for the Fund’s investment, the Manager will consider the company’s business model, management and financial health. The Fund’s investment process also involves assessing various valuation ratios such as the earnings growth, price to earnings ratios (“PER”), price to growth (“PEG”), price to net tangible assets (“P/NTA”) and dividend yield of a stock.

The Fund’s investments may include derivatives such as futures, options, forwards and swaps to hedge against investment risks such as market risk, interest rate risk and currency risk. The Fund’s exposure from derivatives position will not exceed the Fund’s NAV at all times. The underlying reference of these derivatives instruments may include fixed income, interest rate and currency or any other investments that may be permitted by the SC from time to time. The Fund will only invest in derivatives that are 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. The Manager will unwind the affected invested derivative instrument or hold the derivative instrument to maturity if its period to maturity is less than six (6) months if the counterparty is downgraded below the abovementioned credit ratings. Please refer to section 3.22, ‘Derivatives’ for more information on use of derivatives for hedging.

#### Temporary defensive strategy

The Manager may take temporary defensive position in attempting to respond to certain conditions which include but are not limited to adverse market, economic, and political conditions, insufficient funds to form an efficient portfolio and periods of high fund redemptions. In such situations, the Manager may reduce its equity exposure below the above stated range by reallocating its investments into lower risk asset such as money market placements and deposits to safeguard the investment portfolio of the Fund.

#### **3.8.4. Risk management strategies**

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

- Monitoring and evaluating the market and economic conditions of the regional markets;
- Adhering to the Fund’s investment objective, investment strategies and restrictions as stated in the Master Prospectus, Deed and/or Guidelines;
- Constant monitoring of relevant markets and effective diversification of securities across sectors and companies;
- Diversification of country risk is mitigated by investing across countries in the FTSE/ASEAN 40 Index;

- To ensure that the Fund maintains reasonable levels of liquidity to meet any redemption request, a minimum 2% of the Fund's NAV will be in cash and/or deposits; *(Please refer to 'Liquidity Risk' in section 3.24.1 for more details);*
- Regular review of the Fund's performance; and
- Escalating and reporting investment matters to the Investment Committee.

### **3.8.5. Distribution policy**

The Fund intends to provide Unit holder with medium to long-term capital growth. As such, cash distributions will be incidental to the overall capital growth objective<sup>\*</sup> and a substantial portion of the income returns from investments will be reinvested. Any distribution is subject to the availability of realized income and/or gains.

*\* In relation to distribution policy, the focus of the Fund is to secure medium and long-term capital growth.*

The Fund may also declare distribution in the form of additional Units to its Unit holders. Cash distributed will be reinvested into additional Units unless Unit holders opt for the distribution to be paid out.

### **3.8.6. Performance benchmark**

The performance benchmark of the Fund is the FTSE/ASEAN 40 Index. The Fund has benchmarked itself against the performance benchmark to reflect its investment objective. The risk profile of the Fund is different from the risk profile of the performance benchmark. The performance of the Fund against the benchmark is published in the Manager's monthly fund performance review publication and is available from the Manager's website at [www.hlam.com.my](http://www.hlam.com.my).

### **3.8.7. Permitted investments of the Fund**

The Fund may invest in any of the following investments:

- Listed securities traded in or under the rules of Bursa Malaysia, SGX, IDX, SET and PSE;
- Securities that are not listed or quoted on an exchange in Malaysia, Singapore, Indonesia, Thailand and Philippines but have been approved by the relevant regulatory authority for such listing, and quotation, and are offered directly to the Fund by the issuer;
- Units/shares of collective investment schemes with similar investment objective;
- Derivatives are for foreign exchange hedging purposes only;
- Warrants that carry the right in respect of a security traded in or under the rules of Bursa Malaysia, SGX, IDX, SET and PSE. The Fund will not invest in any warrants unless derived exclusively from corporate action entitlements;
- Deposits and money market placements with financial institutions in Malaysia; and
- Any other form of investment(s), which are in line with the objective of the Fund, as may be agreed upon by the Trustee and Manager from time to time.

The Fund's investments are subject to limits and restrictions that are detailed in Section 3.19 – Investment Limits and Restrictions of the Funds.

### **3.8.8. Investor profile**

The Fund is suitable for investors who:-

- have medium to long-term investment horizon;
- want to participate in the 5 South-East Asia markets, namely Malaysia, Singapore, Indonesia, Thailand and Philippines;
- seek capital appreciation over medium to long-term; and
- are willing to assume higher risk in their investments to obtain potentially higher returns.

### 3.9. HONG LEONG ASIA PACIFIC EQUITY FUND (“HLAPEF”)

#### 3.9.1. Fund Profile

<b>Launch date</b>	25 March 2019
<b>Category of Fund</b>	Equity
<b>Type of Fund</b>	Growth
<b>Trustee</b>	CCTB
<b>Financial year</b>	31 October
<b>External Fund Manager</b>	Sumitomo Mitsui DS Asset Management (Hong Kong) Limited

#### 3.9.2. Investment Objective

The Fund aims to achieve capital growth over the medium to long-term by investing primarily in equities listed in the Asia Pacific ex Japan region.

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

#### 3.9.3. Investment policy, strategy and asset allocation

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

The Fund seeks to achieve its investment objective by investing primarily in equities which are listed and/or traded in the Asia Pacific ex Japan region. The Manager may also invest in equities of companies that are listed and/or traded outside the Asia Pacific ex Japan region which have substantial business in the Asia Pacific ex Japan region. These companies are defined as companies that have at least 50% of its revenues or profits derived from the Asia Pacific ex Japan region. The Fund will only invest in Eligible Markets.

The Fund will be investing a minimum 70% and a maximum of 95% of its NAV into equities in the Asia Pacific ex Japan region. The Fund may also invest a minimum of 5% to a maximum of 30% of its NAV in deposits, money market instruments and unlisted money market collective investment schemes.

The Fund will employ a “top-down” asset and sector allocation analysis with a “bottom up” stock selection process. The Manager uses economic research to evaluate the impact of current macroeconomic factors to identify the potential sectors for the Fund’s investments. Although the Fund is actively managed according to its principal investment strategy, the frequency of its trading strategy will very much depend on market conditions and opportunities.

The Fund's investments may include derivatives such as futures, options, forwards and swaps to hedge against investment risks such as market risk, interest rate risk and currency risk. The Fund's exposure from derivatives position will not exceed the Fund's NAV at all times. The underlying reference of these derivatives instruments may include fixed income, interest rate and currency or any other investments that may be permitted by the SC from time to time. The Fund will only invest in derivatives that are 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. The Manager will unwind the affected invested derivative instrument or hold the derivative instrument to maturity if its period to maturity is less than six (6) months if the counterparty is downgraded below the abovementioned credit ratings. Please refer to section 3.22, 'Derivatives' for more information on use of derivatives for hedging.

The Fund's investment in derivatives is for hedging purposes only.

#### Temporary defensive strategy

The Manager may take temporary defensive position that may be inconsistent with the Fund's investment strategy in response to adverse economic, political or any market conditions. In such circumstances, the Fund may hold up to 100% of its NAV in liquid assets as a defensive strategy.

#### **3.9.4. 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 limit and restrictions as stated in the Master Prospectus, Deed and/or Guidelines;
- Monitoring and evaluating the market and economic conditions of the Asia Pacific markets;
- Determining and monitoring effective diversification of securities across sectors and companies;
- Constant monitoring of relevant markets and effective diversification of securities across sectors and companies;
- Practice prudent liquidity management to ensure that the Fund maintains reasonable levels of liquidity to meet any redemptions request;  
*(Please refer to 'Liquidity Risk' in section 3.24.1 for more details);*
- Regular review of the Fund's performance; and
- Escalating and reporting investment matters to the Investment Committee.

#### **3.9.5. Distribution policy**

The Fund intends to provide Unit holder with medium to long-term capital growth. As such, income distributions will be incidental to the overall capital growth objective and a substantial portion of the income returns from investments will be reinvested. The Fund may also declare distributions in the form of additional Units to its Unit holders.

### **3.9.6. Performance benchmark**

The performance benchmark of the Fund is the MSCI AC Asia Pacific ex Japan Index.

Information on the MSCI AC Asia Pacific ex Japan is available from [www.msci.com](http://www.msci.com) on a subscription basis or from the Manager upon request. The performance of the Fund against the benchmark is published in the Manager's monthly fund performance review publication and is available from the Manager's website at [www.hlam.com.my](http://www.hlam.com.my).

### **3.9.7. Permitted investments of the Fund**

The Fund may invest in any of the following investments:

- Listed securities traded in or under the rules of an Eligible Market;
- Unlisted securities including securities that are not listed or quoted on an exchange of an Eligible Market in the Asia Pacific ex Japan region but have been approved by the relevant regulatory authority for such listing and quotation, and are offered directly to the Fund by the issuer;  
*Note: The Fund will not invest in digital assets.*
- Warrants that carry the right in respect of a security traded in or under the rules of an Eligible Market. The Fund will not invest in any warrants unless derived exclusively from corporate action entitlement;
- Derivatives for foreign exchange hedging purposes only;
- Deposits and money market instruments with financial institutions in Malaysia;
- Units or shares of money market related collective investment schemes in Malaysia; and
- Any other form of investment(s), which are in line with the objective of the Fund, as may be agreed upon by the Trustee and Manager from time to time.

The Fund's investments are subject to limits and restrictions that are detailed in Section 3.19 – Investment Limits and Restrictions of the Funds.

### **3.9.8. Investor profile**

The Fund is suitable for investors who:-

- are seeking capital appreciation over a medium to long-term investment horizon;
- are seeking investment exposure into the Asia Pacific ex Japan region; and
- are willing to assume higher risk in their investments to obtain potentially higher returns.

## Mixed assets funds

### 3.10. HONG LEONG STRATEGIC FUND (“HLSTF”)

#### 3.10.1. Fund profile

<b>Launch date</b>	8 March 2005
<b>Category of Fund</b>	Mixed assets
<b>Type of Fund</b>	Growth and income
<b>Trustee</b>	DTMB
<b>Financial year</b>	31 August

#### 3.10.2. Investment objective

To provide investors with an investment that strives for stable\* returns as well as consistency in performance and income\*\*.

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

#### 3.10.3 Investment policy, strategy and asset allocation

The Fund's investment strategy is carefully crafted after assessing all macro and micro fundamentals depicting both the equity and bond market outlook. More importantly, the Fund is able to re-weight its asset classes strategically according to changes in fundamentals of the economy and monetary policies. Given the significance of it being able to react quickly to market dynamics, the investment strategy can strictly adhere to the Fund's objective of capital appreciation and continually enhance returns to all investors.

For the equity portion, the Fund will generally invest in companies with good income and growth potential, i.e. companies that are projected to achieve earnings growth over the next 12 to 24 months. The Fund may also invest in undervalued companies that have longer term upside i.e. over the next 12 to 24 months. Companies with high dividend yields (i.e. dividend yields at and/or above market average) will also be considered. Although the Fund is managed according to its principal investment strategy, the activeness and frequency of its trading strategy will very much depend on market conditions.

For the fixed income portion, selection of a fixed income security will depend largely on certain investment factors which include but are not limited to the issuer's business prospects, free cash flow, interest coverage ratio, gearing and other financial ratios to assure payment of interest and/or principal repayment. The Fund will not invest in any fixed

#### **Notes:**

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

\*\* Income may be distributed in the form of cash and/or Units. Please refer to Section 3.10.5. for more information on the Fund's distribution policy.

income securities that are rated “BBB” and below, and will only invest in fixed income securities that are rated at least “A3” as rated by RAM or its equivalent ratings by MARC.

The Fund may invest a minimum 0% and maximum 98% of its NAV in equities. The Fund may also invest a minimum 2% and maximum 100% of its NAV in fixed income securities. The Fund adopts a dynamic asset allocation that attempts to protect capital and move investment exposure of the Fund’s capital to other asset classes at a time of severe weakness in any one asset class. For example, the Fund may liquidate its equity investments at a severe equity market weakness and invest completely or partially all its assets in fixed income securities, at the absolute discretion of the Manager. The Fund will hold sufficient cash for liquidity purposes.

The Fund’s investments may include derivatives such as futures, options, forwards and swaps to hedge against investment risks such as market risk, interest rate risk and currency risk. The Fund’s exposure from derivatives position will not exceed the Fund’s NAV at all times. The underlying reference of these derivatives instruments may include fixed income, interest rate and currency or any other investments that may be permitted by the SC from time to time. The Fund will only invest in derivatives that are 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. The Manager will unwind the affected invested derivative instrument or hold the derivative instrument to maturity if its period to maturity is less than six (6) months if the counterparty is downgraded below the abovementioned credit ratings. Please refer to section 3.22, ‘Derivatives’ for more information on use of derivatives for hedging.

### **Investment in Vietnam**

The Fund may also invest up to 10% of its NAV in equity and equity-related securities of companies that are based in Vietnam or that have substantial operations, sales or asset exposure to the economy, assets or currency of Vietnam. Companies with substantial operations, sales or asset exposure to the economy, assets or currency of Vietnam refer to companies with at least 50% of its turnover, profit or sources of growth derived from Vietnam. The Fund may invest in pre listed securities, OTC securities, convertible debts and any other equity-linked instruments. The Manager intends to invest across a broad range of industries (including but not limited to banking and financials, consumer, health care, energy, materials and resources, industrials, telecommunications and utilities).

As part of its equity investment process, the Manager combines a “top-down” asset and sector allocation analysis with a “bottom-up” stock selection process. Therefore, the Manager uses economic research to evaluate the impact of current macroeconomic factors to identify the potential sectors for the Fund’s investments. Macroeconomic factors such as gross domestic product (GDP), currency stability, monetary and fiscal policies, political developments and government regulations are also considered in assessing the Fund’s asset allocation strategy. For stock selection, the Manager adopts a rigorous and disciplined fundamental investment analysis where it focuses and selects its stock for investments. In identifying such stocks for the investment, the Manager will consider the company’s business model, management and financial health. The Fund’s investment process also



involves assessing various valuation ratios such as the earnings growth, price to earnings ratios (PER), price to growth (PEG), price to net tangible assets (P/NTA) and dividend yield of a stock.

For the fixed income investment process of the Fund, the Manager will adopt a strict credit selection process to ensure only appropriate fixed income securities are invested in accordance with the investment objective of the Fund. The Fund's selection process depends largely on the credit quality of its fixed income securities portfolio to assure relative certainty in principal payment and overall total return stability as well as the marketability of the fixed income securities to assure liquidity.

In general, each investment is selected through a rigorous evaluation process comprising of comprehensive qualitative assessment and quantitative valuations based on the Manager's in-house methodology as stated above.

#### **3.10.4. Risk management strategies**

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

- Monitoring and evaluating the market and economic conditions of the regional markets;
- Adhering to the Fund's investment objective, investment strategies and restrictions as stated in the Master Prospectus, Deed and/or Guidelines;
- Determining and monitoring effective diversification of securities across sectors, companies and asset classes;
- Employing an active asset allocation strategy depending on the market conditions and rebalancing the portfolio should the need arise;
- Practice prudent liquidity management to ensure that the Fund maintains reasonable levels of liquidity to meet any redemption request (*Please refer to 'Liquidity Risk' in section 3.24.1 for more details*);
- Monitoring and diversifying the Fund's portfolio of fixed income securities in the form of, but not limited to, the issuers and sectors, the tenure of the securities and the credit rating of the securities to reduce any concentration risk;
- Regular review of the Fund's performance; and
- Escalating and reporting investment matters to the Investment Committee.

#### **3.10.5 Distribution policy \***

Subject to the Manager's discretion, the Fund will strive to provide yearly distribution, if any, in the form of either cash or additional Units to the Unit holders, depending on interest rates, market conditions and performance of the Fund to all Unit holders. In essence, Unit holders are expected to enjoy cash or Unit distribution plus NAV appreciation from this Fund.

*\* Income distributions (if any) are not guaranteed. Distributions of income will only be made from realized gains or realized income derived from the investments of the Fund(s).*

### 3.10.6 Performance benchmark

The Fund's performance benchmark comprises of 2 components i.e. the FBM KLCI and the Malayan Banking Berhad 1-year fixed deposit rate. The FBM KLCI is readily available from Bursa Malaysia's website at [www.bursamalaysia.com](http://www.bursamalaysia.com) while the Malayan Banking Berhad 1-year fixed deposit rate can be obtained at [www.maybank2u.com.my](http://www.maybank2u.com.my). (Note: The risk profile of the Fund is different from the risk profile of the performance benchmark). The performance of the Fund against the benchmark is published in the Manager's monthly fund performance review publication and is available from the Manager's website at [www.hlam.com.my](http://www.hlam.com.my).

The weighting of each component will be adjusted according to the asset weighting of the Fund at the end of its financial year. The example below illustrates:

Asset weighting at the end of the Fund's financial year	Benchmark
50% equities + 50% fixed income securities	50% FBM KLCI + 50% Malayan Banking Berhad 1-year fixed deposit rate
95% equities + 5% fixed income securities	95% FBM KLCI + 5% Malayan Banking Berhad 1-year fixed deposit rate
0% equities + 100% fixed income securities	0% FBM KLCI + 100% Malayan Banking Berhad 1-year fixed deposit rate

**Note:**

The above example is non-exhaustive. Under defensive conditions, the Fund may invest completely or partially all its assets in equities or fixed income securities at the absolute discretion of the Manager so as to maximise the returns.

### 3.10.7 Permitted Investments of the Fund

The Fund may invest in any of the following investments, including but not limited to:

- Listed securities traded in or under the rules of an Eligible Market;
- Unlisted securities including securities that are not listed or quoted on an exchange of an Eligible Market but have been approved by the relevant regulatory authority for such listing and quotation, and are offered directly to the Fund by the issuer;  
*Note: The Fund will not invest in digital assets.*
- Listed fixed income securities traded under the rules of an Eligible Market;
- Unlisted fixed income securities in an Eligible Market;
- Government securities and any other securities guaranteed by BNM, any government or government-related agencies of an Eligible Market;
- Deposits and money market instruments with financial institutions of Eligible Markets;
- Units/shares of collective investment schemes with similar objectives;
- Structured products/derivatives; and
- Any other kind of investments, which are in line with the objective of the Fund, as may be agreed upon by the Trustee and Manager from time to time.

The Fund's investments are subject to limits and restrictions that are detailed in Section 3.19– Investment Limits and Restrictions of the Funds.

### **3.10.8 Investor profile**

The Fund is suitable for investors who:

- are seeking investments that provide steady and consistent returns;
- are seeking diversification through a dynamic asset allocation strategy;
- are seeking returns from both capital appreciation and income ; and
- are seeking an investment that provides potentially a higher return than an average 12-month's deposit rate.

**Note:**

*\* Income may be distributed in the form of cash and/or Units. Please refer to Section 3.10.5. for more information on the Fund's distribution policy.*

## Balanced funds

### 3.11. HONG LEONG BALANCED FUND (“HLBF”)

#### 3.11.1. Fund profile

<b>Launch date</b>	29 April 2002
<b>Category of Fund</b>	Balanced
<b>Type of Fund</b>	Growth and income
<b>Trustee</b>	DTMB
<b>Financial year</b>	30 June

#### 3.11.2. Investment objective

To achieve regular income\* and consistent capital growth over the medium to long-term by investing in a diversified investment portfolio containing a balanced mixture of equities and fixed income securities.

*Note: The Fund’s main focus is on income and to a lesser extent, capital growth.*

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

#### 3.11.3. Investment policy, strategy and asset allocation

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

To achieve the Fund’s investment objective, the Fund will invest in equity securities of companies operating in Malaysia. Generally, companies that have low shareholders’ risk, strong balance sheets with strong operating cash flows and sustainable earnings, and low relative valuations represented by reasonable price earnings ratio (PER) or price-to-book ratios (P/B) are selected. Low shareholders’ risk refers to shareholders or management with good business acumen, strong business performance track record and good corporate governance. Although the Fund is actively managed according to its principal investment strategy, the frequency of its trading strategy will very much depend on market conditions and opportunities.

The Fund may invest a minimum 40% to 60% of its NAV into equities. The Fund may also invest a minimum 40% to 60% of its NAV into fixed income securities and money market instruments. The Fund will hold sufficient cash for liquidity purposes.

For the equity portion of the Fund, the Manager combines a “top-down” asset and sector allocation analysis with a “bottom-up” stock selection process. Therefore, the Manager uses

**Note:**

*\* Income may be distributed in the form of cash and/or Units. Please refer to Section 3.11.5 for more information on the Fund’s distribution policy.*

economic research to evaluate the impact of current macroeconomic factors to identify the potential sectors for the Fund's investments. Macroeconomic factors such as gross domestic product (GDP), currency stability, monetary and fiscal policies, political developments and government regulations are also considered in assessing the Fund's asset allocation strategy.

For stock selection, the Manager adopts a rigorous and disciplined fundamental investment analysis where it focuses and selects its stock for investments. In identifying such stocks for the investment, the Manager will consider the company's business model, management and financial health. The Fund's investment process also involves assessing various valuation ratios such as the earnings growth, price to earnings ratios (PER), price to growth (PEG), price to net tangible assets (P/NTA) and dividend yield of a stock.

For the fixed income portion of the Fund, the Manager maintains fundamental and active 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 adheres to stringent investment guidelines to preserve capital, to 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 factors 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 only appropriate fixed income securities are invested in accordance with the investment objective of the Fund. The Fund's selection process depends largely on the credit quality of its fixed income securities portfolio to assure relative certainty in principal payment and overall total return stability as well as the marketability of the fixed income securities to assure liquidity. In selecting individual fixed income security for the Fund, the following are important considerations:

- Issuers' and/or guarantors' industry and business outlook;
- Issuers' and/or guarantors' balance sheet and gearing ratios;
- Issuers' and/or guarantors' cash flow quality and volatility;
- Issuers' and/or guarantors' future cash flow and ability to service coupon payments and principal payment;
- Duration analysis;
- Collateral type and value and claims priority;
- Yield-to-maturity; and
- Credit rating by domestic recognised rating agencies.

The asset allocation of the Fund will be reviewed periodically depending on the economic and stock market outlook.

#### Temporary defensive strategy

The Manager may take temporary defensive positions in attempting to respond to certain conditions which include but are not limited to adverse market, economic and political conditions, insufficient funds to form an efficient portfolio and periods of high fund redemptions. In such situations, the Manager may reduce its equity exposure below the above stated range by reallocating its investments into lower-risk assets such as fixed income securities, money market instruments and/or deposits.

#### **3.11.4. Risk management strategies**

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

- Monitoring and evaluating the market and economic conditions of the local market;
- Adhering to the Fund's investment objective, investment strategies and restrictions as stated in the Master Prospectus, Deed and/or Guidelines;
- Determining and monitoring effective diversification of securities, sectors and asset classes;
- Employing an active asset allocation strategy depending on the market conditions and rebalancing the portfolio should the need arise;
- Practice prudent liquidity management to ensure that the Fund maintains reasonable levels of liquidity to meet any redemption request;  
*(Please refer to 'Liquidity Risk' in section 3.24.1 for more details);*
- Monitoring and diversifying the Fund's portfolio of fixed income securities in the form of, but not limited to, the issuers and sectors, the tenure of the securities and the credit rating of the securities to reduce any concentration risk;
- Regular review of the Fund's performance; and
- Escalating and reporting investment matters to the Investment Committee.

#### **3.11.5. Distribution policy\***

The Fund intends to provide regular income\*\* and consistent Long-Term capital growth. As such, regular income returns will be declared on a semi annual basis, subject to availability of income.

*\* Income distributions (if any) are not guaranteed. Distributions of income will only be made from realised gains or realized income derived from the investments of the Fund(s).*

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

#### **3.11.6. Performance benchmark**

The performance benchmark of the Fund is the combination of the 3-months KLIBOR rate (40% weightage) and FBM KLCI (60% weightage). Due to the nature of the investments, the performance benchmark is specifically formulated based on the asset allocation of the Fund. The risk profile of the Fund is different from the risk profile of the performance benchmark. The 3-months KLIBOR rate is readily available in the business section of various major newspapers and financial magazines while the FBM KLCI can be readily obtained

through Bursa Malaysia's website at [www.bursamalaysia.com](http://www.bursamalaysia.com). The performance of the Fund against the benchmark is published in the Manager's monthly fund performance review publication and is available from the Manager's website at [www.hlam.com.my](http://www.hlam.com.my).

### **3.11.7. Permitted Investments of the Fund**

The Fund may invest in any of the following investments, including but not limited to:

- Listed securities traded in or under the rules of Bursa Malaysia;
- Unlisted securities including securities that are not listed or quoted on Bursa Malaysia but have been approved by the SC for such listing and quotation, and are offered directly to the Fund by the issuer;

*Note: The Fund will not invest in digital assets.*

- Government securities and any other securities guaranteed by BNM, any government or government-related agencies of Malaysia;
- Deposits and money market instruments with financial institutions in Malaysia;
- Units/shares of collective investment schemes with similar objectives; and
- Any other kind of investments, which are in line with the objective of the Fund, as may be agreed upon by the Trustee and Manager from time to time.

The Fund's investments are subject to limits and restrictions that are detailed in Section 3.19 – Investment Limits and Restrictions of the Funds.

### **3.11.8. Investor profile**

The Fund is suitable for investors who:-

- have conservative to moderate risk-reward temperament;
- have preference in receiving regular income\* and returns from capital growth; and
- have a medium to long-term investment horizon.

**Note:**

\* Income may be distributed in the form of cash and/or Units. Please refer to Section 3.11.5. for more information on the Fund's distribution policy.

### 3.12. HONG LEONG DANA MAA'ROF ("HLDM2")

#### 3.12.1 Fund profile

<b>Launch date</b>	25 March 2003
<b>Category of Fund</b>	Balanced (Islamic)
<b>Type of Fund</b>	Growth and income
<b>Trustee</b>	DTMB
<b>Financial year</b>	30 June
<b>External Fund Manager</b>	HLISAM

#### 3.12.2. Investment objective

The Fund is primarily an Islamic balanced fund which seeks to achieve not only regular income but also meaningful medium to long-term capital growth. The Fund provides the public an affordable access into a diversified investment portfolio containing a 'balanced' mixture of equities and fixed income securities that comply with the Shariah requirements.

*Note: The Fund's main focus is on income and to a lesser extent, capital growth.*

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

#### 3.12.3. Investment policy, strategy and asset allocation

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

To achieve the Fund's investment objective, the Fund will invest between 40% to 60% of its NAV into Shariah-compliant equities. The Fund follows a strict selection process to ensure only appropriate Shariah-compliant securities are invested in. The selection process is in essence a screening process that selects quality Shariah-compliant securities with risk-return profiles that match the Fund's requirements. For quality Shariah-compliant securities, the Manager will consider the following factors before its investment:

- Industry and business outlook;
- Management track record/quality;
- Treatment of minority shareholders by management and controlling shareholders;
- Financial strength and gearing levels;

#### **Notes:**

\* *The Fund will generally maintain its asset allocation as an Islamic balanced Fund at all times.*

\*\* *Income may be distributed in the form of cash and/or Units. Please refer to Section 3.12.5 for more information on the Fund's distribution policy.*

\*\*\* *Please take note that the Fund aims to provide sustainable risk-adjusted returns in the form of capital growth and income in accordance with the performance benchmark and distribution policy of the Fund, although this is not guaranteed.*

\*\*\*\* *Unit holders may purchase Units in the Fund at a minimum initial investment from as low as RM100, subject to sales charge. Please refer to Section 4 on Fee, Charges and Expenses.*



- Earnings and cash-flow volatility;
- Expected future earnings growth; and
- Share price valuation.

Generally, the Fund selects undervalued companies that have the potential to offer medium to long-term capital growth. Undervalued companies refer to companies with stock price selling at a price lower than what is believed to be its intrinsic value and can be measured by its price to earnings ratio (PER), price to book ratio (P/B), dividend yield or any other appropriate method as determined by the Manager. The investment process involves conducting primary and secondary research on factors relevant to each individual listed company. Although the Fund is managed according to its principal investment strategy, the activeness and frequency of its trading strategy will very much depend on market conditions.

The Fund may also invest between 40% to 60% of its NAV into Islamic money market instruments and sukuk. In the case of sukuk, selection depends largely on credit quality of the sukuk and its issuer to assure relative certainty in profit income; principal payment; and overall total return stability. In selecting individual sukuk, the following are the more important considerations:

- Issuers' and/or guarantors' industry and business outlook;
- Issuers' and/or guarantors' financial strength and gearing levels;
- Issuers' and/or guarantors' cash-flow quality and volatility;
- Issuers' and/or guarantors' expected future cash-flow and ability to pay profit and principal;
- Issuers' and/or guarantors' ratings by domestic recognised rating agencies;
- Duration analysis;
- Collateral type and value, and claims priority; and
- Price and yield-to-maturity ("YTM").

The asset allocation of the Fund will be reviewed periodically depending on the country's economic and stock market outlook. The Fund will hold sufficient cash for liquidity purposes.

#### Temporary defensive strategy

The Manager may take temporary defensive positions in attempting to respond to certain conditions which include but are not limited to adverse market, economic and political conditions, insufficient funds to form an efficient portfolio and periods of high fund redemptions. In such situations, the Manager may reduce its Shariah-compliant securities exposure below the above stated range by reallocating its investments into lower-risk assets such as sukuk, Islamic money market instruments and/or Islamic deposits.

#### **3.12.4. Risk management strategies**

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

- Monitoring and evaluating the market and economic conditions of the local market;
- Adhering to the Fund's investment objective, investment strategies and restrictions as stated in the Master Prospectus, Deed and/or Guidelines;
- Determining and monitoring effective diversification of Shariah-compliant securities

- across sectors and companies;
- Employing an active asset allocation strategy depending on the market conditions and rebalancing the portfolio should the need arise;
- Practice prudent liquidity management to ensure that the Fund maintains reasonable levels of liquidity to meet any redemption request;  
*(Please refer to 'Liquidity Risk' in section 3.24.1 for more details);*
- Monitoring and diversifying the Fund's portfolio of sukuk in the form of, but not limited to, the issuers and sectors, the tenure of the sukuk and the credit rating of the sukuk to reduce any concentration risk;
- Regular reviewing of the Fund's performance; and
- Escalating and reporting investment matters to the Investment Committee.

### **3.12.5. Distribution policy\***

The Fund intends to provide regular income\*\* and consistent Long-Term capital growth. As such, regular income returns will be declared on a semi annual basis, subject to availability of income.

*\* Income distributions (if any) are not guaranteed. Distributions of income will only be made from realized gains or realized income derived from the investments of the Fund(s)*

*\*\* Income distribution (if any) are not guaranteed. Distributions of income will only be made from realized gains or realized income derived from the investments of the Fund(s)*

### **3.12.6. Performance benchmark**

The performance of the Fund is benchmarked against the combination of the 3-months KLIBOR rate (40% weightage) and FBM EMAS Shariah Index (60% weightage). Due to the nature of the investments, the performance benchmark is specifically formulated based on the asset allocation of the Fund. The risk profile of the Fund is different from the risk profile of the performance benchmark. The 3-months KLIBOR rate is readily available in the business section of various major newspapers and financial magazines while the FBM EMAS Shariah Index can be readily obtained through Bursa Malaysia's website at [www.bursamalaysia.com](http://www.bursamalaysia.com). The performance of the Fund against the benchmark is published in the Manager's monthly fund performance review publication and is available from the Manager's website at [www.hlam.com.my](http://www.hlam.com.my).

### **3.12.7. Permitted investments of the Fund**

The Fund may invest in any of the following investments, including but not limited to:

- Shariah-compliant securities that are traded in or under the rules of Bursa Malaysia;
- Unlisted Shariah-compliant securities including Shariah-compliant securities that are not listed or quoted on Bursa Malaysia but have been approved by the SC for such listing and quotation, and are offered directly to the Fund by the issuer;  
*Note: The Fund will not invest in digital assets.*
- Listed sukuk traded under the rules of Bursa Malaysia;
- Unlisted sukuk traded in Malaysia;

- Government investment issues, Islamic accepted bills, Bank Negara monetary notes-i, Cagamas sukuk and any other government-approved Islamic papers;
- Islamic deposits and Islamic money market instruments with financial institutions in Malaysia;
- Units/shares of Islamic collective investment schemes with similar objectives; and
- Any other kind of Shariah-compliant investments, which are in line with the objective of the Fund, as may be agreed upon by the Trustee and Manager from time to time.

The Fund's investments are subject to limits and restrictions that are detailed in Section 3.19 – Investment Limits and Restrictions of the Funds.

### **3.12.8. Investor profile**

The Fund is suitable for investors who:-

- have conservative to moderate risk-reward temperament and are looking for returns from Shariah-compliant investments;
- have preference in receiving regular income\* and returns from capital growth; and
- have medium to long-term investment horizon.

**Note:**

\* Income may be distributed in the form of cash and/or Units. Please refer to Section 3.12.5. for more information on the Fund's distribution policy.

## Bond funds

### 3.13. HONG LEONG BOND FUND (“HLBoF”)

#### 3.13.1. Fund profile

<b>Launch date</b>	29 January 2002
<b>Category of Fund</b>	Bond
<b>Type of Fund</b>	Income
<b>Trustee</b>	DTMB
<b>Financial year</b>	30 June

#### 3.13.2. General description

There are 2 plans under the HLBoF:

**i) Ordinary Investment Plan (HLBoF-OIP)**

This plan is designed for individual investors who wish to invest into a bond fund and later switch into any other fund(s) managed by the Manager by paying the differential in sales charge between this Fund and the intended fund to be switched into, if the sales charge of the intended fund is higher than 4%. There will be no sales charge payable if the sales charge of the intended fund to be switched into is 4% and below.

**ii) Standalone Investment Plan (HLBoF-SAP)**

This plan is designed for individual investors who wish to invest primarily into a bond fund. Investors wishing to switch their investments into other fund(s) managed by the Manager may do so by paying the full sales charge of the intended fund to be switched into.

The differences between HLBoF-OIP and HLBoF-SAP are shown below:-

Name of Plan	Sales Charge	Minimum Initial Investment	Regular Saving Plans	EPF Investment	Switching
OIP	4%	RM1000.00	RM100.00	Yes	Yes. The sales charge payable will be the differential amount between this Fund and the intended fund to be switched into, if the sales charge of the intended fund is higher than 4%. There will be no sales charge payable if the sales charge of the intended fund to be switched into is 4% and below.
SAP	0%	RM5000.00	N/A	No	Yes. The sales charge will be the full amount charged by the intended fund.

### 3.13.3. Investment objective

To seek current income\* while at the same time aims to offer stability\*\* of the capital value with minimal risk.

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

### 3.13.4. Investment policy, strategy and asset allocation

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

To achieve the Fund's investment objective, the Fund will invest a minimum 70% of its NAV and a maximum 100% of its NAV in fixed income securities and a minimum of 2% in liquid asset. The Fund intends to invest mainly in fixed income securities which include but are not limited to corporate bonds, medium-term notes, convertibles, bankers' acceptances, negotiable certificates of deposit with financial institutions and commercial papers. Although the Fund is managed according to its principal investment strategy, the activeness and frequency of its trading strategy will very much depend on market conditions.

As part of its investment process, the Manager maintains fundamental and active 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 adheres to stringent investment guidelines to preserve capital, to 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 factors 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 only appropriate fixed income securities are invested in accordance with the investment objective of the Fund. The Fund's selection process depends largely on the credit quality of its fixed income securities portfolio to assure relative certainty in principal payment and overall total return stability as well as the marketability of the fixed income securities to assure liquidity. In selecting individual fixed income security for the Fund, the following are important considerations:

- Issuers' and/or guarantors' industry and business outlook;
- Issuers' and/or guarantors' balance sheet and gearing ratios;
- Issuers' and/or guarantors' cash flow quality and volatility;

**Notes:**

\* Income may be distributed in the form of cash and/or Units. Please refer to Section 3.13.6 for more information on the Fund's distribution policy.

\*\* Please take note that this Fund if not a capital guaranteed fund or a capital protected fund and the returns are not guaranteed.

- Issuers' and/or guarantors' future cash flow and ability to service coupon payments and principal payment;
- Duration analysis;
- Collateral type and value and claims priority;
- Yield-to-maturity; and
- Credit rating by domestic or internationally recognised rating agencies.

The local fixed income securities for investment by the Fund must have a credit rating of at least "P2" or "A3" as rated by RAM or its equivalent ratings by MARC.

The Fund may invest in derivatives 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 these derivatives instruments may include fixed income, interest rate and currency or any other investments that may be permitted by the SC from time to time. The Fund will only invest in derivatives that are 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. The Manager will unwind the affected invested derivative instrument or hold the derivative instrument to maturity if its period to maturity is less than six (6) months if the counterparty is downgraded below the abovementioned credit ratings. The Fund's exposure from derivatives position will not exceed the Fund's NAV at all times. Please refer to section 3.22, 'Derivatives' for more information on use of derivatives for hedging.

The Fund may also invest in a structured product which is designed to provide potential returns linked to an underlying asset that invests in fixed income instruments or derivatives. Investment into structured product may provide the Fund with exposure of the underlying asset that the structured product is linked to, with potential returns.

**Unit holders should be aware that there is a risk of higher volatility in the NAV per Unit of the Fund when derivatives/structured products are part of the underlying investment assets of the Fund.**

#### Temporary defensive strategy

During adverse interest rate movements and as part of its temporary defensive strategy, the Fund may shift its holdings in longer-tenured bonds into short-dated bonds to manage overall duration and minimise volatility to such interest rate movements. The Fund may also increase holdings in higher grade corporate bonds in terms of its credit rating and/or reduce its holdings in corporate bonds into government or sovereign bonds to manage adverse developments pertaining to credit risks.

### 3.13.5. Risk management strategies

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

- Monitoring and evaluating the market and economic conditions of the local and regional markets;
- Adhering to the Fund's investment objective, investment strategies and restrictions as stated in the Master Prospectus, Deed and/or Guidelines;
- Diversify the portfolio of fixed income securities in the form of, but not limited to, the issuers and sectors, the tenure of the securities and the credit rating of the securities to reduce concentration risk;
- Ensuring that the Fund will only invest in derivatives that are issued by counterparties with a strong credit rating. A Malaysian counterparty must have a credit rating of at least "AA3" as rated 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 recognized global rating agency. If the counterparty is downgraded below the abovementioned credit ratings, the Manager will unwind the affected invested derivative instrument or hold the derivative instrument to maturity if its period to maturity is less than six (6) months;
- Adhering to the Fund's investment restrictions and limits to ensure the Fund meets its objective consistently;
- Constant monitoring of portfolio duration and cash flows to ensure the Fund meets its required liquidity consistently;  
*(Please refer to 'Liquidity Risk' in section 3.24.1 for more details);*
- Regular review of the Fund's performance; and
- Escalating and reporting investment matters to the Investment Committee.

### 3.13.6. Distribution policy\*

The Fund intends to provide regular income\*\* on a semi annual basis, subject to availability of income.

*\* Income distributions (if any) are not guaranteed. Distributions of income will only be made from realized gains or realized income derived from the investments of the Fund(s).*

*\*\* Income distribution (if any) are not guaranteed. Distributions of income will only be made from realized gains or realized income derived from the investments of the Fund(s)*

### 3.13.7. Performance benchmark

The performance benchmark of the Fund is the Quant Shop MGS Bond (Short) Index. Information on the benchmark can be obtained from [www.quantshop.com](http://www.quantshop.com) on a subscription basis. The risk profile of the Fund is different from the risk profile of the performance benchmark. The performance of the Fund against the benchmark is published in the Manager's monthly fund performance review publication and is available from the Manager's website at [www.hlam.com.my](http://www.hlam.com.my).

### **3.13.8. Permitted Investments of the Fund**

The Fund may invest in any of the following investments, including but not limited to:

- Listed and unlisted fixed income securities traded under the rules of an Eligible Market;  
*Note: The Fund will not invest in digital assets.*
- Government securities and any other securities guaranteed by BNM, any government or government-related agencies of an Eligible Market;
- Deposits and money market instruments with financial institutions of an Eligible Market;
- Units/shares of collective investment schemes with similar objectives;
- Structured products/derivatives; and
- Any other kind of investments, which are in line with the objective of the Fund, as may be agreed upon by the Trustee and Manager from time to time.

The Fund's investments are subject to limits and restrictions that are detailed in Section 3.19- Investment Limits and Restrictions of the Funds.

### **3.13.9. Investor profile**

The Fund is suitable for investors who:-

- are conservative\* and desire higher returns than that provided by conventional fixed deposits;
- are seeking exposure to the wholesale fixed income market, which is not easily accessible to retail investors;
- have money which may be needed in the near future or for emergency funds; and
- have money held in readiness for investment into the stock market while enjoying possible above-average interest rates.

Note:

\*The Fund may invest in derivatives as a way for the Fund to hedge against investment risks such as market risk, interest rate risk and currency risk. The Fund may invest in structured products with conservative risk, in accordance with the investment objective of the Fund. These structured products may include features such as principal protection (if held to maturity) and regular coupon.



### 3.14. HONG LEONG INSTITUTIONAL BOND FUND (“HLIBF”)

#### 3.14.1. Fund profile

<b>Launch date</b>	10 October 2005
<b>Category of Fund</b>	Bond
<b>Type of Fund</b>	Income
<b>Trustee</b>	DTMB
<b>Financial year</b>	31 October

#### 3.14.2. Investment objective

To offer a stable stream of income\* that is higher than the prevailing fixed deposit rate, and at the same time stability\*\* in capital. It also allows corporations that have excess liquidity for periods exceeding a year to have some current income that is tax exempted.

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

#### 3.14.3. Investment policy, strategy and asset allocation

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

To achieve the Fund's investment objective, the Fund intends to invest mainly in money market instruments and short to medium-term fixed income securities. The credit rating of fixed income securities must be at least “P2” or “A3” as rated by RAM, or its equivalent ratings by MARC. Although the Fund is managed according to its principal investment strategy, the activeness and frequency of its trading strategy will very much depend on market conditions.

As part of its investment process, the global macro outlook will first be assessed to ensure that the bond market is conducive for investments. Key fundamental criteria include global interest rate trends, inflation rates, commodity prices, economic leading indicators and macroeconomic growth. After which, the global trends will be assessed in terms of its impact on Malaysia. Construction of the portfolio will then be made after analysing important fundamental facts including domestic macroeconomic outlook, monetary policies, and inflation trends amongst others.

**Notes:**

\* Income may be distributed in the form of cash and/or Units. Please refer to Section 3.14.5 for more information on the Fund's distribution policy.

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

The Fund may invest a minimum of 70% and maximum of 100% of the Fund's NAV into fixed income securities. Minimum of 2% of the Fund's NAV will be held as liquid assets.

In terms of fixed income security selection, the Fund will adopt a strict selection process to ensure only appropriate fixed income securities are invested in accordance with the investment objective of the Fund. The selection process involves a screening process that selects quality securities with risk-return profiles that match the Fund's requirements. The Fund's selection of fixed income securities depends largely on the credit quality of its fixed income securities portfolio to assure relative certainty in principal payment and overall total return stability. In selecting individual fixed income securities, the following are important considerations:-

- Issuers' and/or guarantors' industry and business outlook;
- Issuers' and/or guarantors' financial strength and gearing levels;
- Issuers' and/or guarantors' cash flow quality and volatility, expected future cash-flows and ability to service profit and capital payments;
- Issuers' and/or guarantors' ratings by local rating agencies;
- Duration analysis and yield sensitivity;
- Existence of collateral, type and value, and priority of claims; and
- Price and yield-to-maturity (YTM).

The Fund may employ derivatives, which include futures, options, forward contracts and warrants 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 these derivatives instruments may include fixed income, interest rate and currency or any other investments that may be permitted by the SC from time to time. The Fund will only invest in derivatives that are 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. The Manager will unwind the affected invested derivative instrument or hold the derivative instrument to maturity if its period to maturity is less than six (6) months if the counterparty is downgraded below the abovementioned credit ratings. The Fund's exposure from derivatives position will not exceed the Fund's NAV at all times. Please refer to section 3.22, 'Derivatives' for more information on use of derivatives for hedging.

The Fund may also invest in a structured product which is designed to provide potential returns linked to an underlying asset that invests in fixed income instruments or derivatives. Investment into structured product may provide the Fund with exposure of the underlying asset that the structured product is linked to, with potential returns.

**Unit holders should be aware that there is a risk of higher volatility in the NAV per Unit of the Fund when derivatives/structured products are part of the underlying investment assets of the Fund.**

#### Temporary defensive strategy

During adverse interest rate movements and as part of its temporary defensive strategy, the Fund will shift a larger portion of its holdings from its short to medium-term fixed income securities into deposits and its equivalents to manage overall duration and minimise volatility to such interest rate changes.

#### **3.14.4. Risk management strategies**

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

- Monitoring and evaluating the market and economic conditions of the local market;
- Adhering to the Fund's investment objective, investment strategies and restrictions as stated in the Master Prospectus, Deed and/or Guidelines;
- Diversify the portfolio of fixed income securities in the form of, but not limited to, the issuers and sectors, the tenure of the securities and the credit rating of the securities to reduce concentration risk;
- Ensuring that the Fund will only invest in derivatives that are 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. The Manager will unwind the affected invested derivative instrument or hold the derivative instrument to maturity if its period to maturity is less than six (6) months if the counterparty is downgraded below the abovementioned credit ratings. Adhering to the Fund's investment restrictions and limits to ensure the Fund meets its objective consistently;
- Constant monitoring of portfolio duration and cash flows to ensure the Fund meets its required liquidity consistently;  
*(Please refer to 'Liquidity Risk' in section 3.24.1 for more details;*
- Regular review of the Fund's performance; and
- Escalating and reporting investment matters to the Investment Committee.

#### **3.14.5. Distribution policy\***

The Fund aims to provide monthly cash distributions. on a best effort basis. The rate of the cash distribution will be determined at every month end in order to bring the NAV of the Fund to the proposed range of RM0.5000 per Unit. The distribution will be subject to availability of sufficient reserves for cash distribution.

*\* Income distributions (if any) are not guaranteed. Distributions of income will only be made from realised gains or realised income derived from the investments of the Fund(s)*

#### **3.14.6. Performance benchmark**

The performance benchmark of the Fund is the 12-months KLIBOR. The risk profile of the Fund is different from the risk profile of the performance benchmark. The 12-months KLIBOR is readily available in the business section of various major newspapers and financial magazines. The performance of the Fund against the benchmark is published in the Manager's monthly fund performance review publication and is available from the Manager's website at [www.hlam.com.my](http://www.hlam.com.my).

### **3.14.7. Variations and exemptions**

The Fund has obtained a variation on 23 September 2005 from Clause 11.07(5) of the Guidelines on Unit Trust Funds effective 1 May 2003 which provides that the redemption prices for Units should be based on the NAV per Unit as at the next valuation point after the request for redemption is received by the Manager.

Following this variation, a special redemption and/or switching mechanism will be put into place if redemption and/or switching request on any given day exceeds 30% of the Fund's NAV, or redemption and/or switching requests made by a Unit holder(s) equals or exceeds 20,000,000 Units on any given day, whichever is higher. The rationale behind this special mechanism is to avoid the risk of having to dispose assets of the Fund to meet redemption and/or switching requests especially when market conditions are not favourable for the Fund to liquidate its assets at reasonable prices without jeopardising the Fund's portfolio. For more information on the special redemption and/or switching mechanism, please refer to Section 5.6(d) on "Variation on redemption and/or switching of Units."

### **3.14.8. Permitted investments of the Fund**

The Fund may invest in any of the following investments, including but not limited to:

- Listed and unlisted fixed income securities traded under the rules of an Eligible Market;  
*Note: The Fund will not invest in digital assets.*
- Government securities and any other securities guaranteed by BNM, any government or government-related agencies of an Eligible Market;
- Deposits and money market instruments with financial institutions of an Eligible Market;
- Units/shares of collective investment schemes with similar objectives;
- Structured products/derivatives; and
- Any other kind of investments, which are in line with the objective of the Fund, as may be agreed upon by the Trustee and Manager from time to time.

The Fund's investments are subject to limits and restrictions that are detailed in Section 3.19 – Investment Limits and Restrictions of the Funds.

### **3.14.9. Investor Profile**

The Fund is suitable for investors who:

- are conservative\* and desire higher returns than conventional fixed deposits;
- are seeking exposure to the wholesale fixed income market;
- wish to park excess funds in a relatively stable investment vehicle; and
- wish to diversify their investments.

Note:

\*The Fund may invest in derivatives as a way for the Fund to hedge against investment risks such as market risk, interest rate risk and currency risk. The Fund may invest in structured products with conservative risk, in accordance with the investment objective of the Fund. These structured products may include features such as principal protection (if held to maturity) and regular coupon.

## Fixed Income Funds

### 3.15. HONG LEONG ISLAMIC INCOME MANAGEMENT FUND (“HLIIMF”)

#### 3.15.1. Fund Profile

<b>Launch date</b>	26 April 2007
<b>Category of Fund</b>	Fixed income (Islamic)
<b>Type of Fund</b>	Income
<b>Trustee</b>	CCTB
<b>Financial year</b>	31 October
<b>External Fund Manager</b>	HLISAM

#### 3.15.2. Investment objective

To provide investors with a low risk investment portfolio offering a stable and regular stream of income and stability in capital while adhering to Shariah requirements.

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

#### 3.15.3. Investment policy, strategy and asset allocation

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

To achieve the Fund's investment objective, the Fund intends to invest mainly in Islamic money market instruments and short to medium-term sukuk. Islamic money market instruments include Islamic deposits, and other short-term Islamic money market instruments such as Islamic negotiable instruments. The duration of the invested Shariah-compliant instruments and securities vary in accordance with interest rate trends and financial market conditions.

In selecting financial institutions for investing in such Islamic deposits and Islamic money market instruments, the Fund will adopt a prudent selection process to ensure only credit worthy financial institutions and appropriate Islamic deposits and Islamic money market instruments are invested in accordance with the investment objective to optimise return and provide liquidity to the Fund. The Fund's selection of financial institutions with which to invest in and as counterparties depend largely on the Manager's rigorous credit assessment to assure relative certainty in principal payment and overall total return stability. Although

**Notes:**

\* Income may be distributed in the form of cash and/or Units. Please refer to Section 3.15.5. for more information on the Fund's distribution policy.

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

the Fund is managed according to its principal investment strategy, the activeness and frequency of its trading strategy will very much depend on market conditions.

The financial institution in Malaysia with which the Fund has invested its Islamic deposits and Islamic money market instruments must have a credit rating of at least "A3" or "P2" as rated by RAM, or its equivalent ratings by MARC. If the financial institution is downgraded to below the above stated minimum rating, the Manager will withdraw the invested Islamic deposit or Islamic money market instrument, provided the terms are favorable.

In terms of sukuk selection, the Fund will adopt a strict credit selection process to ensure only appropriate sukuk are invested in accordance with the investment objective of the Fund. The Fund's selection process depends largely on the credit quality of its sukuk portfolio to assure relative certainty in principal payment and overall total return stability as well as the marketability of the sukuk to assure liquidity. In selecting individual sukuk, the following are important considerations:-

- Issuers' and/or guarantors' industry and business outlook;
- Issuers' and/or guarantors' balance sheet and gearing ratios;
- Issuers' and/or guarantors' cash flow quality and volatility;
- Issuers' and/or guarantors' future cash flow and ability to service profit payments and principal payment;
- Duration analysis;
- Collateral type and value and claims priority;
- Profit rate-to-maturity; and
- Credit rating by domestic or internationally recognised rating agencies.

The Fund may invest in short to medium-term sukuk that has a credit rating of at least "P2" or "A3" as rated by RAM or its equivalent ratings by MARC. For foreign sukuk, a foreign issuer must have a credit rating of at least "BB" as rated by S&P or its equivalent rating by another recognised global rating agency.

The Fund may invest a minimum of 70% and maximum of 100% of the Fund's NAV into Islamic money market instruments and sukuk. Minimum of 2% of the Fund's NAV will be held as Islamic liquid assets.

The Fund's investments may include Islamic derivatives such as futures, options, forwards and swaps to hedge against investment risks such as market risk, interest rate risk and currency risk. The Fund's exposure from Islamic derivatives position will not exceed the Fund's NAV at all times. The underlying reference of these derivatives instruments may include fixed income, interest rate and currency or any other investments that may be permitted by the SC from time to time. The Fund will only invest in derivatives that are 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. The Manager will unwind the affected invested derivative instrument or hold the derivative instrument to maturity if its period to maturity is less than six (6) months if the counterparty is downgraded below the abovementioned credit ratings. Please refer to section 3.22, 'Derivatives' for more information on use of derivatives for hedging.

#### Temporary defensive strategy

The Manager may take temporary defensive positions in attempting to respond to certain conditions which include but are not limited to adverse market, economic and political conditions, insufficient funds to form an efficient portfolio and periods of high fund redemptions. In such situations, the Manager may reallocate all its sukuk investments into lower-risk assets such as Islamic money market instruments and/or Islamic deposits.

#### **3.15.4. Risk management strategies**

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

- Monitoring and evaluating the market and economic conditions of the regional markets;
- Adhering to the Fund's investment objective, investment strategies and restrictions as stated in the Master Prospectus, Deed and/or Guidelines;
- Diversify the portfolio of sukuk in the form of, but not limited to, the issuers and sectors, the tenure of the sukuk and the credit rating of the sukuk to reduce concentration risk;
- Adhering to the Fund's investment restrictions and limits to ensure the Fund meets its objective consistently;
- Constant monitoring of portfolio duration and cash flows to ensure the Fund meets its required liquidity consistently (*Please refer to 'Liquidity Risk' in section 3.24.1 for more details*);
- Regular review of the Fund's performance; and
- Escalating and reporting investment matters to the Investment Committee.

#### **3.15.5. Distribution policy\***

The Fund aims to provide monthly income distributions on a best effort basis. The amount of the income distribution will be determined at every month end in order to bring the NAV of the Fund to the proposed range of RM0.5000 per Unit. The distribution will be subject to availability of sufficient reserves for income distribution.

*\* Income distributions (if any) are not guaranteed. Distributions of income will only be made from realized gains or realized income derived from the investments of the Fund(s).*

#### **3.15.6. Performance benchmark**

The performance of the Fund is benchmarked against the Malayan Banking Berhad 1-month GIA rate. However, Unit holders should be aware that the risk profile of the Fund is different from GIA. As the risk profile of the Fund is higher than that of a GIA, the Fund is expected to outperform the performance benchmark.

The Malayan Banking Berhad 1-month GIA rate can be obtained from [www.maybank2u.com.my](http://www.maybank2u.com.my). The performance of the Fund against the benchmark is published in the Manager's monthly fund performance review publication and is available from the Manager's website at [www.hlam.com.my](http://www.hlam.com.my).

### 3.15.7. Variations and exemptions

The Fund has obtained a variation on 2 March 2007 from Clause 11.07(5) of the Guidelines on Unit Trust Funds effective 1 May 2003 which provides that the redemption prices for Unit should be based on the NAV per Unit as at the next valuation point after the request for redemption is received by the Manager.

Following this variation, a special redemption and/or switching mechanism will be put into place if redemption and/or switching request on any given day exceeds 30% of the Fund's NAV, or redemption and/or switching requests made by a Unit holder(s) equals or exceeds 20,000,000 Units on any given day, whichever is higher. The rationale behind this special mechanism is to avoid the risk of having to dispose assets of the Fund to meet redemption and/or switching requests especially when market conditions are not favourable for the Fund to liquidate its assets at reasonable prices without jeopardising the Fund's portfolio. For more information on the special redemption and/or switching mechanism, please refer to Section 5.6(d) on "Variation on redemption and/or switching of Units."

### 3.15.8. Permitted investments of the Fund

The Fund may invest in any of the following investments in Malaysia or in an Eligible Market subject to the Guidelines, Shariah requirements; the Fund's objective and as approved by the SACSC and/or Shariah adviser:

- Investment Account, Islamic money market instruments (*including but not limited to Islamic accepted bills, Islamic Bank Negara Monetary Notes ("BNM-I"), Islamic commercial papers ("ICP"), Islamic Malaysian Treasury Bills amongst others but excluding Islamic repurchase agreements ("Repo") and its variation, Islamic time deposit and placements of money at call including Islamic negotiable instruments with financial institutions or authorised dealers;*
- Islamic treasury products;
- Government investment issues, Islamic accepted bills, Bank Negara monetary notes-i, Islamic negotiable instruments, Cagamas sukuk and any other government Islamic papers;
- Sukuk issued by the Malaysian government, BNM and/or any other government related or state authorities related bodies;
- Shariah-compliant issues guaranteed by the Malaysian government, BNM and/or any other government related or state authorities related bodies;
- Sukuk issued by financial institutions (e.g. commercial banks, merchant banks, discount houses, etc) and Islamic structured deposits;
- Listed and unlisted sukuk with similar investment objective in Malaysia and/or any market considered as Eligible Market;  
*Note: The Fund will not invest in digital assets.*
- Islamic collective investment schemes;
- Islamic structured product in the form of short tenure structured investments that enable yield enhancement for the Fund;
- Islamic derivatives; and



- Any other form of Shariah-compliant investments as may be agreed upon by the Manager and the Trustee from time to time and permitted by the relevant authorities, where necessary.

The Fund's investments are subject to limits and restrictions that are detailed in Section 3.19 – Investment Limits and Restrictions of the Funds.

### **3.15.9. Investor profile**

The Fund is suitable for investors who:

- are looking for Shariah-compliant investments;
- want to preserve their capital\*;
- wish to park excess funds in a relatively stable investment vehicle for short to medium-term;
- desire a stable and regular stream of income\*\*;
- are seeking exposure to the sukuk market; and
- wish to diversify their investments.

**Notes:**

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

\*\* Income may be distributed in the form of cash and/or Units. Please refer to Section 3.15.5 for more information on the Fund's distribution policy.

### 3.16. HONG LEONG REGULAR INCOME FUND (“HLRIF”)

#### 3.16.1. Fund profile

<b>Launch date</b>	10 August 2016
<b>Category of Fund</b>	Fixed income
<b>Type of Fund</b>	Income & Growth
<b>Trustee</b>	CCTB
<b>Financial year</b>	30 September

#### 3.16.2. Investment objective

The Fund aims to provide investors with the opportunity to enjoy regular income<sup>\*</sup> and seek medium to long-term capital growth by investing into a diversified investment portfolio containing a mixture of fixed income instruments, equities and equity-related securities.

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

#### 3.16.3. Investment policy, strategy and asset allocation

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

Generally, the Fund would invest in fixed income instruments for the medium to long-term horizon, but where appropriate, the Fund may adopt a more active trading strategy to enhance returns to Unit holders.

The Manager intends to invest a minimum 70% and a maximum of 100% of the Fund’s NAV into fixed income instruments denominated in Ringgit Malaysia which include fixed income securities (but are not limited to government securities, quasi-sovereign securities, corporate bonds, sukuk, convertible bonds and commercial papers); money market instruments, deposits and negotiable instruments of deposit. The Fund may also invest in unrated fixed income securities if the Manager believes that these unrated fixed income securities are comparable in investment quality to fixed income securities that are rated.

When selecting fixed income securities, the Manager will adopt a strict credit selection process to ensure that only appropriate fixed income securities are invested 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 and

**Note:**

<sup>\*</sup> *Income distributed (if any) will be reinvested into additional Units unless Unit holders opt for the distribution to be paid out.*

marketability of its fixed income securities portfolio to assure liquidity, relative certainty in principal repayment and overall total return stability.

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 objective, to optimize 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 "A" or a short-term rating of at least "P2" as rated by RAM.

To enhance the Fund's performance return, the Fund also has the flexibility to invest up to 30% of its NAV in equities and equity-related securities (which may include common stock and depositary receipt of companies) listed on Bursa Malaysia and in the Asia-Pacific ex Japan region. The countries in the Asia-Pacific region which the Fund will invest in include but are not limited to Singapore, Indonesia, Philippines, China, Hong Kong, Korea, Australia, India, Vietnam, Taiwan, Thailand and New Zealand. The Fund will only invest in Eligible Markets.

For the equity portion of the Fund, the Manager combines a "top-down" asset and sector allocation analysis with a "bottom up" stock selection process. Therefore, the Manager uses economic research to evaluate the impact of current macroeconomic factors to identify the potential sectors for the Fund's investments. Macroeconomic factors such as gross domestic product ("GDP"), currency stability, monetary and fiscal policies, political developments and government regulations are also considered in assessing the Fund's asset allocation strategy.

In selecting the stocks, the Manager adopts a rigorous and disciplined fundamental investment analysis where it focuses and selects its stock for investments. In identifying such stocks for the investment, the Manager will consider the company's business model, management and financial health. The Fund's investment process also involves assessing various valuation ratios such as the earnings growth, price to earnings ratios (PER), price to growth ("PEG"), Price to net tangible assets ("P/NTA") and dividend yield of a stock.

The Fund's investments may include derivatives such as futures, options, forwards and swaps to hedge against investment risks such as market risk, interest rate risk and currency risk. The Fund's exposure from derivatives position will not exceed the Fund's NAV at all times. The underlying reference of these derivatives instruments may include fixed income, interest rate and currency or any other investments that may be permitted by the SC from time to time. The Fund will only invest in derivatives that are 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. The Manager will unwind the affected invested derivative instrument or hold the derivative instrument to maturity if its period to maturity is less than six (6) months if the counterparty is downgraded below the abovementioned credit ratings. Please refer to section 3.22, 'Derivatives' for more information on use of derivatives for hedging.

The Fund will hold sufficient cash for liquidity purposes.

#### Temporary defensive strategy

During adverse interest rate movements and as part of its temporary defensive strategy the Fund will shift its investment holdings from long-tenured bonds to shorter-tenured bonds in order to manage overall duration and minimize volatility to such interest rate changes. The Fund may also increase holdings in higher grade corporate bonds and/or reduce its holdings in corporate bonds by investing in governments or sovereign bonds and/or deposits to manage adverse developments pertaining to credit/default risk.

#### **3.16.4. Risk management strategies**

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

- Monitoring and evaluating the market and economic conditions of the Asia Pacific ex Japan;
- Diversify the portfolio of fixed income instruments in the form of, but not limited to the issuers and sectors, the tenure of the instruments and the credit rating of the investments to reduce concentration risk;
- Constant monitoring of the portfolio duration and cash flows to ensure the Fund meets its required liquidity consistently (*Please refer to 'Liquidity Risk' in section 3.24.1 for more details*);
- Constant monitoring of respective markets to determine the effective asset allocation and rebalance the portfolio should the need arise;
- Diversification of securities across countries in the Asia-Pacific region;
- Liquidity of securities: Investing primarily in large market capitalisation stocks that are easily tradable and liquid. Hence, it would require no more than a couple of days to liquidate all the positions;
- Single stock limits: Constantly monitoring the portfolio construction on a daily basis to ensure that the Fund adheres to the investment limits;
- Sub-sector exposure: Employing a pure bottom-up approach with no preset bias against or in favour of any sectors;
- Analysis of macro fundamentals of countries in the Asia-Pacific region;
- Ensuring that the Fund will only invest in derivatives that are issued by counterparties with a strong credit rating. A Malaysian counterparty must have a credit rating of at least "AA3" as rated 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 recognized global rating agency. In the event that the counterparty is downgraded below the credit ratings specified above, the Manager will unwind the affected invested derivative instruments or hold the derivative instrument 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.

### **3.16.5. Distribution policy**

The Fund intends to provide regular income\* and consistent medium to long-term capital growth. As such, regular income\* distribution will be declared on a monthly basis, subject to availability of income.

*\* Income distribution will be reinvested into additional Units unless Unit holders opt for the distribution to be paid out.*

### **3.16.6. Performance benchmark**

The performance benchmark of the Fund is 70% Malayan Banking Berhad 1-year fixed deposit rate and 30% MSCI AC Asia Pacific ex-Japan. Therefore, the performance benchmark will be computed as follows:

70% Malayan Banking Berhad 1-year fixed deposit rate + 30% MSCI AC Asia Pacific ex Japan.

The Fund has benchmarked itself against the performance benchmark to reflect the investment objective by investing into a diversified investment portfolio containing a mixture of fixed income instruments, equities and equity-related securities. The risk profile of the Fund is different from the risk profile of the performance benchmark.

The 1-year fixed deposit rate by Malayan Banking Berhad can be obtained from [www.maybank2u.com.my](http://www.maybank2u.com.my) and the MSCI AC Asia-Pacific ex Japan is available from [www.msci.com](http://www.msci.com) on a subscription basis. The performance of the Fund against the benchmark is published in the Manager's monthly fund performance review publication and is available from the Manager's website at [www.hlam.com.my](http://www.hlam.com.my).

### **3.16.7. Permitted investments of the Fund**

The Fund may invest in any of the following investments:

- Listed and unlisted fixed income securities denominated in Ringgit Malaysia;  
*Note: The Fund will not invest in digital assets.*
- Government securities and any other instruments approved or guaranteed by BNM, any government or government-related agencies in Malaysia;
- Listed securities traded in Bursa Malaysia and Asia Pacific ex Japan;
- Securities that are not listed or quoted on Bursa Malaysia and Asia Pacific ex Japan but have been approved by the relevant regulatory authority for such listing and quotation, and are offered directly to the Fund by the issuer;
- Negotiable instruments of deposit, deposits and money market instruments with financial institutions in Malaysia;
- Derivatives;
- Units/shares of collective investment schemes with similar investment objective; and

- Any other form of investments, which are in line with the objective of the Fund, as may be agreed upon by the Trustee and Manager from time to time.

The Fund's investments are subject to limits and restrictions that are detailed in Section 3.19 – Investment Limits and Restrictions of the Funds.

### **3.16.8. Investor profile**

The Fund is suitable for investors who:

- seeking a regular income stream;
- willing to accept moderate risk in their investments to achieve regular income<sup>o</sup> and capital growth; and
- seeking diversification in their investment holdings through equities and equity-related exposures in Malaysia and in the Asia Pacific ex Japan region.

**Note:**

*Income distributed (if any) will be reinvested into additional Units unless Unit holders opt for the distribution to be paid out.*

## Money market funds

### 3.17. HONG LEONG MONEY MARKET FUND (“HLMMF”)

#### 3.17.1. Fund profile

<b>Launch date</b>	13 October 2014
<b>Category of Fund</b>	Money Market
<b>Type of Fund</b>	Income
<b>Trustee</b>	DTMB
<b>Financial year</b>	30 September

#### 3.17.2. Investment objective

The Fund aims to provide regular income\* while maintaining capital stability\*\* by investing primarily into deposits and money market instruments.

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

#### 3.17.3. Investment policy, strategy and asset allocation

To achieve its investment objective of providing regular income while maintaining capital stability, the investments of the Fund will essentially be in deposits and/or money market instruments that will mature within 365 days. At least 90% of the Fund’s NAV will be invested in such instruments in Malaysia. However, the Fund is permitted to also invest in deposits and money market instruments (i.e. negotiable instruments of deposits (NIDs)) with maturity periods of more than 365 days but no longer than 732 days in Malaysia and these investments are limited to 10% of the Fund’s NAV.

The money market instruments that the Fund may invest in include but are not limited to bankers’ acceptances, Bank Negara bills and NIDs.

In selecting the Fund’s investments in deposits and/or money market instruments, the Fund is actively managed and will adopt a prudent selection process and rigorous credit assessment to ensure that only appropriate investments in deposits and/or money market instruments are selected in accordance with the investment objective of the Fund. As such, the Fund will invest in deposits and/or money market instruments with any financial institutions in Malaysia that has a credit rating of at least “A3” or “P2” as rated by RAM at the point of investment, or its equivalent ratings by another registered rating agency. In the event there is a downgrade in the financial institutions below the abovementioned ratings with which the Fund has invested its deposits and/or money market instruments with, the Manager reserves the right to deal with the said investment in the best interest of the Unit

#### Notes:

\* Income will be distributed in the form of additional Units. Please refer to Section 3.17.5. for more information on the Fund’s distribution policy.

\*\* Please take note that the Fund is not a capital guaranteed or a capital protected fund and that the returns are not guaranteed.

holders including to withdraw the invested deposits and/or sell the money market instruments within a reasonable time frame.

Although the Fund is managed according to its principal investment strategy, the activeness and frequency of its investment strategy will very much depend on market conditions and opportunities.

#### **3.17.4. Risk management strategies**

The risk management strategies undertaken by the Fund 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 the Master Prospectus, Deed and/or Guidelines;
- Monitoring and evaluating the market and economic conditions;
- Constant monitoring of portfolio duration and cash flows to ensure the Fund meets its required liquidity consistently (*Please refer to 'Liquidity Risk' in section 3.24.1 for more details*);
- Regular review of the Fund's performance; and
- Escalating and reporting investment matters to the Investment Committee.

#### **3.17.5. Distribution policy\***

Distribution of income\*\* will be on a weekly basis, subject to availability of income.

*\* Income distributions (if any) are not guaranteed. Distributions of income will only be made from realized gains or realized income derived from the investments of the Fund(s).*

*\*\* Income will be distributed in the form of additional Units.*

#### **3.17.6. Performance benchmark**

The performance benchmark of the Fund is the Maybank Overnight Deposit Rate. Information on the benchmark can be obtained from [www.maybank2u.com.my](http://www.maybank2u.com.my). Unit holders should be aware that the risk profile of the Fund is different from the performance benchmark and should be cautioned that the risk profile of the Fund is higher than that of the performance benchmark.

#### **3.17.7. Permitted investments of the Fund**

The Fund may invest in deposits and money market instruments with financial institutions of an Eligible Market.

The Fund's investments are subject to limits and restrictions that are detailed in Section 3.19 – Investment Limits and Restrictions of the Funds.



### 3.17.8. Investor profile

The Fund is suitable for investors who:

- have a short-term investment horizon;
- want to place their monies aside while waiting to make another investment;
- desire for a regular stream of income ; and/or
- have a low risk tolerance.

**INVESTMENT IN THE HONG LEONG MONEY MARKET FUND IS DIFFERENT FROM PLACEMENT IN A DEPOSIT WITH A FINANCIAL INSTITUTION. THERE ARE RISKS INVOLVED AND INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS WHEN INVESTING IN THE HONG LEONG MONEY MARKET FUND.**

**Note:**

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

### 3.18. HONG LEONG DANA AL-IZDIHAR (“HLDAIZ”)

#### 3.18.1. Fund profile

<b>Launch date</b>	20 June 2017
<b>Category of Fund</b>	Money Market (Islamic)
<b>Type of Fund</b>	Income
<b>Trustee</b>	CITB
<b>Financial year</b>	31 December
<b>External Fund Manager</b>	HLISAM

#### 3.18.2. Investment objective

The Fund aims to provide investors regular income\* while maintaining capital stability\*\* by investing primarily into Islamic deposits and Islamic money market instruments.

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

#### 3.18.3. Investment policy, strategy and asset allocation

In order to achieve its investment objective of providing regular income while maintaining capital stability, the investments of the Fund will essentially be in Islamic deposits, Investment Account and Islamic money market instruments that will mature within 365 days. At least 90% of the Fund's NAV will be invested in such instruments in Malaysia. However, the Fund is permitted to also invest in Islamic deposits, Investment Account and Islamic money market instruments (i.e. Islamic negotiable instruments of deposits (INIDs)) with maturity periods of more than 365 days but no longer than 732 days in Malaysia and these investments are limited to 10% of the Fund's NAV.

The Islamic money market instruments that the Fund may invest in include but are not limited to Islamic bankers' acceptances, Islamic Bank Negara bills and INIDs. In selecting the Fund's investments in Islamic deposits, Investment Account and Islamic money market instruments, the Fund is actively managed and will adopt a prudent selection process and rigorous credit assessment to ensure that only appropriate investments in Islamic deposits, Investment Account and Islamic money market instruments are selected in accordance with the investment objective of the Fund. As such, the Fund will invest in Islamic deposits, Investment Account and Islamic money market instruments with any financial institutions in Malaysia that has a credit rating of at least "A3" or "P2" as rated by RAM at the point of investment, or its equivalent ratings by another registered rating agency. In the event there is a downgrade in the financial institutions below the abovementioned ratings with which the Fund has invested its Islamic deposits, Investment Account and Islamic money market instruments with, the Manager reserves the right to deal with the said investment in the best interest of the Unit holders including to withdraw the invested Islamic deposits and

**Notes:**

\* Income will be distributed on a weekly basis subject, subject to the availability of income in the form of additional units unless Unit holders opt for the distribution to be paid out.

\*\* Please take note that the Fund is not a capital guaranteed or a capital protected fund and that the returns are not guaranteed.

Investment Account and sell the Islamic money market instruments within a reasonable time frame.

Although the Fund is managed according to its principal investment strategy, the activeness and frequency of its investment in Islamic money market instruments such as INIDs or Islamic Bank Negara bills will very much depend on market conditions and opportunities.

#### **3.18.4. Risk management strategies**

The risk management strategies undertaken by the Fund 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 the Master Prospectus, Deed and/or Guidelines;
- Monitoring and evaluating the market and economic conditions;
- Constant monitoring of portfolio duration and cash flows to ensure the Fund meets its required liquidity consistently (*Please refer to 'Liquidity Risk' in section 3.24.1 for more details*);
- Regular review of the Fund's performance; and
- Escalating and reporting investment matters to the Investment Committee.

#### **3.18.5. Distribution policy\***

Distribution of income\*\* will be on a weekly basis, subject to availability of income.

Income distributed will be reinvested into additional Units unless Unit holders opt for the distribution to be paid out.

*\* Income distributions (if any) are not guaranteed. Distributions of income will only be made from realized gains or realized income derived from the investments of the Fund(s).*

*\*\* Income will be distributed in the form of additional Units.*

#### **3.18.6. Performance benchmark**

The performance benchmark of the Fund is the Bank Negara Malaysia Islamic Interbank Overnight Rate. Unit holders should be aware that the risk profile of the Fund is not the same as the performance benchmark and should be cautioned that the risk profile of the Fund is higher than that of the performance benchmark. The performance of the Fund against the benchmark is published in the Manager's monthly fund performance review publication and is available from the Manager's website at [www.hlam.com.my](http://www.hlam.com.my).

### 3.18.7. Permitted investments of the Fund

The Fund may invest in any of the following investments:

- Islamic deposits and/or Islamic money market instruments issued by financial institutions in Malaysia;
- Islamic money market instruments issued by BNM or government of Malaysia;
- Units or shares of Islamic collective investment schemes with similar investment objective including unlisted and listed unit trusts that are regulated and registered/authorized/approved by relevant authority in its home jurisdiction;
- Investment Account with financial institutions; and
- Any other form of Shariah-compliant investments, which are in line with the objective of the Fund, as may be agreed upon by the Manager and Trustee from time to time.

The Fund's investments are subject to limits and restrictions that are detailed in Section 3.19 – Investment Limits and Restrictions of the Funds.

### 3.18.8. Investor profile

The Fund is suitable for investors who:

- have a short-term investment horizon;
- want to place their monies in a Shariah-compliant investment;
- desire for a regular stream of income ; and/or
- have a low risk tolerance.

**INVESTMENT IN THE HONG LEONG DANA AL-IZDIHAR IS DIFFERENT FROM PLACEMENT IN AN ISLAMIC DEPOSIT WITH AN FINANCIAL INSTITUTION. THERE ARE RISKS INVOLVED AND INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS WHEN INVESTING IN THE FUND.**

**Note:**

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

### 3.19. INVESTMENT LIMITS AND RESTRICTION OF THE FUNDS

**HLGF, HLVF, HLCPSF, HLDF, HLSEA-5, HLAPEF, HLSTF and HLBF** shall be subject to the following limits/restrictions:-

- (a) The value of the Fund's investments in ordinary shares issued by any single issuer must not exceed 10% of the Fund's NAV;
- (b) The value of the Fund's investments in transferable securities and money market instruments issued by any single issuer must not exceed 15% of the Fund's NAV ("single issuer limit"). In determining the single issuer limit, the value of the Fund's investments in instruments in paragraph (ii) below (which are applicable for HLGF, HLVF, HLCPSF, HLDF, HLSTF, HLBF and HLAPEF) issued by the same issuer must be included in the calculation;
- (c) The value of the Fund's placements in deposits with any single financial institution must not exceed 20% of the Fund's NAV;  
Note: The above limit does not apply to placements of deposits arising from:
  - (i) subscription monies received prior to the commencement of investment by the Fund;
  - (ii) liquidation of investments prior to the termination of the Fund, where the placement of deposits with various financial institutions would not be in the best interests of Unit holders; or
  - (iii) monies held for the settlement of redemption or other payment obligations, where the placement of deposits with various financial institutions would not be in the best interest of Unit holders.
- (d) The aggregate value of the Fund's investments in, or exposure to, a single issuer through transferable securities, money market instruments, deposits, underlying assets of derivatives and counterparty exposure arising from the use of OTC derivatives must not exceed 25% of the Fund's NAV ("single issuer aggregate limit"). In determining the single issuer aggregate limit, the value of the Fund's investments in instruments in paragraph (ii) below (which are applicable to HLGF, HLVF, HLCPSF, HLDF, HLSTF, HLBF and HLAPEF) issued by the same issuer must be included in the calculation;
- (e) The value of the Fund's investments in units/shares of a collective investment scheme must not exceed 20% of the Fund's NAV, provided that the collective investment scheme complies with paragraphs 6.11(a) and (b) of the Guidelines and paragraph 6.11(c) of the Guidelines, excluding a collective investment scheme that invests in real estate;
- (f) The value of the Fund's investments in transferable securities and money market instruments issued by any group of companies must not exceed 20% of the Fund's NAV ("group limit"). In determining the Group Limit, the value of the Fund's investments in instruments in paragraph (ii) below (which are applicable for HLGF, HLVF, HLCPSF, HLDF, HLSTF, HLBF and HLAPEF) issued by the issuers within the same group of companies must be included in the calculation;
- (g) The single issuer limit in paragraph (b) may be raised to 35% of the Fund's NAV if the issuing entity is, or the issue is guaranteed by, either a foreign government, foreign government agency, foreign central bank or supranational, that has a minimum long-term credit rating of investment grade (including gradation and subcategories) by an international rating agency. Where the single issuer limit is increased to 35% of the Fund's NAV, the single issuer aggregate limit in paragraph (d) may be raised, subject to the group limit (paragraph f) not exceeding 35% of the Fund's NAV;

- (h) The Fund's investments in shares or securities equivalent to shares must not exceed 10% of the shares or securities equivalent to shares, as the case may be, issued by any single issuer;
- (i) The Fund's investments in money market instruments must not exceed 10% of the instruments issued by any single issuer;  
*Note: The above limit does not apply to money market instruments that do not have a pre-determined issue size.*
- (j) The Fund's investments in collective investment schemes must not exceed 25% of the units/shares in any collective investment scheme; and

In addition to the above, **HLGF**, **HLVF**, **HLCPSE**, **HLDF**, **HLSTF** and **HLBF** is also subject to the following investment limits and restrictions:

- (i) The Fund's investments in debt securities must not exceed 20% of the debt securities issued by any single issuer;  
*Note: The above limit may be disregarded at the time of acquisition if at that time of acquisition, the gross amount of debt securities in issue cannot be determined.*
- (ii) The aggregate value of the Fund's investments in (a) transferable securities that are not traded or dealt in or under the rules of Eligible Market; (b) collective investment scheme that do not comply with paragraphs 6.11 (a), (b) (c) of the guidelines; and other securities must not exceed 15% of the Fund's NAV, subject to a maximum limit of 10% of the Fund's NAV in a single issuer or single collective investment scheme as the case may be.

In addition to the above, **HLGF** and **HLSTF** are also subject to the following limits/restrictions:

- The Fund's investments in foreign markets shall not exceed 30% of the Fund's NAV;
- The Fund's investments in derivatives are for foreign exchange hedging purposes only; and
- The Fund will not invest in any warrants unless derived exclusively from corporate action entitlements.

In addition to the above, **HLSTF** is also subject to the following investment restrictions:

- The Fund may invest up to 10% of its NAV in listed securities and OTC securities in Vietnam.

In addition to the above, **HLAPEF** is also subject to the following investment restrictions:

- The Fund will invest in money market instruments and placements of deposits with any financial institutions in Malaysia.

**HLDM** and **HLDM2** shall be subject to the following limits/restrictions:-

- (a) The value of the Fund's investments in Shariah-compliant ordinary shares issued by any single issuer must not exceed 10% the Fund's NAV;
- (b) The value of the Fund's investments in Shariah-compliant transferable securities and Islamic money market instruments issued by any single issuer must not exceed 15% of the Fund's NAV ("single issuer limit"). In determining the single

- issuer limit, the value of the Fund's investments in instruments in paragraph (a) above issued by the same issuer must be included in the calculation;
- (c) The value of the Fund's placements in Islamic deposits with any single financial institution must not exceed 20% of the Fund's NAV;  
*Note: The above limit does not apply to placements of Islamic deposits arising from:*
- (i) subscription monies received prior to the commencement of investment by the Fund;
  - (ii) liquidation of investments prior to the termination of the Fund, where the placement of Islamic deposits with various financial institutions would not be in the best interests of Unit holders; or
  - (iii) monies held for the settlement of redemption or other payment obligations, where the placement of Islamic deposits with various financial institutions would not be in the best interest of Unit holders.
- (d) The aggregate value of the Fund's investments in, or exposure to, a single issuer through Shariah-compliant transferable securities, Islamic money market instruments and Islamic deposits must not exceed 25% of the Fund's NAV ("single issuer aggregate limit"). In determining the single issuer aggregate limit, the value of the Fund's investments in instruments in paragraph (ii) issued by the same issuer must be included in the calculation;
- (e) The value of the Fund's investments in units/shares of an Islamic collective investment scheme must not exceed 20% of the Fund's NAV, provided that the Islamic collective investment scheme complies with paragraphs 6.11(a) and (b) of the Guidelines and paragraph 6.11(c) of the Guidelines, excluding a collective investment scheme that invests in real estate;
- (f) The value of the Fund's investments in Shariah-compliant transferable securities and Islamic money market instruments issued by any group of companies must not exceed 20% of the Fund's NAV ("group limit"). In determining the group limit, the value of the Fund's investments in instruments in paragraph (a) above issued by the issuers within the same group of companies must be included in the calculation;
- (g) The single issuer Limit may be raised to 35% of the Fund's NAV if the issuing entity is, or the issue is guaranteed by, either a foreign government, foreign government agency, foreign central bank or supranational, that has a minimum long-term credit rating of investment grade (including gradation and subcategories) by an international rating agency. Where the single issuer limit is increased to 35% of the Fund's NAV, the single issuer aggregate limit may be raised, subject to the group limit not exceeding 35% of the Fund's NAV;
- (h) The Fund's investments in Shariah-compliant shares or Shariah-compliant securities equivalent to shares must not exceed 10% of the Shariah-compliant shares or Shariah-compliant securities equivalent to shares, as the case may be, issued by any single issuer;
- (i) The Fund's investments in sukuk must not exceed 20% of the sukuk issued by any single issuer;  
*Note: The above limit may be disregarded at the time of acquisition if at that time of acquisition, the gross amount of sukuk in issue cannot be determined.*
- (j) The Fund's investments in Islamic money market instruments must not exceed 10% of the instruments issued by any single issuer;  
*Note: The above limit does not apply to Islamic money market instruments that do not have a pre-determined issue size.*

- (k) The Fund's investments in Islamic collective investment schemes must not exceed 25% of the units/shares in any Islamic collective investment scheme;
- (l) The aggregate value of the Fund's investments in (a) transferable Shariah-compliant securities that are not traded or dealt in or under the rules of an Eligible Markets; (b) collective investment scheme that do not comply with paragraphs 6.11 (a), (b) and (c) of the guidelines; and (c) other securities must not exceed 15% of the Fund's NAV, subject to a maximum limit of 10% of the Fund's NAV in a single issuer or single collective investment scheme as the case may be; and.
- (m) The Fund's investments in sukuk must not exceed 20% of the sukuk issued by any single issuer.  
(Note: The above limit may be disregarded at the time of acquisition if at that time of acquisition, the gross amount of sukuk in issue cannot be determined.

**HLAPDF** and **HLHKEOF** shall be subject to the following limits/restrictions:-

- (a) The value of the Fund's investments in ordinary shares issued by any single issuer must not exceed 10% of the Fund's NAV;
- (b) The value of the Fund's investments in transferable securities and money market instruments issued by any single issuer must not exceed 15% of the Fund's NAV ("single issuer limit"). In determining the single issuer limit, the value of the Fund's investments in instruments in paragraph (ii) above issued by the same issuer must be included in the calculation;
- (c) The value of the Fund's placements in deposits with any single financial institution must not exceed 20% of the Fund's NAV;  
Note: The above limit does not apply to placements of deposits arising from:
  - (i) subscription monies received prior to the commencement of investment by the Fund;
  - (ii) liquidation of investments prior to the termination of the Fund, where the placement of deposits with various financial institutions would not be in the best interests of Unit holders; or
  - (iii) monies held for the settlement of redemption or other payment obligations, where the placement of deposits with various financial institutions would not be in the best interest of Unit holders.
- (d) For the Fund's investments in derivatives:-
  - (i) The counterparty of an OTC derivatives must be a financial institution with a minimum long-term credit rating of investment grade (including gradation and subcategories). Subject to the aggregate limit as stipulated in Schedule B of the Guidelines, the maximum exposure of the Fund to the counterparty must not exceed 10% of the Fund's NAV based on the maximum potential loss that may be incurred by the Fund if the counterparty defaults and not on the basis of the notional value of the OTC derivatives. The total exposure to a single counterparty is calculated by summing the exposure arising from all OTC derivatives transactions entered into with the same counterparty.
  - (ii) The Fund's exposure to the underlying assets of the derivatives must not exceed the investment limits and restrictions applicable to such underlying assets as stipulated in Schedule B of the Guidelines.
  - (iii) The Fund's global exposure from its derivatives positions must not exceed the Fund's NAV at all times.



- (e) The aggregate value of the Fund's investments in, or exposure to, a single issuer through transferable securities, money market instruments, deposits, underlying assets of derivatives and counterparty exposure arising from the use of OTC derivatives must not exceed 25% of the Fund's NAV ("single issuer aggregate limit"). In determining the single issuer aggregate limit, the value of the Fund's investments in instruments in paragraph (a) issued by the same issuer must be included in the calculation;
- (f) The value of the Fund's investments in units/shares of any collective investment scheme must not exceed 20% of the Fund's NAV, provided that the Islamic collective investment scheme complies with paragraphs 6.11(a) and (b) of the Guidelines and paragraph 6.11(c) of the Guidelines, excluding a collective investment scheme that invests in real estate;
- (g) The value of the Fund's investments in transferable securities and money market instruments issued by any group of companies must not exceed 20% of the Fund's NAV ("group limit"). In determining the group limit, the value of the Fund's investments in instruments in paragraph (a) above issued by the issuers within the same group of companies must be included in the calculation;
- (h) The single issuer limit may be raised to 35% of the Fund's NAV if the issuing entity is, or the issue is guaranteed by, either a foreign government, foreign government agency, foreign central bank or supranational, that has a minimum long-term credit rating of investment grade (including gradation and subcategories) by an international rating agency. Where the single issuer Limit is increased to 35% of the Fund's NAV, the single issuer aggregate limit may be raised, subject to the group limit not exceeding 35% of the Fund's NAV;
- (i) The Fund's investments in shares or securities equivalent to shares must not exceed 10% of the shares or securities equivalent to shares, as the case may be, issued by any single issuer;
- (j) The Fund's investments in debt securities must not exceed 20% of the debt securities issued by any single issuer;  
*Note: The above limit may be disregarded at the time of acquisition if at that time of acquisition, the gross amount of debt securities in issue cannot be determined;*
- (k) The Fund's investments in money market instruments must not exceed 10% of the instruments issued by any single issuer;  
*Note: The above limit does not apply to money market instruments that do not have a pre-determined issue size.*
- (l) The Fund's investments in collective investment schemes must not exceed 25% of the units/shares in any collective investment scheme;
- (m) The aggregate value of the Fund's investments in (a) transferable securities that are not traded or dealt in or under the rules of an Eligible Market; (b) collective investment scheme that do not comply with paragraphs 6.11 (a), (b) and (c) of the guidelines; and (c) other securities must not exceed 15% of the Fund's NAV, subject to a maximum limit of 10% of the Fund's NAV in a single issuer or single collective investment scheme as the case may be.

In addition to the above, **HLAPDF** is also subject to the following investment limits/restrictions:

- The Fund's exposure to a single country (except Malaysia) shall not exceed 55% of the NAV of the Fund.

In addition to the above, **HLHKEOF** is also subject to the following investment restrictions:

- For the Fund's investments in fixed income securities:
  - (i) the Fund's holding of any class of any single issuer of fixed income securities must have a credit rating of at least "P3" or "BBB3" as rated by RAM, or its equivalent ratings by MARC, whereas the foreign fixed income securities must have a credit rating of at least "BB" as rated by S&P, or its equivalent rating by another recognised global rating agency.
  - (ii) if a rated corporate issue is downgraded to below the minimum rating as stated above in (i), and it causes the investment limit to be breached, then the Manager should use its best efforts to dispose of the holdings before its maturity, failing which they shall be held to maturity.

**HLBoF, HLIbF, HLRIbF and HLIIMF** shall be subject to the following limits/restrictions:

- (a) The value of the Fund's investments in debt securities/sukuk and money market instruments/Islamic money market instruments issued by any single issuer must not exceed 20% of the Fund's NAV ("**single issuer limit**"). However, this limit may be increased to 30% if the debt securities/sukuk are rated by any Malaysian or global rating agency to have the highest long-term credit rating;
- (b) The aggregate value of the Fund's investments in, or exposure to, a single issuer through transferable securities/Shariah-compliant transferable securities, money market instruments/Islamic money market instruments, deposits/Islamic deposits underlying assets of derivatives and counterparty exposure arising from the use of OTC derivatives/Islamic derivatives must not exceed 25% of the Fund's NAV ("**single issuer aggregate limit**"). However, this limit may be increased to 30% of the Fund's NAV if the single issuer limit is increased to 30% pursuant to item (a);
- (c) The value of the Fund's placements in deposits/Islamic deposits with any single financial institution must not exceed 20% of the Fund's NAV;  
Note: The above limit does not apply to placements of deposits/Islamic deposits arising from:
  - (i) subscription monies received prior to the commencement of investment by the Fund;
  - (ii) liquidation of investments prior to the termination of the Fund, where the placement of deposits/Islamic deposits with various financial institutions would not be in the best interests of Unit holders; or
  - (iii) monies held for the settlement of redemption or other payment obligations, where the placement of deposits/Islamic deposits with various financial institutions would not be in the best interest of Unit holders.
- (d) The value of the Fund's investments in units/shares of any collective investment scheme/Islamic collective investment scheme must not exceed 20% of the Fund's NAV, provided that the Islamic collective investment scheme complies with paragraphs 6.11(a) and (b) of the Guidelines and paragraph 6.11(c) of the Guidelines, excluding a collective investment scheme that invests in real estate;
- (e) The value of the Fund's investments in debt securities/sukuk and money market instruments/Islamic money market instruments issued by any one group of companies must not exceed 30% of the Fund's NAV;

- (f) The single issuer limit may be raised to 35% of the Fund's NAV if the issuing entity is, or the issue is guaranteed by, either a foreign government, foreign government agency, foreign central bank or supranational, that has a minimum long-term credit rating of investment grade (including gradation and subcategories) by an international rating agency. Where the single issuer limit is increased to 35% of the Fund's NAV, the single issuer aggregate limit may be raised, subject to the group limit not exceeding 35% of the Fund's NAV;
- (g) The Fund's investments in shares or securities equivalent to shares/Shariah-compliant shares or Shariah-compliant securities equivalent to shares must not exceed 10% of the shares or securities equivalent to shares/Shariah-compliant shares or Shariah-compliant securities equivalent to shares, as the case may be, issued by any single issuer;
- (h) The Fund's investments in debt securities/sukuk must not exceed 20% of the debt securities/sukuk issued by any single issuer;  
*Note:* The above limit may be disregarded at the time of acquisition if at that time of acquisition, the gross amount of debt securities/sukuk in issue cannot be determined.
- (i) The Fund's investments in money market instruments/Islamic money market instruments must not exceed 10% of the instruments issued by any single issuer;  
*Note:* The above limit does not apply to money market instruments/Islamic money market instruments that do not have a pre-determined issue size.
- (j) The Fund's investments in collective investment schemes/Islamic collective investment schemes must not exceed 25% of the units/shares in any collective investment scheme/Islamic collective investment scheme;
- (k) The aggregate value of the Fund's investments in (a) transferable securities/transferable Shariah-compliant securities that are not traded or dealt in or under the rules of an Eligible Market (b) collective investment scheme that do not comply with paragraphs 6.11(a), (b) and (c) of the guidelines; and (c) other securities must not exceed 15% of the Fund's NAV, subject to a maximum limit of 10% of the Fund's NAV in a single issuer or single collective investment scheme as the case may be.

In addition to the above, **HLBoF** is also subject to the following limits/restrictions:

- The Fund's investments in foreign markets shall not exceed 30% of the Fund's NAV.

In addition to the above, **HLIBF** is also subject to the following investment restrictions:

- (a) The aggregate value of the Fund's investments in, or exposure to, a single issuer through transferable securities, money market instruments, deposits, underlying assets of derivatives and counterparty exposure arising from the use of OTC derivatives must not exceed 25% of the Fund's NAV. However, this limit may be increased to 30% of the Fund's NAV if the single issuer limit is increased to 30% pursuant to item (a) in the above;
- (b) For investments in derivatives:-
  - (i) The counterparty of an OTC derivatives must be a financial institution with a minimum long-term credit rating of investment grade (including gradation and subcategories). Subject to the aggregate limit as stipulated in Schedule B of the Guidelines, the maximum exposure of the Fund to the counterparty must not exceed 10% of the Fund's NAV based on the maximum potential loss that may be incurred by the Fund if the counterparty defaults and not

- on the basis of the notional value of the OTC derivatives. The total exposure to a single counterparty is calculated by summing the exposure arising from all OTC derivatives transactions entered into with the same counterparty.
- (ii) The Fund's exposure to the underlying assets of the derivatives must not exceed the investment limits and restrictions applicable to such underlying assets as stipulated in Schedule B of the Guidelines.
  - (iii) The Fund's global exposure from its derivatives positions must not exceed the Fund's NAV at all times.
- (c) The aggregate value of the Fund's investments in (a) transferable securities that are not traded or dealt in or under the rules of an Eligible Market (b) collective investment scheme that do not comply with paragraphs 6.11 (a), (b) and (c) of the guidelines; and (c) other securities must not exceed 15% of the Fund's NAV, subject to a maximum limit of 10% of the Fund's NAV in a single issuer or single collective investment scheme as the case may be.

In addition to the above, **HLRIF** is also subject to the following investment restrictions:

- (a) The value of the Fund's investments in ordinary shares issued by any single issuer must not exceed 10% if the Fund's NAV.
- (b) The aggregate value of the Fund's investments in transferable securities, money market instruments, deposits, underlying assets of derivatives and counterparty exposure arising from the use of OTC derivatives must not exceed 25% of the Fund's NAV. However, this limit may be increased to 30% of the Fund's NAV if the single issuer limit is increased to 30% pursuant to item (a) in the above;
- (c) For investments in derivatives:-
  - (i) The counterparty of an OTC derivatives must be a financial institution with a minimum long-term credit rating of investment grade (including gradation and subcategories). Subject to the aggregate limit as stipulated in Schedule B of the Guidelines, the maximum exposure of the Fund to the counterparty must not exceed 10% of the Fund's NAV based on the maximum potential loss that may be incurred by the Fund if the counterparty defaults and not on the basis of the notional value of the OTC derivatives. The total exposure to a single counterparty is calculated by summing the exposure arising from all OTC derivatives transactions entered into with the same counterparty.
  - (ii) The Fund's exposure to the underlying assets of the derivatives must not exceed the investment limits and restrictions applicable to such underlying assets as stipulated in Schedule B of the Guidelines.
  - (iii) The Fund's global exposure from its derivatives positions must not exceed the Fund's NAV at all times.

**HLMMF** shall be subject to the following limits/restrictions:

- (a) The value of the Fund's investments in short-term money market instruments and placement in short-term deposits which have a remaining maturity period of not more than 365 days must not be less than 90% of the Fund's NAV;
- (b) The value of the Fund's investments in high quality debt securities which have a remaining maturity period of more than 365 days but fewer than 732 days must not exceed 10% of the Fund's NAV;
- (c) The value of the Fund's investments in money market instruments issued by any single issuer must not exceed 20% of the Fund's NAV. However, this

single issuer limit may be increased to 30% if the debt securities are rated by any Malaysia or global rating agency to have highest long-term credit rating;

- (d) The value of the Fund's placement in deposits with any single financial institution must not exceed 20% of the Fund's NAV;  
Note: The above limit does not apply to placements of deposits arising from:
  - (i) subscription monies received prior to the commencement of investment by the Fund;
  - (ii) liquidation of investments prior to the termination of the Fund, where the placement of deposits with various financial institutions would not be in the best interests of Unit holders; or
  - (iii) monies held for the settlement of redemption or other payment obligations, where the placement of deposits with various financial institutions would not be in the best interest of Unit holders.
- (e) The value of the Fund's investments in money market instruments issued by any group of companies must not exceed 30% of the Fund's NAV;
- (f) The Fund's investments in money market instruments must not exceed 20% of the instruments issued by any single issuer; and
- (g) For the Fund's investments in deposits and money market instruments, the Fund will only invest with a financial institution that has a rating of "A3" or "P2" by RAM at the point of investment, or its equivalent ratings by another registered rating agency.

**HLDAIZ** shall be subject to the following limits/restrictions:

- (a) The value of the Fund's investments in short-term Islamic money market instruments and placement in short-term Islamic deposits which have a remaining maturity period of not more than 365 days must not be less than 90% of the Fund's NAV;
- (b) The value of the Fund's investment in high quality sukuk which have a remaining maturity period of more than 365 days but fewer than 732 days must not exceed 10% of the Fund's NAV;
- (c) The value of Fund's investments in Islamic money market instruments issued by any single issuer must not exceed 20% of the Fund's NAV;
- (d) The value of the Fund's placement in Islamic deposits with any single financial institution must not exceed 20% of the Fund's NAV;  
Note: The above limit does not apply to placements of Islamic deposits arising from:
  - (i) subscription monies received prior to the commencement of investment by the Fund;
  - (ii) liquidation of investments prior to the termination of the Fund, where the placement of Islamic deposits with various financial institutions would not be in the best interests of Unit holders; or
  - (iii) monies held for the settlement of redemption or other payment obligations, where the placement of Islamic deposits with various financial institutions would not be in the best interest of Unit holders.
- (e) The value of the Fund's investments in Islamic money market instruments issued by any group of companies must not exceed 30% of the Fund's NAV;

- (f) The value of the Fund's investment in unit or shares of any Islamic collective investment scheme must not exceed 20% of the Fund's NAV, provided that the Islamic collective investment scheme complies with paragraphs 6.11(a) and (b) of the Guidelines and paragraph 6.11(c) of the Guidelines, excluding an Islamic collective investment scheme that invests in real estate;
- (g) The Fund's investment in Islamic money market instruments must not exceed 20% of the instruments issued by any single issuer;
- (h) The Fund's investments in Islamic collective investment schemes must not exceed 25% of the units or shares in any Islamic collective investment scheme; and
- (i) For the Fund's investments in Islamic deposits and Islamic money market instruments, the Fund will only invest with a financial institution that has a rating of "A3" or "P2" by RAM at the point of investment or its equivalent ratings by another registered rating agency.

**The above limits and restrictions must be complied with at all times based on the most up-to-date value of the Funds' assets. However, under the Guidelines, where the limit or restriction is breached as a result of appreciation or depreciation in value of the Funds' investments; redemption of Units or payment made from the Funds; a change in capital of a corporation in which the Funds have invested in; or downgrade in or cessation of a credit rating, the Manager must rectify the breach as soon as practicable within three (3) months from the date of breach.**

**Such limits and restrictions, however, do not apply to securities that are issued or guaranteed by the Malaysian government or BNM.**

### **3.20. 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 before 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; or
- (b) the Manager for its proprietary trading and its funds or portfolios; are prohibited.

### **3.21. BORROWINGS & SECURITIES LENDING**

The Funds are prohibited from borrowing other assets (including those within the meaning of the Securities Borrowing and Lending Guidelines) in connection with its activities.

Notwithstanding the above, the Funds may borrow cash/obtain cash financing for the purpose of meeting redemption requests for Units and for short-term bridging requirements. In this regard, the Manager should ensure that:-

- (i) the Funds' cash borrowing/financing is only on a temporary basis and that borrowings are not persistent;
- (ii) the borrowing/financing period should not exceed one month;
- (iii) the aggregate borrowings/financing of the Funds should not exceed 10% of the Funds' NAV at the time the borrowing is incurred;
- (iv) the Funds may only borrow/obtain financing from financial institutions; and
- (v) the Islamic unit trust fund will seek Islamic financing to facilitate the aforesaid.

Except as otherwise provided under the Guidelines, none of the cash or investments of the Funds may be lent. Furthermore, the Funds may not assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person.

### **3.22. DERIVATIVES/ISLAMIC DERIVATIVES**

The Fund may employ financial OTC derivatives/Islamic financial OTC derivatives instruments such as forward contracts/Islamic forward contracts, profit-rate swaps or cross currency swaps/Islamic cross currency swaps amongst others, to manage, minimize or mitigate inherent foreign currency-denominated risks or interest rates risks associated with the Fund's investments. The use of derivatives/Islamic derivatives is for currency hedging purposes only. For the purposes of the Fund's use of derivative/Islamic derivatives for hedging, the global exposure relating to derivative/Islamic derivatives will be calculated using a commitment approach.

#### **Commitment approach**

The global exposure of the Fund to derivatives is calculated as the sum of the:

- absolute value of the exposure of each individual derivative not involved in netting or hedging arrangements;
- absolute value of the net exposure of each individual derivative after netting or hedging arrangement; and
- the values of cash collateral received pursuant to the reduction of exposure to counterparties of OTC derivatives.

Netting arrangements may be taken into account to reduce the Fund's exposure to derivatives. The Fund may net positions between bilateral or multilateral derivatives contracts that gives rise to an equivalent underlying obligation e.g. settlement date, currency pairs, etc. to minimize credit, settlement and liquidity risk.

As part of its derivatives hedging arrangements, it must:

- (a) not be aimed at generating excess returns on a standalone basis;
- (b) result in an overall verifiable reduction of the risk in the Fund;
- (c) offset the general and specific risks linked to the underlying constituent being hedged;
- (d) relate to the asset class being hedged;
- (e) be able to meet its hedging objectives in all market conditions; and
- (f) the global exposure of the derivatives position must not exceed the net asset value of the Fund at all times.

The exposure to a counterparty of an OTC derivatives/Islamic derivatives must be measured based on the maximum potential loss that may be incurred by the Fund if the counterparty defaults and not on the basis of the notional value of the OTC Islamic derivatives and the total exposure to a single counterparty is calculated by summing the exposure arising from all OTC Islamic derivatives transactions entered into with the same counterparty.

The Fund will only invest in derivatives that are 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. The Manager will unwind the affected invested derivative instruments or hold the derivatives instrument to maturity if its period to maturity is less than six (6) months if the counterparty is downgraded below the abovementioned credit ratings.

### **3.23. ADDITIONAL INFORMATION IN RELATION TO ISLAMIC UNIT TRUST FUNDS (HONG LEONG DANA MAKMUR, HONG LEONG DANA MAA'ROF, HONG LEONG ISLAMIC INCOME MANAGEMENT FUND AND HONG LEONG DANA AL-IZDIHAR)**

#### **3.23.1. Shariah Investment Guidelines**

The following guidelines are adopted by the Shariah Adviser in determining the Shariah status of the investments of the Funds:

- The Funds must at all times and all stages of its operation comply with Shariah requirements as resolved by the SACSC or in cases where no specific rulings are made by the SACSC, the decisions of the Shariah Adviser or the approved Shariah Supervisory Boards of relevant Islamic indices.
- The Funds must be established and operated by the Manager, and finally redeemed by the investors on the basis of contracts which are acceptable in Shariah. The banking facilities and short-term money market instruments used for the Funds have to be Shariah-compliant. Similarly, all other investment instruments including securities must be Shariah-compliant.
- For Shariah-compliant securities listed on the Bursa Malaysia, the Funds' investments must be strictly confined to those Shariah-compliant securities on the List of Shariah-Compliant Securities by the SACSC.
- For Islamic money market instruments, Islamic deposits and Investment Account, they shall be based on the data readily available on BNM and the financial institutions' websites respectively.
- The SACSC has adopted a standard methodology to determine the Shariah compliance for the securities of companies listed on Bursa Malaysia. This methodology takes into consideration both the quantitative and qualitative aspects of the listed companies.



## **(a) Quantitative analysis:**

The quantitative part is a two-tier benchmark applied to the business activities of the companies and to the financial ratios of the companies. The business activity benchmarks consist of a 5% benchmark and a 20% benchmark.

### **(i) Business activity benchmarks**

For the business activity benchmarks, the revenue or income contribution of Shariah non-compliant business activities to the group revenue or group profit before taxation of the listed companies will be computed and compared against the relevant business activity benchmarks, and must be less than the 5% or the 20% benchmarks.

The 5% benchmark would be applicable to the following business activities:

- Conventional banking and lending;
- Conventional insurance;
- Gambling;
- Liquor and liquor-related activities;
- Pork and pork-related activities;
- Non-halal food and beverages;
- Shariah non-compliant entertainment;
- Interest income<sup>1</sup> from conventional accounts and instruments (including interest income awarded arising from a court judgement or arbitration);
- Dividends<sup>1</sup> from Shariah non-compliant investments;
- Tobacco and tobacco-related activities; and
- Other activities deemed non-compliant according to Shariah principles as determined by the SACSC.

*<sup>1</sup>Interest income and dividends from Shariah non-compliant investments will be compared against the group revenue. However, if the main activity of the company is holding of investment, the dividends from Shariah non-compliant investments will be compared against the group revenue and group profit before taxation.*

The 20% benchmark would be applicable to the following activities:

- Share trading in Shariah non-compliant securities;
- Stockbroking business other than Islamic stockbroking company;
- Rental received from Shariah non-compliant activities; and
- Other activities deemed non-compliant according to Shariah principles as determined by the SACSC.

### **(ii) Financial ratio benchmarks**

In addition, the financial ratios for cash in conventional accounts and instruments as well as interest-bearing debts over the total assets of the listed companies are also considered in the analysis carried out by the SACSC to determine their Shariah compliance status.

The financial ratios applied are as follows:

- Ratio of cash over total assets  
Cash will only include cash placed in conventional accounts and instruments, whereas cash placed in Islamic accounts and instruments will be excluded from

- the calculation.
- Ratio of debt over total assets  
Debt will only include interest-bearing debt whereas Islamic financing or sukuk will be excluded from the calculation.

Both benchmark ratios, which are intended to measure *riba* and *riba*-based elements within a company's balance sheet, must be less than 33%.

**(b) Qualitative analysis:**

As for qualitative aspect of the Shariah compliance analysis, an additional criterion will be considered namely the public perception or image of the listed company which must be acceptable from the Shariah perspective.

- The SACSC had considered the following criteria for a Special Purpose Acquisition Company to be classified as Shariah-compliant:
  - The proposed business activity should be Shariah-compliant;
  - The entire proceeds raised from the initial public offering should be placed in Islamic accounts; and
  - In the event that the proceeds are invested, the entire investment should be Shariah-compliant.
- Shariah-compliant securities include ordinary shares and warrants (issued by the companies themselves). This means that warrants are classified as Shariah-compliant securities provided the underlying shares are also Shariah-compliant. On the other hand, loan stocks and bonds are Shariah non-compliant securities unless they are structured based on SACSC's approved Shariah rulings, concepts and principles.
- For investment in foreign equities, the Funds are only allowed to invest in Shariah-compliant equities which are on the approved list of Dow Jones Islamic Market Index (DJIM) or other approved lists by the Shariah Adviser. In the event of reclassification of foreign Shariah-compliant equities to be Shariah non-compliant, the Funds are to abide by the rules as laid down by the SACSC and by this Shariah Investment Guidelines. In the event that the Funds wishes to invest in foreign equities not covered by DJIM or other approved lists by the Shariah Adviser, the Manager must submit to the Shariah Adviser the latest information pertaining to the issuer's business activities, its complete financial statements and other related information to enable the Shariah Adviser to carry out Shariah screening. The Shariah Adviser applies the screening methodology of the SACSC in this Shariah screening.
- For investments in unlisted Shariah-compliant equities, the Shariah Adviser also applies the screening methodology of the SACSC in its Shariah screening. As such, the Manager must submit to the Shariah Adviser the latest information pertaining to the issuer's business activities, its complete financial statements and other related information to enable the Shariah Adviser to carry out the Shariah screening.
- For investments in Islamic collective investment schemes, the Manager must submit to the Shariah Adviser all pertinent information including the

prospectuses, its structures, investment avenues, Shariah investment guidelines, Shariah contracts and Shariah pronouncements by the relevant Shariah advisers advising the Islamic collective investment schemes, for the Shariah Adviser to confirm the Shariah status of the said Islamic collective investment schemes.

- As for investment in any foreign investment instrument, the Funds must submit to the Shariah Adviser all pertinent information including the memoranda and prospectuses, its structures, utilisation of the proceeds, Shariah contracts and Shariah pronouncements by the relevant Shariah advisers advising the instrument, for the Shariah Adviser to confirm the Shariah status of the instrument.
- The Funds may only use derivatives for hedging purposes. Such derivatives must be Islamic derivatives. However, if Islamic derivatives are not available or are not commercially viable, the Funds may use conventional derivatives subject to prior approval from the Shariah Adviser being obtained.
- The decision of the Shariah Adviser shall be final.
- To facilitate the purchase and sale of foreign equities and investment instruments, there may be a need to have cash placement in a conventional bank account outside Malaysia. In such circumstances, the conventional account should be non-interest bearing and the sole purpose is only to facilitate purchase and sale of foreign equities and investment instrument. In the event that such a non-interest bearing account is unavailable, all interests earned shall be cleansed and that shall be undertaken annually if not earlier.

### **3.23.2. Cleansing Process for the Funds**

#### **(a) Wrong Investment**

##### **(i) Investment in Shariah non-compliant equity securities**

This refers to Shariah non-compliant investment made by the Manager. The said investment shall be disposed of or withdrawn with immediate effect, if possible, or otherwise within one (1) calendar month of knowing the status of the investment. In the event that the investment resulted in any gain in the form of capital gain or dividend before or after the disposal of the investment, it has to be channeled to *baitulmal* and/or charitable bodies advised by the Shariah Adviser. The Shariah Adviser advises that this cleansing process (namely, channeling of income from wrongful investment to *baitulmal* and/or charitable bodies advised by the Shariah Adviser) shall be carried out within two (2) calendar months from the said disposal or withdrawal date. If the disposal of the investment resulted in losses to the Funds, the losses are to be borne by the Manager.

##### **(ii) Investment in other Shariah non-compliant instruments (namely, fixed income instruments or money market instruments or deposits or conventional investment account or collective investment schemes)**

The said investment shall be disposed of or withdrawn with immediate effect, if possible, or otherwise within one (1) calendar month of knowing the status of

the investment. In the event that the investment resulted in Shariah non-compliant income, it has to be channeled to *baitulmal* and/or charitable bodies advised by the Shariah Adviser. The Shariah Adviser advises that this cleansing process (namely, channeling of income from wrongful investment to *baitulmal* and/or charitable bodies advised by the Shariah Adviser) shall be carried out within two (2) calendar months from the said disposal or withdrawal date. If the disposal of the investment resulted in losses to the Funds, the losses are to be borne by the Manager.

**(b) Reclassification of Shariah Status of the Funds' Investment**

**(i) Equity securities**

Reclassification of Shariah status refers to securities which were earlier classified as Shariah-compliant securities but due to failure to meet the set benchmark criteria, are subsequently reclassified as Shariah non-compliant by the SACSC, the Shariah Adviser or the Shariah Supervisory Boards of relevant Islamic Indices. If on the reclassification effective date, the value of the securities held exceeds or is equal to the investment cost, the Funds which hold such Shariah non-compliant securities must liquidate them. To determine the time frame to liquidate such securities, the Shariah Adviser advises that such securities should be disposed of within one (1) calendar month of reclassification.

Any dividends received up to the reclassification effective date and capital gains arising from the disposal of the said reclassified Shariah non-compliant securities made with respect to the closing price on the reclassification effective date can be kept by the Funds. However, any dividends received and excess capital gains derived from the disposal after the reclassification effective date at a market price that is higher than the closing price on the reclassification effective date shall be channeled to *baitulmal* and/or charitable bodies advised by the Shariah Adviser. The Shariah Adviser advises that this cleansing process should be carried out within two (2) calendar months from the above disposal date.

The Funds are allowed to hold the Shariah non-compliant securities if the market price of the said securities is below the investment cost. It is also permissible for the Funds to keep the dividends received during the holding period until such time when the total amount of the dividends received and the market value of the Shariah non-compliant securities held equal the investment cost. At this stage, the Funds are advised to dispose of their holdings. In addition, during the holding period, the Funds are allowed to subscribe to:

- any issue of new securities by a company whose Shariah non-compliant securities are held by the Funds such as rights issues, bonus issues, special issues and warrants [excluding securities whose nature is Shariah non-compliant such as irredeemable convertible unsecured loan stock (ICULS)]; and
- securities of other companies offered by the company whose Shariah non-compliant securities are held by the Funds,

on conditions that the Funds expedite the disposal of the Shariah non-compliant securities. For securities of other companies [as stated in the second bullet

above], they must be Shariah-compliant securities.

**(ii) Fixed income instruments or money market instruments or deposits or Investment Account or collective investment schemes**

This refers to the instruments which were earlier classified as Islamic fixed income instruments or Islamic money market instruments or Islamic deposits or Investment Account or Islamic collective investment schemes but due to certain factors such as changes in the issuers' business direction and policy or failure to carry out proper Shariah contracts' transactions, which render the instruments Shariah non-compliant by the relevant authority or the Shariah Adviser. If this occurs, the Manager will take the necessary steps to dispose of or withdraw such fixed income instruments or money market instruments or deposits or conventional investment account or collective investment schemes.

If on the reclassification effective date, the value of the Shariah non-compliant instruments held exceeds or is equal to the investment cost, the Funds which hold such Shariah non-compliant instruments must liquidate them. To determine the time frame to liquidate such instruments, the Shariah Adviser advises that such reclassified Shariah non-compliant instruments should be disposed of or withdrawn within one (1) calendar month of reclassification.

Any income received up to the reclassification effective date and capital gains arising from the disposal of the said reclassified Shariah non-compliant instruments made on the reclassification effective date can be kept by the Funds.

However, any income received and excess capital gain derived from the disposal after the reclassification effective date at a price that is higher than the price on the reclassification effective date shall be channeled to *baitulmal* and/or charitable bodies advised by the Shariah Adviser. The Shariah Adviser advises that this cleansing process should be carried out within two (2) calendar months from the above disposal date.

**The Shariah Adviser confirms that the investment portfolios of the Islamic unit trust Funds including but not limited to Hong Leong Dana Makmur, Hong Leong Dana Maa'rof, Hong Leong Dana Al-Izdihar and Hong Leong Islamic Income Management Fund comprise instruments which have been classified as Shariah-compliant by either the SACSC, the Shariah Advisory Council of BNM or the approved Shariah Supervisory Boards of relevant Islamic Indices. As for instruments which have not been classified as Shariah-compliant by the SACSC, the Shariah Advisory Council of BNM or the approved Shariah Supervisory Boards of relevant Islamic Indices, the Shariah status of the instruments has been reviewed and determined by the Shariah Adviser.**

**3.23.3. Zakat for the Funds**

The Funds do not pay zakat on behalf of both Muslim individuals and Islamic legal entities who are investors of the Funds. Thus, Unit holders are advised to pay zakat on their own.

### 3.24. RISKS FACTORS

#### 3.24.1. General Risks

Prospective investors should consider the following general risks of investing in the Funds in addition to the other information set out in this Master Prospectus:

- **Market risk**

Market risk refers to the potential losses that may arise from adverse changes in the market prices of the investments of the Fund. Prices of securities that a Fund has invested in may fluctuate 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 per Unit.

- **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 securities/Shariah-compliant security can be sold at or near its fair value depending on the trading volume of that security in the market. If the Funds holds a large portfolio of securities/Shariah-compliant securities that are less liquid, the securities/Shariah-compliant securities may have to be sold at unfavourable prices and/or withdraw deposit/Islamic deposits placed with financial institutions prior to maturity which would expose the Funds to a higher degree of market liquidity risk. As such any premature withdrawal of deposit/Islamic deposits where interest/profit income may be forfeited or forced sale of the Funds' investment to meet any shortfall will have adverse impact on the Funds' NAV per Unit and subsequently the value of Unit holders' investments in the Funds.

Funding Liquidity Risk is defined as the risk that the Funds will not be able to meet efficiently both the expected and unexpected current and future cash outflow. The risk primarily involves the Funds' 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 Funds 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 Funds' viability to meet expected and unexpected redemptions under adverse scenarios. Additionally, the Manager will employ liquidity risk scoring. The liquidity risk scoring is part of the calculation of the risk profile of the fund. It measures the liquidity profile of the investments and is able to trigger the Manager on the investments that have a worsened liquidity positions.

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 Funds. Exceptional circumstances can be considered where the market value or fair value of a material portion of the fund's assets cannot be determined.

- Fund management risk** *(not applicable for HLAPEF)*

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 unfavourable prices to resolve the non-compliance. The Manager has imposed stringent internal compliance controls to mitigate this risk.
- Warrant risk** *(not applicable for HLBoF, HLIIMF, HLMMF and HLDAIZ)*

Warrants have a limited life, as denoted by the expiry date of each issue. After this date, warrants can no longer be traded or exercised. Hence, the warrants are worthless after their expiry date. It must also be noted that warrants experience time decay (erosion of their time value) throughout their life, and that the rate of this decay accelerates as warrants near expiry.
- Loan financing risk**

The risk occurs when investors take a loan/financing to finance their investment. The inherent risk of investing with borrowed/financed money includes investors being unable to service the loan/financing repayments/payments. In the event Units are used as collateral, an investor may be required to top-up the investors 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.

Islamic unit trust funds' investors are advised to seek for Islamic financing to finance their acquisition.

*Please see unit trust loan financing risk disclosure statement in the account opening form (individual) section.*

- Inflation/Purchasing power risk**

This refers to the likelihood that 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.
- Suspension of repurchase request risk**

Having considered the best interest of Unit holders, the repurchase requests by the Unit holders may be subject to suspension due to exceptional circumstances, where the market value or fair value of a material portion of the fund's assets cannot be determined. In such case, Unit holders will not be able to redeem their Units and

will be compelled to remain invested in the Fund for a longer period of time than original timeline. Hence, their investments will continue to be subject to the risk inherent to the Fund.

### 3.24.2. Specific Risks

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

- **Particular security risk**

Applicable for HLGf, HLvF, HLCPSF, HLDm, HLDF, HlAPDF, HlHKEOf, HlSEA-5, HlAPEF, HlSTF, HlBF, HlDM2, HlBoF, HlIBF, HlRIF and HlIME

The performance of each individual security that the Fund invests in will affect the price of Units. The performance of each security 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 that 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 adherence to a strict investment decision-making process which is applied in the security selection process and involves conducting primary and secondary research on factors relevant to each individual security issuer. For each security, emphasis will be on the company's industry and business outlook, management track record, financial health, earnings quality, growth potential and other financial valuations.

- **Credit/default risk**

Applicable for HLGf, HLvF, HLCPSF, HLDm, HLDF, HlAPDF, HlHKEOf, HlSTF, HlBF, HlDM2, HlBoF, HlIBF, HlRIF and HlIME

Credit risk relates to the creditworthiness of the issuer of the fixed income securities/sukuk and the issuer's ability to make timely payments of interest/profits and/or principal. If the issuer fails to meet its fixed income securities/sukuk repayment/payment obligation in a timely manner, it will lead to a loss in principal and/or interest/profits and result in a default on the payment of principal and/or interest/profits accrued and cause a decline in the value of the defaulted fixed income security/sukuk and subsequently affect the Fund's NAV per unit. The Fund's credit/default risk can be mitigated through a rigorous and disciplined credit research and analysis to ascertain the creditworthiness of the issuer of fixed income securities/sukuk prior to the investments. In addition, the Manager may also mitigate this risk by diversifying its investments in fixed income securities/sukuk across many issuers. The Manager reserves the right to deal with rating downgrade of an investment in the best interest of the Unit holders including to dispose the invested fixed income securities/sukuk within a reasonable time frame if the downgrade is below the stipulated minimum rating.

Additional information applicable for HlRIF and HlMMF

The Fund's investments in fixed income instruments such as money market instruments, deposits and negotiable instruments of deposit of financial institutions are subject to the risk of the financial institutions/counterparties being unable to make timely payments of interest/profit and/or principal payment on the maturity



date. This may then lead to a default in the payment of interest/profit and/or principal amount and ultimately, affect the NAV per Unit of the Fund.

To mitigate this risk, the Manager will ascertain the creditworthiness of the financial institutions/counterparties of the money market instruments, deposits and negotiable instruments of deposit through a rigorous and disciplined credit research and analysis before prior to its investments.

- **Interest rate risk**

Applicable for HLGf, HLvF, HLCPSF, HLDm, HLDF, HlAPDF, HLHKEOF, HLSTF, HLBF, HLDm2, HLBoF, HLlBF, HLIIMF and HLRIF

This risk refers to the effect of interest rate changes on the market value of the Fund's investments in fixed income securities/sukuk/debt securities. In the event of rising interest rates, prices/valuation of fixed income securities/sukuk/debt securities tend to move inversely. Meanwhile, fixed income securities/sukuk/debt securities with longer maturities and lower coupon/profit rates are more sensitive to interest rate changes. This risk can be mitigated via the management of the duration structure of the fixed income securities/sukuk/debt securities portfolio by diversifying the investments in fixed income securities/sukuk/debt 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/sukuk/debt securities.

Applicable for HLMME, HLAPEF and HLDAIZ

This risk refers to the effect of interest rate changes on the prices of the Fund's investments in money market instruments/Islamic money market instruments such as NID/INID/Investment Account. Generally, interest rate movements are inversely correlated with prices of NID/INID, i.e. when interest rates rise, prices of NID/INID will fall and vice versa. The fluctuations in the prices of the NID/INID may, in turn, have an impact on the Fund's NAV per Unit. This risk can be mitigated by holding the NID/INID until their maturity due to lock in of price and yield.

The above interest rate is a general indicator that will have an impact on the management of the Fund regardless whether it is an Islamic unit trust fund or otherwise. It does not in any way suggest that the Islamic unit trust fund will invest in conventional financial instruments. All the investments carried out for the Islamic unit trust fund are in accordance with Shariah requirements.

- **Single issuer risk**

Applicable for HLGf, HLvF, HLCPSF, HLDm, HLDF, HlAPDF, HLHKEOF, HLSEA-5, HLAPEF, HLSTF, HLBF, HLDm2, HLBoF, HLlBF, HLIIMF and HLRIF

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**

Applicable for HLGf, HLApdf, HLHKEOF, HLSEA-5, HLAPEF, HLSTF, HLRIF and HLBoF

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 Base 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 mitigate 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**

Applicable for HLGf, HLSEA-5, HLSTF, HLRIF and HLBoF

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 that require such licenses/permits. The Manager will seek to invest in other accessible markets if the Manager is unable to obtain the necessary licenses/permits in those countries, or that such licenses/permits are revoked or not renewed.

Applicable for HLApdf and HLAPEF

This risk is associated with the Fund's investments into the Asia-Pacific markets. Any changes in the economic, social and/or political conditions of the countries in the Asia-Pacific region which the investments are made will have an impact on the Fund's investments, which will consequently affect the Fund's NAV per Unit. However, this risk may be mitigated by conducting thorough research on the respective markets, their economies, companies, political and social conditions before its investments.

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

Applicable for HLHKEOF

This risk is associated with the Fund's investments into Hong Kong market. As such, any changes in the economic, social and/or political conditions of Hong Kong market will have an impact on the Fund's investments, which will consequently affect the Fund's NAV per Unit. However, this risk may be mitigated by conducting thorough research on the companies, political and social conditions in Hong Kong before its investments.

- **Fund management risk**

Applicable for HLAPEF

The performance of the Fund is dependent on the experience, knowledge, expertise and investment strategies adopted by the personnel of the External Fund 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, stringent selection of external manager of the Fund is crucial towards mitigating this risk.

- **Single sector concentration risk**

Applicable for HLCPSF

As the Fund's investments are concentrated within the consumer product sector, the Fund's performance and NAV per Unit is therefore more susceptible to adverse changes affecting the said sector. Such adverse changes may include but are not limited to changes in the demographic trends, interest rate, expected inflation rates, consumer confidence, consumer tastes, government regulations and prices of raw materials.

- **Shariah status Reclassification risk**

Applicable for HLDM and HLDM2

1. Shariah-compliant equity securities

This risk refers to the risk that the currently held Shariah-compliant equity securities in the portfolio of the Funds may be reclassified as Shariah non-compliant in the periodic review of the securities by the SACSC, the Shariah Adviser or the Shariah Supervisory Boards of relevant Islamic Indices. If this occurs, the Manager will take the necessary steps to dispose of such securities.

Opportunity loss could occur due to the restriction on the Funds to retain the excess capital gains derived from the disposal of the reclassified Shariah non-compliant securities. In such event, the Funds are required:

- (i) to dispose of such securities with immediate effect or within one (1) calendar month if the value of the securities exceeds or is equal to the investment cost on the effective date of reclassification of the list of Shariah-compliant securities ("Reclassification") by the SACSC or date of review ("Review") by the Shariah Adviser or the Shariah Supervisory Boards of relevant Islamic indices. The Funds are allowed to keep dividends received and capital gains from the disposal of the securities up to the effective date of Reclassification or Review. However, any dividends received and excess capital gains from the disposal of the Shariah non-compliant securities after the effective date of Reclassification or Review should be channeled to *baitulmal* and/or charitable bodies advised by the Shariah Adviser;

- (ii) to hold such securities if the value of the said securities is below the investment cost on the effective date of Reclassification or Review until the total subsequent dividends received (if any) and the market price of the securities is equal to the cost of investment at which time disposal has to take place within one (1) calendar month, excess capital gains (if any) from the disposal of the securities should be channeled to *baitulmal* and/or charitable bodies advised by the Shariah Adviser; or
  - (iii) to dispose of such securities at a price lower than the investment cost which will result in a decrease in the Funds' value.
2. Islamic fixed income instruments or Islamic money market instruments or Islamic deposits or Islamic collective investment schemes

This risk refers to the risk of a possibility that the currently held Islamic fixed income instruments or Islamic money market instruments or Islamic deposits or Islamic collective investment schemes invested by the Funds may be declared as Shariah non-compliant by relevant authority or the Shariah Adviser. If this occurs, the Manager will take the necessary steps to dispose of or withdraw such fixed income instruments or money market instruments or deposits or collective investment schemes.

Note: Please refer to cleansing process for the Funds for details.

Applicable for HLIIME and HLDAIZ

This risk refers to the risk of a possibility that the currently held Islamic fixed income instruments or Islamic money market instruments or Islamic deposits or Investment Account or Islamic collective investment schemes invested by the Funds may be declared as Shariah non-compliant by relevant authority or the Shariah Adviser. If this occurs, the Manager will take the necessary steps to dispose of or withdraw such fixed income instruments or money market instruments or deposits or conventional investment account or collective investment schemes.

Please refer to cleansing process for the Funds for details.

(Please refer to Additional Information in Relation to Islamic Funds (Hong Leong Dana Makmur, Hong Leong Dana Maa'rof, Hong Leong Islamic Income Management Fund and Hong Leong Dana Al-Izdihar) in Section 3.23. of this Master Prospectus for further details).

- **Dividend policy risk**

Applicable for HLDF, H LAPDF and HLSTF

This risk is particular to the Fund as it will invest in dividend yielding stocks. As such, the Fund's NAV per Unit may be affected when there is a significant deterioration in an invested company's business or fundamentals, or if there is a change in management policy resulting in a reduction or removal of its dividend policy. This risk can be mitigated by investing mainly in companies with consistent historical records of paying dividends, operating in fairly stable industries and with strong cash flows.

- **Emerging markets risk**

Applicable for HLAPDF

This risk is associated with the Fund's investments in emerging markets. Emerging markets such as China, Indonesia, Thailand, Korea, India, Philippines and Vietnam are still at a relatively early stage of development and are not well established. Investments in securities of these markets would generally entail a higher risk than investments in securities of developed markets. This is because investments in emerging markets are more susceptible to the risk that the government may discriminately impose or fail to enforce the laws, regulations, policies or contracts governing an investment. The effect of such changes can have an adverse impact on the Fund's NAV per Unit and affect the Unit holder's capital and returns. To mitigate this risk, the Manager will monitor more closely the Fund's investments in such companies.

Applicable for HLHKEOF

The Fund will invest in listed companies in Hong Kong where most of these companies are operating in China. As such, the laws and regulations related to investments in China is still evolving and fine tuning. Laws and regulations applicable to these companies' activities, particularly those involving taxation, foreign investments and trade and transfers to title and property may be relatively new and may be subject to change significantly in a manner far more volatile than laws and regulations in developed market economies. To mitigate this risk, the Manager will monitor more closely the Fund's investments in such companies.

Applicable for HLSTF

This risk is associated when the Fund has investments in Vietnam, which is still at a relatively early stage of development and are not well established. Investments of securities in Vietnam would generally entail a higher risk than investments in securities of developed markets. This is because investments in such an emerging market are more susceptible to the risk that the government may discriminatorily impose or fail to enforce the laws, regulations, policies or contracts governing an investment. The effect of such changes can have an adverse impact on the Fund's NAV per Unit and affect the Unitholder's capital and returns. To mitigate this risk, the Manager will monitor more closely the Fund's investments in such emerging markets.

Applicable for HLSEA-5

This risk is associated with the Fund's investments in emerging markets. Emerging markets such as Malaysia, Indonesia, Thailand and Philippines are still at a relatively early stage of development and are not well established. Investments in securities of these markets would generally entail a higher risk than investments in securities of developed markets. This is because investments in emerging markets are more susceptible to the risk that the government may discriminately impose or fail to enforce the laws, regulations, policies or contracts governing and investment. The effect of such changes can have an adverse impact on the Fund's NAV per Unit and affect the Unit holder's capital and returns. To mitigate this risk, the Manager will monitor more closely the Fund's investments in such companies.

- **Repatriation risk**  
Applicable for HLAPDF, HLSEA-5 and HLSTF  
 Investments in some emerging markets could be adversely affected by delays in, or refusal to grant relevant approvals for the repatriation of funds or by any official intervention affecting the process of settlement of transactions. This could arise due to the imposition of new exchange control policies.
- **Small capitalisation companies risk**  
Applicable for HLVF  
 The Fund may have investments in small capitalisation companies. Small capitalisation companies may offer greater opportunities in capital appreciation than large capitalisation companies. However, these small capitalisation companies are more likely to have limited product lines, financial resources, and may depend on a smaller and inexperienced management team. In addition to that, securities of small capitalisation companies tend to trade less frequently and in smaller volumes. Investments in such companies tend to be more sensitive to market movements and as such, may subject itself to more abrupt and erratic price movements than those in large capitalisation companies.
- **Single market risk**  
Applicable for HLHKEOF  
 Investments in a single market may present greater opportunities and potential for capital growth but may also be subject to higher risks as they may be less diversified than a global or regional portfolio of investments. As such, the Fund is exposed and more sensitive to movements in the single market they are invested in. The Manager seeks to mitigate this risk by conducting fundamental research before its investments where the Manager will conduct thorough analysis of the company's financial statements by assessing its potential earnings growth, cash flow sustainability, debt manageability as well as historical financial performance.
- **Risk associated with investments in pre-listed securities**  
Applicable for HLSTF  
 The Fund may invest up to 10% of its NAV in prelisted securities in Vietnam, which involves a higher degree of business and financial risks. Low trading liquidity, which is often associated with the pre-listed securities, may make it difficult to value the Fund's portfolio and the Fund may need to liquidate its position in such securities at a loss. In addition, companies whose securities are not publicly traded generally are not subject to the same disclosure standards and requirements that apply to listed securities. Information that is available about pre-listed securities may be less complete and less reliable than those with listed securities.
- **Counterparty risk**  
Applicable for HLIBF and HLIIMF  
 The Fund's placements of deposits/Islamic deposits and/or investments in money market instruments/Islamic money market instruments with financial institutions are subject to the risk of the counterparty. Counterparty risk also refers to the possibility that the counterparty being unable to make timely payments of interest/profit and/or principal payment on the maturity date. This may then lead to a default in the payment and/or interest/profit and ultimately, affect the NAV per Unit of the Fund. To mitigate this risk, the Manager will ascertain the creditworthiness of the financial institutions/counterparties of the money market instruments/Islamic money market

instruments, deposits/Islamic deposits and negotiable instruments of deposit/Islamic negotiable instruments through a rigorous and disciplined credit research and analysis prior to its investments.

Applicable for HLMMF and HLDAIZ

Counterparty risk refers to the risk that the counterparty (e.g. financial institution) of the deposits/Islamic deposits, Investment Account and/or money market instruments/Islamic money market instruments with which the Fund has invested in fails to fulfill its obligations such as making timely payments of interest/profit and/or principal on the maturity date. This may then lead to a default in the payment of interest/profit and/or principal and ultimately, affect the NAV per Unit of the Fund. To mitigate this risk, the Manager will evaluate the counterparties of the deposits/Islamic deposits, Investment Account and/or money market instruments/Islamic money market instruments before its investments. The Fund will also only invest with a financial institution that has a rating of "A3" or "P2" by RAM at the point of investment or its equivalent ratings by another registered rating agency. In the event there is a downgrade in the financial institution with which the Fund has invested its deposits/Islamic deposits, Investment Account and/or money market instruments/Islamic money market instruments with, the Manager reserves the right to deal with the said investment in the best interest of the Unit holders including to withdraw the invested deposits/Islamic deposits, Investment Account and/or sell the money market instruments/Islamic money market instruments within a reasonable time frame.

- **Reinvestment risk**

Applicable for HLRIF

This risk is more prevalent during times of declining interest rates when the Fund has received its principal and interest earned from a maturing deposit and/or money market instrument or when an issuer of a debt securities (if any) decides to repay the principal earlier than the intended maturity date. As a result, the Fund has to reinvest the above proceeds in a new deposit, money market instrument and/or debt securities offering a lower return than the previous deposit, money market instruments and/or debt securities.

Applicable for HLMMF and HLDAIZ

This risk is more prevalent during times of declining interest rates/profit when the Fund has received its principal and interest/profit earned from a maturing deposit/Islamic deposit/Investment Account and/or money market instruments/Islamic money market instruments. As a result, the Fund has to reinvest the above proceeds in a new deposits/Islamic deposits, Investment Account and money market instruments/Islamic money market instruments offering a lower return than the previous deposit/Islamic deposit, Investment Account and/or money market instruments/Islamic money market instruments.

- **Derivatives/Structured products risk**

Applicable for HLAPDF, HLBoF, HLIBF and HLRIF

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** (*not applicable to HLRIF*)  
Investments in derivatives or structured products involve leverage risk because derivatives allow the Fund to buy exposure 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 before 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. For HLAPDF, HLHKEOF and HLBoF, 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. 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 if the counterparty is downgraded below the abovementioned credit ratings.
- 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.

**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.**



## 4. FEES, CHARGES AND EXPENSES

### 4.1. Charges Directly Incurred On Sale And Redemption of Units

The following table describes the charges that you will **directly** incur when you buy or redeem Units:

For investment through the Manager, tied-agents, IUTAs and EPF Members Investment Scheme.

	IUTA, tied-agents and the Manager	EPF Members Investment Scheme*			
Name of Fund	Sales charge** (% of NAV per Unit, rounded to 2 decimal places)		Redemption charge/Exit Fee	Switching fee***	Other charges
HLGF	Up to 6%	Up to 3%	No redemption charge is imposed upon redemption of Units.	There is no switching fee imposed on switching of Units.	No transfer fee imposed on the transfer of Units to a transferee.
HLVF					
HLCPSF					
HLDM					
HLDF					
HLAPDF					
HLSEA-5 (Class A)	Not applicable	Not applicable	An Exit Fee of 2% is imposed on the redemption of Units.	There is no fee imposed for switching-in to this Fund. Switching-out is treated as a withdrawal and an Exit Fee of 2% will be imposed.	No transfer fee imposed on the transfer of Units to a transferee.
HLSEA-5 (Class B)	Up to 6%	Up to 3%	No redemption charge is imposed upon redemption of Units.	There is no switching fee imposed on switching of Units.	
HLAPEF	Up to 5%				
HLHKEOF	Up to 6%				
HLSTF	Up to 6%				
HLBF					
HLDM2					
HLBoF-OIP	Up to 4%	Not applicable			

Notes:

\* Please refer to the Manager's website at [www.hlam.com.my](http://www.hlam.com.my) or Unit holder may contact the Manager for the most updated list of Funds approved under the EPF Members Investment Scheme or please visit the EPF's website at [www.kwsp.gov.my](http://www.kwsp.gov.my).

\*\*The fees and charges stated 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).

\*\*\*There is no switching fee imposed on switching of Units. Please take note that investors who wish to switch under the EPF Members Investment Scheme\* are subject to EPF's terms and conditions.

	IUTA, tied-agents and the Manager	EPF Members Investment Scheme*			
Name of Fund	Sales charge** (% of NAV per Unit, rounded to 2 decimal places)		Redemption charge/Exit Fee	Switching fee***	Other charges
HLBoF-SAP	Not applicable	Not applicable	No redemption charge is imposed upon redemption of Units.	There is no switching fee imposed on switching of Units.	No transfer fee imposed on the transfer of Units to a transferee.
HLIBF	Up to 4%				
HLIIMF	Up to 3%				
HLRIF	Up to 3%				
HLMMF HLDAIZ	Not applicable	Not applicable			

The sales charge and redemption charge/Exit Fee stated above is applicable when investments are made through IUTAs, tied agents (i.e. the Manager's authorised agents), EPF Members Investment Scheme and the Manager.

The Manager may at its absolute discretion waive or reduce the sales charge (if any) from time to time. Alternatively, investors may negotiate with their preferred distributor for lower fees and charges, subject to the distributor's decision.

#### 4.1.1. Sales charge^

A sales charge is a front-end fee incurred by a Unit holder when the Unit holder purchases Units of a Fund. The Manager uses the sales charge to pay marketing, advertising and distribution expenses of the Fund(s). Sales charge is rounded to the nearest two (2) decimal places.

##### **Illustration on how sales charge is calculated**

Assuming an investor makes an investment of RM10,000 on 22 August 2022 and that the NAV per Unit for the Fund at the end of the Business Day on 22 August 2022 is RM0.5000. If the sales charge is 6%, then the computation of the sales charge will be as follows:-

$$\begin{aligned}
 \text{Sales charge} &= \text{Sales charge} \times \text{amount invested} \\
 &= 6\% \times \text{RM10,000} \\
 &= \text{RM600}
 \end{aligned}$$

##### **Notes:**

\* Please refer to the Manager's website at [www.hlam.com.my](http://www.hlam.com.my) or Unit holder may contact the Manager for the most updated list of Funds approved under the EPF Members Investment Scheme or please visit the EPF's website at [www.kwsp.gov.my](http://www.kwsp.gov.my).

\*\*The fees and charges stated 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).

\*\*\*There is no switching fee imposed on switching of Units. Please take note that investors who wish to switch under the EPF Members Investment Scheme\* are subject to EPF's terms and conditions.

**Sales charge for each distribution channel:**

Fund	Distribution channel	
	IUTAs <sup>^</sup> , tied-agents and the Manager	EPF Members Investment Scheme
<b>EQUITY FUNDS</b>		
HLGF	Up to 6% of NAV per Unit	Up to 3% of NAV per Unit
HLVF		
HLCPSF		
HLDM		
HLDF		
HLAPDF		
HLHKEOF		
HLSEA-5 (Class A)	Not applicable	Not applicable
HLSEA-5 (Class B)	Up to 6% of NAV per Unit	
HLAPEF	Up to 5% of NAV per Unit	
<b>MIXED ASSETS/BALANCED FUNDS</b>		
HLSTF	Up to 6% of NAV per Unit	Up to 3% of NAV per Unit
HLBF		
HLDM2		
<b>BOND/FIXED INCOME FUNDS</b>		
HLBoF-OIP	Up to 4% of NAV per Unit	Not applicable
HLBoF-SAP	Not applicable	
HLIBF	Up to 4% of NAV per Unit	
HLIIMF		
HLRIF <sup>^</sup>	Up to 3% of NAV per Unit	
<b>MONEY MARKET FUND</b>		
HLMMF	Not applicable	Not applicable
HLDAIZ		

<sup>^</sup> The fees and charges stated 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).

## Summary of Funds distributed by each IUTAs:

IUTA		EQUITY FUNDS								MIXED ASSETS/BALANCED FUNDS			BOND/FIXED INCOME FUNDS				MONEY MARKET FUND	
		HLGF	HLVF	HLCP5F	HLDM	HLDF	HLAPDF	HLHKEOF	HLSEA-5	HLAPEF	HLSTF	HLBF	HLDM2	HLBOF	HLIBF	HLIMF	HLRIF	HLMMF
Hong Leong Bank Berhad		•								•								•
Hong Leong Islamic Bank Berhad					•													
Standard Chartered Bank Malaysia		•	•	•	•	•				•	•	•	•	•	•	•	•	
OCBC Bank (Malaysia) Berhad		•	•	•	•	•				•	•	•	•	•	•	•	•	
OCBC Al-Amin Bank Berhad					•													
CIMB Investment Bank Berhad		•	•	•	•	•				•	•	•	•	•	•	•	•	
United Overseas Bank (Malaysia)		•	•	•	•	•				•	•	•	•	•	•	•	•	
Affin Bank Berhad		•	•	•	•	•				•	•	•	•	•	•	•	•	
Malayan Banking Berhad						•				•								
Areca Capital Sdn Bhd		•	•	•	•	•				•	•	•	•	•	•	•	•	
HSBC Bank Malaysia Berhad		•	•	•	•	•				•	•	•	•	•	•	•	•	

**The Manager may at its absolute discretion to waive or reduce the sales charge (if any) from time to time. Alternatively, investors may negotiate with their preferred distributor for lower fees and charges, subject to the distributor's decision.**

### 4.1.2. Redemption charge/Exit Fee

A redemption charge/Exit Fee may be incurred by a Unit holder when the Unit holder redeems Units in the Fund. A redemption charge/Exit Fee (if any) is levied upon the redemption proceeds and rounded to the nearest two (2) decimal places.

#### ***Illustration on how redemption charge is calculated***

Assuming an investor intends to redeem 20,000 Units of his investment in HLBF and the NAV per Unit for the Fund at the end of the Business Day as at 22 August 2022 is RM0.5000. If the redemption charge is 0%, then the total amount to be paid to the investor will be as follows:

Redemption proceeds	=	Units redeemed x NAV per Unit
	=	20,000 Units x RM.5000
	=	RM10,000
Redemption charge	=	Redemption charge rate x redemption proceeds
	=	0% x RM10,000
Net Redemption proceeds	=	RM10,000 - RM0.00
	=	RM10,000

**Illustration on how Exit Fee is calculated**

Assuming an investor intends to redeem 20,000 Units of his investment in HLSEA-5 (Class A) and the NAV per Unit for the Fund at the end of the Business Day as at 22 August 2022 is RM0.5000. Since there is an Exit Fee of 2% being imposed by the Manager for the Fund, then the computation of the Exit Fee is as follows:

Redemption proceeds	=	Units redeemed x NAV per Unit
	=	20,000 Units x RM0.5000
	=	RM10,000
Exit Fee	=	Exit Fee x redemption proceeds
	=	2% x RM10,000
	=	RM200.00
Net Redemption proceeds	=	RM10,000 – RM200.00
	=	RM9,800.00

**4.2. Fee Indirectly Incurred On Sale And Redemption Of Units**

The following table describes the fees that you will **indirectly** incur when you invest in the Funds:

**For investment through the Manager, tied-agents, IUTAs and EPF Members Investment Scheme.**

Name of Fund	IUTAs, tied-agents and the Manager		EPF Members Investment Scheme		Other fund expenses
	Annual management fee **	Annual trustee fee **	Annual management fee	Annual trustee fee	
	% per annum of the NAV of the Fund/Class calculated on a daily basis		% per annum of the NAV of the Fund/Class calculated on a daily basis		Custodian fee (for funds with foreign investments, if any), brokerage fee (if any), Auditors' fee and other relevant professional
<b>HLGF</b>	1.50%	0.06%	1.50%	0.06%	
<b>HLVF</b>	Up to 2.00% <sup>4</sup>	0.07%	Up to 2.00%	0.07%	
<b>HLCPSF</b>	1.50%	0.08%	1.50%	0.08%	
<b>HLDM</b>		0.07% <sup>1</sup>		0.07% <sup>1</sup>	

**Notes:**

\* Please refer to the Manager's website at [www.hlam.com.my](http://www.hlam.com.my) or Unit holder may contact the Manager for the most updated list of Funds approved under the EPF Members Investment Scheme.

\*\* The fees and charges stated 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).

<sup>1</sup> Annual trustee fee is subject to a minimum of RM18,000 per annum (excluding foreign custodian fee and charges).

<b>HLDF</b>		0.07% <sup>1</sup>	Up to 2.00%	0.07% <sup>1</sup>	fees, foreign account tax compliance act ("FATCA"), common reporting standard ("CRS") and direct administration expenses.
<b>HLAPDF</b>	Up to 2.00%				
<b>HLSEA-5 (Class A)</b>	Up to 1.80%	Up to 0.08% <sup>2</sup>	Not applicable	Not applicable	
<b>HLSEA-5 (Class B)</b>					
<b>HLAPEF</b>		Up to 0.055% <sup>1</sup>			
<b>HLHKEOF</b>	Up to 2.00%	0.08% <sup>1</sup>	Up to 2.00%	0.07% <sup>1</sup>	
<b>HLSTF</b>		0.07% <sup>1</sup>			
<b>HLBF</b>		0.08% <sup>1</sup>			
<b>HLDM2</b>	1.50%	0.07% <sup>1</sup>	1.50%	0.07% <sup>1</sup>	
<b>HLBoF</b>	1.00%	0.08% <sup>1</sup>	Not applicable	Not applicable	
<b>HLIBF</b>	Up to 1.50%	0.07% <sup>1</sup>			
<b>HLIMF</b>		0.08% <sup>1</sup>			
<b>HLRIF</b>	Up to 1.50%	Up to 0.05% <sup>2</sup>			
<b>HLMMF</b>	Up to 0.75%	Up to 0.01% <sup>3</sup>	Up to 0.75%	Up to 0.01% <sup>3</sup>	
<b>HLDAIZ</b>	Up to 0.75%	Up to 0.015% <sup>2</sup>	Up to 0.75%	Up to 0.015% <sup>2</sup>	

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

#### 4.2.1. Annual management fee<sup>4</sup>

The annual management fee is calculated and accrued on a daily basis based on the NAV of the Fund or Class before deduction of management fee and trustee fee. For further information on the management fee, please refer to Section 4.2 – Fees indirectly Incurred On Sale And Redemption Of Units.

##### **Example:**

Assuming the daily NAV of the Fund or a 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:-

$$\frac{\text{RM90,000,000} \times 1.50\%}{365 \text{ days}^*} = \text{RM3,698.63 (daily)}$$

Therefore, total management fee for the Fund or a Class for that particular valuation day  
= RM3,698.63

<sup>\*</sup> Note: In the event of leap year, the annual management fee will be divided by 366 days.

<sup>2</sup> Annual trustee fee is subject to a minimum of RM9,000 per annum (excluding foreign custodian fee and charges).

<sup>3</sup> Annual trustee fee is subject to a minimum of RM10,000 per annum.

<sup>4</sup> The management fee will take effect 90 days from the date of this Master Prospectus.

#### 4.2.2. Annual trustee fee^

The annual trustee fee is calculated and accrued on a daily basis based on the NAV of the Fund. For further information on the trustee fee, please refer to Section 4.2. for more details.

Investors are advised that any foreign market transactions of the Fund(s) will be subjected to additional foreign custodian fees and charges.

##### **Example:**

Assuming the daily NAV of HLBF 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:-

$$\frac{\text{RM}90,000,000 \times 0.08\%}{365 \text{ days}^*} = \text{RM}197.26 \text{ (daily)}$$

Therefore, total trustee fee for that particular valuation day

= RM197.26

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

#### 4.2.3. Switching Fee

There is no switching fee imposed on any switching application within any of the fund(s) managed by the Manager.

#### 4.2.4. Transfer Fee

A transfer fee may be imposed to investors who transfer (either fully or partially) the Units registered in their names to other persons. However, the Manager has waived the transfer fee for the Funds. The Manager reserves the right to waive or vary the transfer fee for a Fund from time to time at its absolute discretion.

#### 4.3. Fund Expenses^

There are other expenses involved in the administration of the Fund. The other fund expenses are custodian fee (for funds with foreign investments) (if any), brokerage fee (if any), the Auditor's fees and other relevant professional fees such as validation and regulatory reporting on common reporting standard ("CRS"), foreign account tax compliance act ("FATCA"), distribution of statements of investment, the Fund's reports, tax vouchers, distribution warrants and other notices to Unit holders as well as expenses that are directly related and necessary to the business of the Fund as set out in the Deed. These Fund expenses may be paid out of the Fund.

#### 4.4. Rebates And Soft Commissions

The Manager, External 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 Funds. Accordingly, any rebate or shared commission will be directed to the account of the Funds.

Notwithstanding the aforesaid, the Manager or the External 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 Funds 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 Funds 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 External Fund Manager shall not enter into unnecessary trades in order to achieve a sufficient volume of transactions to qualify for soft commissions.

#### **4.5. Incorrect Pricing**

Subject to any relevant laws, if there is an error in the valuation and/or pricing of the NAV per Unit of a 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 relevant Fund's NAV per Unit or where applicable, of the relevant 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.

**Note:**

*^ The fees and charges stated 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).*

<p><b>THERE ARE FEES AND CHARGES INVOLVED AND INVESTORS ARE ADVISED TO CONSIDER THE FEES AND CHARGES BEFORE INVESTING IN A FUND.</b></p>
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## 5. TRANSACTION INFORMATION

### 5.1. Bases Of Valuation Of Investments

**Listed equities/Listed Shariah-compliant equities** - Investments in listed equities/listed Shariah-compliant equities are marked to market based on the last done market price or such other basis as may be prescribed by the relevant laws from time to time including approved accounting standards.

However, if:-

- (a) a valuation based on the market price does not represent the fair value of the listed equities/listed Shariah-compliant equities, for example during abnormal market conditions; or
- (b) no market price is available, including in the event of a suspension in the quotation of the listed equities/listed Shariah-compliant equities for a period exceeding 14 days, or such shorter period as agreed by the Trustee,

then the listed equities/listed Shariah-compliant equities would be valued at fair value, as determined in good faith by the Manager based on the methods or bases approved by the Trustee after appropriate technical consultation.

**Unlisted equities/Unlisted Shariah-compliant equities** - Investments in unlisted equities/unlisted Shariah-compliant equities which an active "OTC" market exists will be stated at fair values based upon the average of price quotations received from at least two independent brokers. Investments in unlisted equities/unlisted Shariah-compliant equities which do not trade actively in the "OTC" market or elsewhere during the reporting period will be stated at cost or at the latest trade price. It shall be valued at fair value, as determined in good faith by the Manager on methods or bases which have been verified by the Auditor and approved by the Trustee.

**Listed & unlisted fixed income securities/Listed & unlisted sukuk** - Listed fixed income securities/listed sukuk are valued at the closing market price quoted on Bursa Malaysia or relevant stock exchanges. Investments in unlisted fixed income securities/unlisted sukuk denominated in RM are valued on 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 fixed income securities/sukuk 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 fixed income securities/sukuk are derived from an average of market quotations obtained from the panel of three financial institutions that are governed by the Financial Services Act 2013/Islamic Financial Services Act 2013. Foreign unlisted fixed income securities/unlisted sukuk are valued daily based on fair value by reference to average indicative yield quoted by at least three independent and established institutions.

**Listed collective investment scheme/Listed Islamic collective investment scheme** - Investments in listed collective investment schemes/listed Islamic collective investment schemes are marked to market on the last done price or such other basis as may be prescribed by the relevant laws from time to time including approved accounting standards.

**Unlisted collective investment scheme/Unlisted Islamic collective investment scheme**

The valuation of each Unit or share in any unlisted collective investment schemes/unlisted Islamic collective investment schemes will be based on the last published redemption price per unit or share of such collective investment schemes/Islamic collective investment schemes at the valuation point.

**Foreign exchange rate conversion** - Foreign securities and assets denominated in foreign currencies are translated at the same day's bid foreign exchange rate at 4.00 p.m. (UK time) as quoted by Bloomberg or any other reliable source. If the rates are not available at the said time, the last rate available before 4.00 p.m. (UK time) will be used. It is also subject to change based on such a time prescribed by FIMM or any other relevant authority from time to time.

**Money market instruments/Islamic money market instruments** - The value of any money market instruments/Islamic money market instruments will be performed on daily basis by reference to the value of such investments as provided by the financial institutions that issues the investment. Investments in commercial papers are valued on a daily basis using the fair value prices quoted by a bond pricing agency (BPA) registered with the SC.

**Deposits/Islamic Deposits** - The value of any deposits/Islamic deposits placed with financial institutions shall be determined each day by reference to their nominal values/principles sum and the accrued interest/profit, if any, thereon for the relevant period.

**Investment Account** - The value of Investment Account by financial institutions with maturity of not more than 12 months will be performed on daily basis by reference to the value of such investment as provided by the financial institutions that issues the investment. Investments in Islamic commercial papers are valued on a daily basis using the fair value prices quoted by a BPA registered with the SC.

**Suspended securities/Suspended Shariah-compliant securities** - Suspended securities/Suspended Shariah-compliant securities are valued at their suspended price unless there is conclusive evidence to indicate they have gone below the suspended price. If there is a decline in value, the investments are written down to a recoverable or realisable amount in a manner agreed upon by the Manager and the Trustee. It shall be valued at fair value, as determined in good faith by the Manager on methods or bases which have been verified by the Auditor and approved by the Trustee.

**Futures and options contract** - Performance margins on financial futures and premiums paid on financial options are initially recorded at cost. Subsequently, these margins and premiums are adjusted for changes arising from the daily marking to market value of the futures and options contract values until their disposal or expiry. It shall be valued at fair value, as determined in good faith by the Manager on method or bases which have been verified by the Auditor and approved by the Trustee.

**Structured products/Derivatives** - The valuation of structured products/derivatives is marked to market on a daily basis using valuation prices quoted by the counterparty of the structured products/derivatives. The Manager will verify the reasonableness of the prices of the structured products/derivatives provided by the counterparty via an in-house verification procedure which is in place to ensure reasonable valuation of the structured products/derivatives. It shall be valued at fair value, as determined in good faith by the Manager on the methods or bases which have been verified by the Auditor and approved by the Trustee.

## 5.2. Pricing Policy

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

## 5.3. Unit Pricing

The Selling Price and Redemption Price of the Fund or of each Class is calculated based on the next valuation point after the application to purchase or redeem Units is received by the Manager ("Forward Price") respectively.

## 5.4. Determination Of NAV Per Unit

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

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

Illustration: Computation of the NAV per Unit for Hong Leong SEA-5 Equity Fund

*Figures and examples are meant for illustration purposes only.*

	Fund (RM)	Class A (RM)	Class B (RM)
<b>Gross Net Asset Value before income and expenses</b>	10,500,000	7,500,000	3,000,000
<b>Multi-class ratio ("MCR") (%)</b>	100%	51.20%	48.80%
<b>Add: income</b>	65,000.00	33,267.71	31,732.29
<b>Less: expenses</b>	(15,000)	(7,677.16)	(7,322.84)
<b>Gross NAV before management fee &amp; trustee fee</b>	10,500,000	7,525,590.55	3,024,409.45
<b><u>Less adjustments:</u></b>			
<b>Management fee per annum</b>		135,460.63	54,439.37
<b>Trustee fee (0.035%) per annum</b>		2,633.96	1,058.54
<b>Net Asset Value</b>		7,387,495.96	2,968,911.54
<b>UIC</b>		13,678,000.00	5,497,000.00
<b>Net Asset Value per Unit in the Base Currency</b>		0.5401	0.5401
<b>NAV per Unit</b>		0.5401	0.5401

**Illustration: Computation on NAV per unit**

The following example is based on the assumption that the Fund invests in equities, money market instruments and the balance are in the form of other assets. It is also assumed that the UIC are 200,000,000 Units.

**Figures and examples are meant for illustration purposes only.**

<b>Assets</b>	<b>RM</b>
Equities	90,000,000
Money market instruments	8,000,000
Other assets	<u>5,000,000</u>
	103,000,000
Less: Liabilities	<u>(3,000,000)</u>
NAV	<u>100,000,000</u>
<b>NAV per Unit</b>	= NAV/UIC
	= <u>100,000,000</u>
	<u>200,000,000</u>
	= RM0.5000 (rounded to 4 decimal places)

**5.5. Purchase Of Units**

**(a) Calculation on sales charge and units**

The Selling Price of a Fund (or Class) is calculated based on the NAV per Unit of a Fund (or Class) at the next valuation point after the application for the purchase of Units is received by the Manager on a Business Day ("Forward Price"). The sales charge levied upon the purchase of Units by investors is as follows:

Fund(s)	Sales charge <sup>*</sup>	
	For investments through the Manager, tied-agents and IUTAs <sup>**</sup>	For investments through the EPF Members Investment Scheme <sup>***</sup>
HLAPDF, HLGf, HLVF, HLCPSF, HLDM, HLSTF, HLBF and HLDM2	Up to 6% of NAV per Unit.	Up to 3% of NAV per Unit.
HLHKEOF	Up to 6% of NAV per Unit.	Not applicable.
HLAPEF	Up to 5% of NAV per Unit.	
HLDF	Up to 6% of NAV per Unit.	Up to 3% of NAV per Unit.
HLBoF-OIP	Up to 4% of NAV per Unit.	Not applicable.
HLRIF	Up to 3% of NAV per Unit.	
HLBoF-SAP	Nil.	
HLMMF and HLDAIZ	Not applicable	Not applicable.
HLSEA-5 (Class A)	Nil	Not applicable.
HLSEA-5 (Class B)	Up to 6.00%	
HLIBF and HLIIMF	Up to 4% of NAV per Unit	

**Notes:**

<sup>\*</sup> The fees and charges stated 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).

<sup>\*\*</sup> HLSEA-5 and HLRIF are solely distributed by Hong Leong Bank Berhad.

<sup>\*\*\*</sup> Please refer to the Manager's website at [www.hlam.com.my](http://www.hlam.com.my) or Unit holder may contact the Manager for the most updated list of Funds approved under the EPF Members Investment Scheme.

**Illustration: Calculation on sales charge and units**

Assuming the NAV per Unit at the end of the Business Day of 22 August 2022 is RM0.5000 and the sales charge is 6%, when an investor makes an investment of RM10,000 in HLGf, then the total amount to be paid by an investor is illustrated as follows:

$$\begin{aligned} \text{Sales charge} &= \text{Sales charge rate} \times \text{amount invested} \\ &= 6\% \times \text{RM}10,000 \\ &= \text{RM}600 \end{aligned}$$

In short, the total amount to be paid by the investor is as follows:

$$\begin{aligned} &= \text{Amount invested} + \text{Sales charge} \\ &= \text{RM}10,000 + \text{RM}600 \\ &= \text{RM}10,600 \end{aligned}$$

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

$$\frac{\text{Amount invested}}{\text{NAV per Unit}} = \frac{\text{RM}10,000}{\text{RM}0.5000} = 20,000 \text{ Units}$$

**(b) Minimum initial and additional investment**

The minimum initial and additional investment amount or such other lower amount as the Manager may in its sole discretion allow.

Investment options	Name of Fund	Free term life insurance <sup>1</sup>		Minimum initial investment <sup>2</sup>	Minimum additional investment <sup>2</sup>	Minimum redemption of Units	Restriction on the frequency of redemption of Units
		Yes	No				
Cheque/ bank draft/ money order/ direct bank transfer  Payable to Hong Leong Asset Management Bhd - Client Trust Account and crossed "Account Payee Only".	HLGF	•		RM1,000	RM100	100 Units	There is no restriction on the frequency of redemption of Units.
	HLVF		•	RM100	RM100	100 Units	
	HLCPSE, HLDM, HLDF, HLAPDF, HLSTF, HLBF, HLDM2, and HLBoF-OIP		•	RM1,000	RM100	100 Units	
	HLBoF-SAP		•	RM5,000	RM100	100 Units	
	HLIBF		•	RM100,000	RM50,000	1,000 Units	
	HLHKEOF, HLIIMF, HLSEA-5 (Classes A and B), HLAPEF HLRIF		•	RM1,000	RM100	1,000 Units	
	HLMMF and		•	RM1,000	RM100	1,000 Units	

Investment options	Name of Fund	Free term life insurance <sup>1</sup>		Minimum initial investment <sup>2</sup>	Minimum additional investment <sup>2</sup>	Minimum redemption of Units	Restriction on the frequency of redemption of Units
		Yes	No				
	HLDAIZ						
<b>Regular Savings Plan</b> You can make regular monthly investments from your savings or current account held with Hong Leong Bank Berhad or a financial institution permitted by the Manager.	HLGF	•		RM100	RM100	100 Units	
	HLVF, HLCPSF, HLDM, HLDF, HLAPDF, HLHKEOF, HLSTF, HLBFB, HLDLM2, HLBoF-OIP HLRIF and HLIIMF		•	RM100	RM100	100 Units	
	HLMMF and HLDAIZ		•	RM100	RM100	1,000 Units	
<b>Hong Leong SaversPro<sup>3</sup></b> - Via Hong Leong Bank Berhad account.	HLVF, HLCPSF, HLDM, HLAPDF, HLHKEOF, HLSTF, HLBFB and HLDLM2	•		RM100	RM100	100 Units	
<b>EPF Members Investment Scheme<sup>4</sup> - Hong Leong Invest Pro<sup>4</sup></b> Application to invest is subject to EPF's approval.	HLVF, HLCPSF, HLDM, HLDF, HLSTF, HLBFB, and HLDLM2	•		RM1,000	RM1,000	100 Units	There is no restriction on the frequency of redemption of Units.
	HLMMF and HLDAIZ		•			1,000 Units	

\* Please refer to the Manager's website at [www.hlam.com.my](http://www.hlam.com.my) or Unit holder may contact the Manager for the most updated list of Funds approved under the EPF Members Investment Scheme.

**Please note that the Manager reserves the right to change downward the above stipulated amounts from time to time.**

## **HOW TO MAKE AN INVESTMENT?**

When you make an investment, you must forward the following documents to the Manager's head office, its branches or to any of its sales agents or participating IUTAs before their respective cut-off times:

1. Completed application of account opening form and Investment application form if the investor is a new Unit holder. Investment transactions may be performed via HLAM's online portal HL iSmart Invest.
2. Completed KWSP 9N (AHL) form (for EPF Members Investment Scheme). EPF members may also perform online transactions via EPF i-Invest;
3. Investment amount; 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 or registration memorandum and articles of association or constitution or by-laws, and relevant resolutions (for corporate clients).

### **Notes:**

<sup>1</sup> *Group term life insurance/takaful coverage is subject to the approval by the underwriter. The Manager reserves the right to vary and/or discontinue the group term life insurance/takaful policy for Unit holders. The group term life insurance/takaful policy may also be discontinued if the insurance/takaful provider terminates the group term life/takaful policy with the Manager.*

<sup>2</sup> *This includes the total amount to be paid for the amount invested and sales charge.*

### **For tied agents only**

<sup>3</sup> **Hong Leong SaversPro** is a disciplined method of investing with a fixed sum of money debited automatically from your bank account on a regular basis. Hong Leong SaversPro offers group term life insurance/takaful which covers both death and total permanent disability due to natural or accidental causes and is provided to eligible Unit holders aged between 18 to 60 years with a minimum investment of RM100 monthly. The insurance/takaful coverage will be equal to 100 times of your monthly investment amount, and increases by 10 times every two years until a maximum of 50 times. It is subject to a maximum coverage of RM500,000 per term life coverage or RM1 million for term life plus accidental death or disablement coverage. Please contact the Manager for the latest list of Funds under Hong Leong SaversPro.

<sup>4</sup> **Hong Leong InvestPro** is a disciplined method of investing with a fixed sum of money derived directly from your Account One. Hong Leong InvestPro offers group term life insurance/takaful which covers both death and total permanent disability due to natural or accidental causes and is provided to eligible Unit holders aged between 18 to 65 years. The insurance/takaful coverage is based on the number of Units held in the Fund which does not fluctuate with the market value. The list of Funds under the EPF Members Investment Scheme is subject to the fund evaluation methodology conducted by FiMM and may change on a yearly basis. Unit holders may contact the Manager or the website at [www.hlam.com.my](http://www.hlam.com.my) for the most updated list.



### (c) Minimum account balance

The minimum balance of Units that must be retained in an investor's account is the number of Units as stipulated below or such other lower amount as the Manager may in its sole discretion allow. If the Units of the investment in the Unit holder's account falls below the minimum account balance prescribed below due to redemption, the Manager may in its sole discretion effect a full redemption on the entire account and inform the Unit holder thereafter.

#### Minimum account balance, switching of Units, transfer of Units and cooling-off right:

Name of Fund	Minimum account balance	Switching of Units <sup>1,#</sup>	Transfer of Units <sup>2</sup>	Notice of cooling-off right <sup>#</sup>
HLGF	1,000 Units	1,000 Units	1,000 Units	A cooling-off right is only given to investors who are investing in any of the Funds for the first time. However, the cooling-off right is not applicable to certain investors and investments through EPF Members Investment Scheme. Please refer to Section 5.10. - "Cooling-Off Right" for more details.
HLVF	1,000 Units	1,000 Units	1,000 Units	
HLCPFS	1,000 Units	1,000 Units	1,000 Units	
HLDM*	1,000 Units	1,000 Units	1,000 Units	
HLDF	1,000 Units	1,000 Units	1,000 Units	
HLAPDF	1,000 Units	1,000 Units	1,000 Units	
HLHKEOF	1,000 Units	1,000 Units	1,000 Units	
HLSEA-5 (Class A and B)	1,000 Units	1,000 Units	1,000 Units	The Cooling-Off Period for any Fund is six (6) Business Days, commencing from the date the Manager accepts the sales application.
HLAPEF	1,000 Units	1,000 Units	1,000 Units	
HLSTF	1,000 Units	1,000 Units	1,000 Units	
HLBF	1,000 Units	1,000 Units	1,000 Units	
HLDM2*	1,000 Units	1,000 Units	1,000 Units	
HLBoF	1,000 Units	1,000 Units	1,000 Units	
HLIBF	200,000 Units	200,000 Units	N/A	
HLIIMF*	1,000 Units	1,000 Units	1,000 Units	
HLRIF	1,000 Units	1,000 Units	1,000 Units	
HLMMF and HLDAIZ*	1,000 Units	1,000 Units	1,000 Units	

#### Notes:

\* Fund that is Shariah-compliant.

# For investments through the EPF Members Investment Scheme, the switching of Units is subject to EPF's terms and conditions (Not applicable to HLHKEOF and HLIBF).

<sup>1</sup> Please note that the net switched out proceeds (after deducting switching fees, if any) must also meet the minimum initial investment amount or minimum additional investment amount of the Fund that the Unit holder intends to switch into. Unit holders must also maintain the minimum balance required for a Fund to stay invested in the Fund. Please refer to **Section 5.7 – Fund Switching and Section 5.11 – Minimum Account Balance** for more details.

*Switching from an Islamic unit trust fund to a conventional Fund is discouraged, especially for Muslim Unit holders.*

*Unit holders are not allowed to switch in and out of a new fund during the first three months after the new fund's launch date.*

<sup>2</sup> *There is no transfer fee imposed on the transfer of Units to a transferee. Please refer to **Section 5.8 – Transfer of Units** for more details.*

For more details on the transaction information of the Funds, please refer to **Section 5 – Transaction Information**.

### **EPF Members Investment Scheme:**

In 1996, the Employees Provident Fund (EPF) introduced the EPF Members Investment Scheme (“EPF-MIS”) as an option for its members to withdraw part of their EPF contribution to be invested into alternative investments with the potential to increase their retirement savings. These alternative investments can be made through a panel of appointed fund management institutes under the EPF-MIS.

The eligible amount under the EPF-MIS is applicable to investors who purchase units via the EPF and the eligible amount is subject to changes by EPF from time to time. Members who qualify are given the option to make an investment through the appointed fund management company approved under the EPF-MIS.

Members can choose to invest through the appointed fund management company that offer unit trust funds approved by the EPF. The list of funds approved under the EPF-MIS must adhere to a fund evaluation methodology which is conducted on an annual basis to enable it to be continued to be offered for the following years. In the event a fund is no longer approved under the EPF-MIS (“Affected Fund”), the Unit holders will be given an option to redeem or switch into other funds of the Manager approved under the EPF-MIS, if any.

### **Applicable for new Unit holders with effect from 23 August 2019**

If within 6 months from the date of notification on the status of the Affected Fund:-

- a) the Unit holder is not contactable based on the latest contact details/address on record; or
- b) the Unit holder despite receipt of notification from the Manager, fails to provide the Manager proper instructions on redemption of or switching from the Affected Fund; or
- c) the Manager has no other funds approved under the EPF-MIS,

then, the Manager reserves the right to automatically redeem the units in the Affected Fund on behalf of the Unit holder without any further notice to the Unit holder in which case, the Manager will return the proceeds to the Unit holder's EPF account.

For more information on investment via the EPF-MIS, please visit EPF's website at [www.kwsp.gov.my](http://www.kwsp.gov.my).

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

**FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON SECTION 3.24.**

**PAST PERFORMANCE OF THE FUNDS IS NOT AN INDICATION OF THEIR FUTURE PERFORMANCE.**

**INVESTORS WHO INTEND TO FINANCE ANY INVESTMENT IN AN ISLAMIC UNIT TRUST FUND ARE ADVISED TO SEEK FOR ISLAMIC FINANCING TO FINANCE THEIR INVESTMENT.**

## 5.6. Redemption Of Units

### (a) Calculation and payment of redemption proceeds

The Redemption Price of a Fund (or Class) is calculated based on the NAV per Unit of a Fund (or Class) at the next valuation point after the request for redemption of the Units is received by the Manager on a Business Day ("Forward Price" basis). However, the Manager does not impose a redemption charge on the redemption of Units for most of its Funds. A 2% Exit Fee is levied on redemptions from HLSEA-5 Fund's Class A.

Fund(s)	Redemption charge	
	For investments through the Manager, tied-agents and IUTAs	For investments through the EPF Members Investment Scheme*
HLGF, HLVF, HLCPSF, HLDM, HLDL, HLAPEF, HLHKEOF, HLAPEF, HLSTF, HLBF, HLDL2, HLIBF, HLIMF and HLRIF	No redemption charge is imposed upon redemption of Units.	No redemption charge is imposed upon redemption of Units.
HLSEA-5 (Class A)	An Exit Fee of 2% is imposed upon redemption of Units.	Not applicable.
HLSEA-5 (Class B)	No redemption charge is imposed upon redemption of Units.	
HLBoF, HLMMF and HLDAIZ		

\* For more updated information on the EPF Members Investment Scheme, please visit the EPF's website at [www.kwsp.gov.my](http://www.kwsp.gov.my) or the Manager's website at [www.hlam.com.my](http://www.hlam.com.my).

**Example:**

Assuming an investor intends to redeem 20,000 Units of his investment on 22 August 2022 and that the NAV per Unit for HLGf at the end of the Business Day of 22 August 2022 is RM0.5000. His redemption proceeds will be calculated as follows:-

$$\begin{aligned} \text{Redemption proceeds} &= \text{Units redeemed} \times \text{NAV per Unit} \\ &= 20,000 \text{ Units} \times \text{RM0.5000} \\ &= \text{RM10,000} \end{aligned}$$

Therefore, the amount to be paid to the above investor after deducting the redemption charge will be as follows:

	<b>RM</b>
Redemption proceeds	10,000.00
Less : Redemption charge	<u>Nil</u>
<b>Total amount to be paid to the investor</b>	<b><u>10,000.00</u></b>

The redemption proceeds will be paid to the Unit holder within seven (7) Business Days from the date the redemption request is received by the Manager.

**Illustration on net redemption proceeds on Exit Fee:**

Assuming an investor intends to redeem 20,000 Units of his investment on 22 August 2022 and that the NAV per Unit is RM0.5000, then the redemption proceeds that the investor will receive is as follows:-

$$\begin{aligned} \text{Redemption proceeds} &= \text{Units redeemed} \times \text{NAV per Unit} \\ &= 20,000 \text{ Units} \times \text{RM0.5000} \\ &= \text{RM10,000.00} \\ \\ \text{Less Exit Fee} &= \text{RM10,000} \times 2\% \\ &= \text{RM200.00} \\ &= \text{RM10,000.00} - \text{RM200.00} \\ &= \text{RM9,800.00} \end{aligned}$$

**Total amount to be paid to the investor RM9,800.00**

**(b) Minimum redemption of Units**

The minimum redemption of Units is illustrated in the table below. This minimum requirement applies unless you are redeeming your entire investment holdings in a Fund (or Class).

Fund(s)	Minimum redemption
HLGF, HLVF, HLCPSF, HLDM, HLDF, HLAPDF, HLSTF, HLBF, HLDM2 and HLBoF.	100 Units
HLHKEOF, HLIBF, HLIIMF, HLAPEF, HLRIF, HLSEA-5 (Classes A and B) HLMMF and HLDAIZ.	1,000 Units

Partial or full redemption can be made by completing a “Form of Request for Redemption” and by submitting it through your nearest agent or the Manager’s head office or its branches. The Unit holder shall not be entitled to partially redeem his holdings in a 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 will automatically effect a full redemption of his Units and inform the Unit holder thereafter. There is no restriction on the frequency of redemption of Units, subject to the minimum account balance. For further information, please refer to Section 5.11 – Minimum Account Balance.

In the case of where Units are in the names of more than one Unit holder, the mode of holding will be specified as “Joint Application” and redemption requests will have to be signed by all the jointholders. However, in the case where the mode of holdings is specified as “Either Applicant To Sign”, it is not necessary for all jointholders to make the redemption request and any person who is registered as a jointholder in the Fund will be allowed to make redemption request for that specified Fund. In all cases, the redemption proceeds will be paid only to the first-named jointholder 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.

#### **(c) Payment of net redemption proceeds**

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

For HLMMF and HLDAIZ, the redemption proceeds will generally be paid to the Unit holder on the following Business Day if the redemption request is received by the Manager at its cut-off time of 11.00 a.m. on a Business Day. However, if and when due to circumstances where the redemption request results in the sale of the Fund’s investments which cannot be liquidated at an appropriate price and is as such not in the interest of existing Unit holders, then the time for payment of the net redemption proceeds may be extended to such time as the Manager may consider necessary in the interest of its Unit holders. Under such circumstances, the Manager will pay the redemption monies to the Unit holders no later than seven (7) Business Days from the date the redemption request is received by the Manager.

#### **(d) Variation on redemption and/or switching of Units\***

A special mechanism for redemption and/or switching of Units will be put in place for HLIBF and/or HLIIMF if the redemption and/or switching request on a given day exceeds 30% of HLIBF and/or HLIIMF’s NAV, or redemption and/or switching requests made by Unit holder(s) equals or exceeds **20,000,000 Units** on any given day; whichever is higher. Whenever this occurs, the Manager may be required to sell its assets/investments in HLIBF and/or HLIIMF to meet redemption and/or switching requests.

The rationale behind this special mechanism is to avoid jeopardising HLIBF and/or HLIIMF’s portfolio and the risk of having to dispose assets of HLIBF and/or HLIIMF especially when market conditions are not favourable for HLIBF and/or HLIIMF to liquidate its assets at reasonable prices.

Under the special mechanism for redemption and/or switching, the Manager will base the calculation of redemption and/or switching on several valuation points (instead of the next valuation point upon receipt of the request as stipulated under Clause 11.07(5) of the Guidelines on Unit Trust Funds effective 1 May 2003). In this respect, the Manager has sought and obtained the SC's approval to base the calculation of redemption and/or switching on several valuation points (instead of the next valuation point upon receipt of the request as stipulated under Clause 11.07(5) of the Guidelines on Unit Trust Funds effective 1 May 2003).

The implementation of the special mechanism would allow the Manager to sell off assets of HLIBF and/or HLIIMF on a staggered basis. This would result in the calculation of the redemption and/or switching proceeds to be based on several NAV per Unit. Each Unit holder involved would be paid in accordance with the quantum of their redemption and/or switching requests based on the NAV per Unit calculated on the next valuation points until the sell down is complete.

Unit holders who are subjected to the above mechanism will be issued a letter detailing the calculation of redemption proceeds or the switching schedule.

**\*The above variation on redemption and/or switching of Units is only applicable to HLIBF and/or HLIIMF.**

## **5.7 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. Switching request is subject to a minimum amount of 1,000 Units or such other lower amount as the Manager may in its sole discretion allow (except 200,000 Units for HLIBF).

- 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 were 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 or such other lower amount as the Manager may in its sole discretion allow, 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 were invested in; or
- (b) redeem the entire holding of units in the fund that they intended to switch out.

- Unit holders are not allowed to switch out of a new fund during the first three (3) months after the new fund's launch date.
- For investments through the EPF Members Investment Scheme, investors are to note that switching is subject to EPF's terms and conditions.
- Switching from an Islamic unit trust 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 HLMMF.
- 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.

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

#### Switching illustration

Switch to Switch from	Intended Fund	
Current Fund	Fund with 0% Sales Charge	Fund with Sales Charge
<b>Fund with 0% Sales Charge</b>	<ul style="list-style-type: none"> <li>• Reinvest into the intended fund(s) at net asset value per unit.</li> </ul>	<ul style="list-style-type: none"> <li>• 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).</li> </ul>

<b>Fund with Sales Charge</b>	<ul style="list-style-type: none"> <li>• Reinvest into the intended fund(s) at net asset value per unit.</li> </ul>	<ul style="list-style-type: none"> <li>• 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).</li> <li>• 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.</li> </ul>
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**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**.

**Example:**

Assuming a Unit holder switches 20,000 Units of HLBoF-SAP (which imposes 0% sales charge) at the NAV per Unit of RM0.5000 and wishes to invest in HLGf (which imposes a sales charge of 6%) at the NAV per Unit of RM0.6892.

The computation of the net switching amount of HLBoF-SAP is as follows:

$$\begin{aligned}
 \text{Net switching amount of HLBoF-SAP} &= \text{Switching units X NAV per Unit} \\
 &= 20,000 \times \text{RM0.5000} \\
 &= \text{RM10,000}
 \end{aligned}$$

$$\begin{aligned}
 \text{Difference in sales charge} &= \text{Sales charge of HLGf} - \text{sales charge of HLBoF-SAP} \\
 &= 6\% - 0\% \\
 &= 6\%
 \end{aligned}$$

$$\begin{aligned}
 \text{Amount invested in HLGf} &= \frac{\text{Net switching amount of HLBoF-SAP}}{(1 + \text{Difference in sales charge rate})} \\
 &= \frac{\text{RM10,000}}{(1+0.06)} \\
 &= \text{RM9,433.96}
 \end{aligned}$$

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

$$\frac{\text{Amount invested in HLGf}}{\text{NAV per Unit of HLGf}} = \frac{\text{RM9,433.96}}{\text{RM0.6892}} = 13,688.28 \text{ Units}$$



## 5.8. Transfer Of Units

A Unit holder is allowed to transfer Units of their investments (either fully or partially) to other person(s). This facility is offered by the Manager to its existing Unit holders. The minimum transfer amount of Units is illustrated in the table below:

<b>Fund</b>	<b>Minimum transfer</b>
HLGF, HLVF, HLCPSF, HLDM, HLDF, HLAPDF, HLHKEOF, HLSTF, HLBf, HLDm2, HLBoF, HLIIMF, HLSEA-5, HLAPEF, HLRIF, HLMMF and HLDAIZ	1,000 Units
HLIBF	N/A

For partial transfer, the Unit holder must maintain the Fund's stipulated minimum account balance otherwise full transfer will be effected or the Manager reserves the right to reject the transfer request. In such circumstances, the Manager shall seek the Unit holder's prior consent in relation to any of the option. If the Unit holder's prior consent is not obtained, the Manager will then reject the transfer request and notify the Unit holder accordingly.

For transfer of Units, the transferee and transferor are required to complete a "Transfer Form" and (an "Account Opening Form" if the transferee is a new Unit holder). You will receive a confirmation letter to confirm the transaction.

## 5.9. 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 interests 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 assets cannot be determined. For avoidance of doubt, difficulties in realising the fund's assets or temporary shortfalls in liquidity may not, on their own, be sufficient justification for suspension. 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.

## 5.10. Cooling-Off Right

The cooling-off right allows investors an opportunity to reverse an investment decision, which could have been unduly influenced by certain external elements or factors.

The Cooling-Off Period for any Fund is six (6) Business Days commencing from the date the Manager receives the application for purchase of Units.

A cooling-off right is only given to individual investors, who are investing in any of the Manager's Fund(s) for the first time. However, the following persons and/or institutions are not entitled to the cooling-off right (as stipulated under the Guidelines):-

- (a) A staff of the Manager; and
- (b) Persons registered with a body approved by the SC to deal in unit trusts.

Cooling-off right is also not applicable for investments through the EPF Members Investment Scheme.

The refund for every Unit held by the investor pursuant to the exercise of the cooling-off right shall be the sum of:

- (a) if the original price of a Unit is higher than the price of a Unit at the point of exercise of the cooling-off right ("market price"), the market price at the point of cooling-off; or
- (b) if the market price is higher than the original price, the original price at the point of cooling-off; and
- (c) the sales charge per Unit originally imposed on the day the Units were purchased.

Payment will be made to the investor within seven (7) Business Days of receiving such notification. For investments made through cheque, the payment for the cooling-off will only be made to the investor after the cheque has been cleared.

### **Example:**

If a Unit holder makes an investment of RM10,000 in HLGf on 22 August 2022 at the NAV per Unit of RM0.5000, the sales charge is 6% (i.e. RM600) based on his investment amount:

$$\begin{aligned} \text{Total number of Units entitled} &= \text{RM10,000/RM0.5000} \\ &= 20,000 \text{ Units} \end{aligned}$$

In short, the amount to be paid by the above investor is RM10,600. RM10,000 will be for the credit of the Fund for investment while the balance of RM600 will be paid to the Manager as sales charge.

On 22 August 2022 (within the Cooling-Off Period), the investor decides to withdraw his investment by exercising his cooling-off right.

Total amount to be refunded to the above investor is:-

$$\begin{aligned} &= \text{Amount invested on 22 August 2022} + \text{sales charge paid on 22 August 2022} \\ &= \text{RM10,000} + \text{RM600} \\ &= \text{RM10,600} \end{aligned}$$

### 5.11. Minimum Account Balance

The table below illustrates the minimum balance of Units that must be retained in your account or such other lower amount as the Manager may in its sole discretion allow except the initial investments:-

Fund	Minimum account balance
HLGF, HLVF, HLCPSF, HLDM, HLDL, HLPDF, HLHKEOF, HLAPEF, HLSTF, HLBDF, HLDL2, HLBDF, HLIIMF, HLRIF and HLSEA-5 (Classes A and B) HLMMF and HLDAIZ	1,000 Units
HLIBF	200,000 Units

If the balance number of Units of the investment falls below the minimum account balance as stated in the table above, Unit holders will be required to make additional investment in order to meet the required minimum balance of investment stipulated above. Otherwise, the Manager may in its absolute discretion switch the Unit holder's Units to another Class with lower minimum account balance which may subject the Unit holder to higher fees or the Manager may redeem the entire investment from that Class and forward the redemption proceeds to the Unit holder.

If the Units of the investment in the Unit holder's account falls below the above minimum account balance due to redemption, transfer or switching, the Manager may in its absolute discretion effect a full redemption, transfer or switching on the entire account and inform the Unit holder thereafter.

### 5.12. Fund Valuation Point And Obtaining Prices Of Units

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](http://www.hlam.com.my).

For Funds with no foreign investments, the valuation of the Funds is conducted on each Business Day at the close of the Bursa Malaysia. However, for Funds with investments in foreign markets or investments in structured products/options/derivatives with the underlying traded in the global markets, due to the time zone differences in these markets, the valuation point can only be carried out after the close of all foreign markets but not later than 5.00 pm on the next Business Day in which the portfolio of the Fund is invested. Thus, the NAV per Unit of these Funds with foreign markets exposure will not be published on the next Business Day but instead will be published on the next following Business Day (i.e. the prices will be two Business Days old).

The following table illustrates the process flow of obtaining prices for Funds with investments in foreign markets. The Fund quoted in this example is HLGf.

Illustration	Event
<b>22 August 2022</b>	
During business hours	Unit holder purchases HLGf.
4.00 p.m.*	Cut-off time for fund distributors to report sales to the Manager.
5.00 p.m.	Cut-off time for the Manager to report daily sales to the Trustee.
<b>23 August 2022</b>	
Before 5.00 p.m.	Valuation will be conducted when the closing prices of all the foreign markets that HLGf has invested in on 22 August 2022 is available.
Latest by 5.00 p.m.	The prices will be ready for dissemination.
<b>23 August 2022</b>	
Latest by 8.00 p.m.	Prices will be published in the website i.e. <a href="http://www.hlam.com.my">www.hlam.com.my</a> .

\*Cut-off time for HLIBF, HLIIMF, HLMMF and HLDAIZ is at 11.00 a.m.

**Note:** The Manager may declare certain Business Day(s) to be a non-Business Day, although the Manager and Bursa Malaysia is open for business, if some of the foreign markets in which the Fund is invested therein are closed for business. This is to ensure that Unit holders will be given a fair valuation at all times, be it when buying or redeeming of Units. Unit holders may contact the Manager for more information on a list of a Fund's non-Business Day(s).

If you would like to know the latest prices of the Units, please contact our Customer Experience personnel of the Manager or you may refer to our website [www.hlam.com.my](http://www.hlam.com.my) or Section 13 - 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.**

### 5.13. Distribution Mode Of The Funds

Subject to the Manager's discretion, the Funds intend to provide distribution of income, if any, in the form of either cash or additional Units to Unit holders, on a best effort basis depending on interest rate, market conditions, performance and the objective of the Funds to all Unit holders (For HLRIF, HLMMF, HLDAIZ and HLAPEF Unit holders will receive distribution in the form of additional Units). If income is declared, the said income will be credited to the Unit holder's bank account within ten (10) Business Day after distribution date except for HLAPEF Unit holders, the said income will be credited to the Unit holder's bank account within seven (7) Business Day after the distribution date. (For Unit holders who invest in the Funds via IUTAs, the cash distribution will be credited into the Unit holder's bank account with their respective IUTAs).

Unit holders may opt to reinvest the distribution by selecting the appropriate option in the application form and be reinvested based on the Fund(s)' NAV per Unit, computed at the close of the reinvestment date. The reinvestment date is the first Business Day following the date of entitlement for distributions. The date of entitlement refers to the date when the Unit holders' unitholdings in the respective Fund's register are entitled for distributions. There is no charge imposed on distribution reinvestments.

Distributions amounting to less than RM50.00 (or RM250.00 for HLHKEOF) will not be paid but will be automatically reinvested on the reinvestment date (i.e. the first Business Day following the date of declaration for distributions).

**Note:** In the absence of a written instruction from the Unit holder on the mode of distribution above, 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 date of declaration for distributions).

**Unit prices and distributions payable, if any, may go down as well as up.**

#### 5.14. 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.

#### 5.15 Summary Of The Funds' Transactions

(i) Summary on all types of transactions for the Funds

Transaction	Operational Requirements	
	The Funds (except HLIBF)	HLIBF
<b>Applicants/ Investors</b>	The Fund is open to those aged 18 years old and above.	The Fund is open to the following institutions: (ii) Corporations/Companies; (iii) Sole proprietors/partnerships and cooperatives; (iv) Statutory bodies (e.g. EPF, Socso, etc); or (v) Non-profit organisations.
<b>Investment</b>	<ul style="list-style-type: none"> <li>• Minimum initial investment<sup>#</sup>:               <ul style="list-style-type: none"> <li>• HLGf, HLCPSF, HLDm, HLDF, HLAPDF, HLHKEOF, HLSEA-5, HLAPEF, HLSTF, HLBF, HLDm2, HLBoF-OIP, HLIIMF, HLRIF, HLMMF and HLDAIZ: RM1,000</li> <li>• HLVF: RM100</li> <li>• HLBoF-SAP: RM5,000</li> </ul> </li> <li>• Minimum additional investment<sup>#</sup>: RM100.</li> <li>• Applications for investments will be processed upon receipt of completed and relevant documents.</li> <li>• The NAV per Unit is determined on a Forward Price basis based on the date of receipt of application.</li> </ul>	<ul style="list-style-type: none"> <li>• Minimum initial investment: RM100,000.</li> <li>• Minimum additional investment: RM50,000.</li> <li>• Applications for investments will be processed upon receipt of completed and relevant documents.</li> <li>• The NAV per Unit is determined on a Forward Price basis based on the date of receipt of application.</li> </ul>
	<i><sup>#</sup>For Funds under the Regular Savings Plan</i>	

Transaction	Operational Requirements	
	The Funds (except HLIBF)	HLIBF
	and Hong Leong SaversPro (automatic debit from Hong Leong Bank Berhad account), the minimum initial and additional investment is RM100.	
<b>Payment procedures</b>	<p>The following modes of payment are accepted:</p> <ul style="list-style-type: none"> <li>(i) Cheque*;</li> <li>(ii) Bank draft*;</li> <li>(iii) Money order*</li> <li>(iv) Direct bank transfer*;</li> <li>(v) EPF Members Investment Scheme; and</li> <li>(vi) Regular Savings Plan.</li> </ul> <p>* Payment must be made payable to <b>Hong Leong Asset Management Bhd – Client Trust Account</b> (crossed “Account Payee Only” for cheque/bank draft/money order).</p>	<p>The following modes of payment are accepted:</p> <ul style="list-style-type: none"> <li>(i) Cheque*;</li> <li>(ii) Bank draft*;</li> <li>(iii) Money order*; and</li> <li>(iv) Direct bank transfer.</li> </ul> <p>* Payment must be made payable to <b>Hong Leong Asset Management Bhd – Client Trust Account</b> (crossed “Account Payee Only” for cheque/bank draft/money order).</p>
<b>Redemption of Units</b>	<ul style="list-style-type: none"> <li>• Minimum redemption of Units is 100 Units (1,000 Units for HLAPEF, HLHKEOF, HLIIMF, HLMMF and HLDIAIZ).</li> <li>• No restriction on the frequency for redemption.</li> <li>• Cut-off time for redemption requests is 4.00 p.m. on every Business Day (Note: For HLIIMF, HLMMF and HLDIAIZ, the cut-off time is 11.00 a.m.).</li> <li>• For partial redemption, you must maintain a minimum balance of 1,000 Units in the Fund. Otherwise, the Manager will automatically effect a full redemption and inform the Unit holder thereafter.</li> <li>• Payment will be made to you within seven (7) Business Days. For HLMMF and HLDIAIZ, payment will be made to you on the following Business Day if the redemption request is received by the Manager at its cut-off time of 11.00 a.m. on a Business Day. However, if and when due to circumstances where the redemption request results in the sale of the HLMMF’s and HLDIAIZ’s investments which cannot be liquidated at an appropriate price and is as such not in the interest of existing Unit holders, then the time for payment of the net redemption proceeds may be extended to such time as the Manager</li> </ul>	<ul style="list-style-type: none"> <li>• Minimum redemption of Units is 1,000 Units.</li> <li>• No restriction on the frequency for redemption.</li> <li>• Cut-off time for redemption requests is 11.00 a.m. on every Business Day.</li> <li>• For partial redemption, you must maintain a minimum balance of 200,000 Units in the Fund. Otherwise, the Manager will automatically effect a full redemption and inform the Unit holder thereafter.</li> <li>• Payment will be made to you within seven (7) Business Days.</li> <li>• Payment can be made either via cheque, telegraphic transfer to Hong Leong Bank Berhad or participating banks’ GIRO account.</li> </ul>

Transaction	Operational Requirements	
	The Funds (except HLIBF)	HLIBF
	<p>may consider necessary in the interest of its Unit holders. Under such circumstances, the Manager will pay the redemption monies to the Unit holders no later than seven (7) Business Days from the date the redemption request is received by the Manager.</p> <ul style="list-style-type: none"> <li>• Payment can be made either via cheque, telegraphic transfer to Hong Leong Bank Berhad or participating banks' GIRO account.</li> </ul>	
<b>Switching</b>	<ul style="list-style-type: none"> <li>• Minimum amount to switch: 1,000 Units per Fund.</li> <li>• 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, then 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: <ul style="list-style-type: none"> <li>(a) remain invested in the fund that they were invested in; or</li> <li>(b) redeem the units in the fund that they intended to switch out.</li> </ul> </li> <li>• If following the switching, the account of the fund which the Unit holder has switched out from does not maintain a minimum account balance of 1,000 Units, 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:- <ul style="list-style-type: none"> <li>(a) remain invested in the fund that they invested in; or</li> <li>(b) redeem the entire holding of units in the fund they intended to switch out.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Minimum amount to switch: 200,000 Units for HLIBF.</li> <li>• 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, then 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: <ul style="list-style-type: none"> <li>(a) remain invested in the fund that they were invested in; or</li> <li>(b) redeem the units in the fund that they intended to switch out.</li> </ul> </li> <li>• If following the switching, the account of the fund which the Unit holder has switched out from does not maintain a minimum account balance of 200,000 Units, 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:- <ul style="list-style-type: none"> <li>(a) remain invested in the fund that they invested in; or</li> <li>(b) redeem the entire holding of units in the fund they intended to switch out.</li> </ul> </li> </ul>
<b>Cooling-off</b>	<ul style="list-style-type: none"> <li>• A cooling-off right is only given to individual investors who are investing in any of the Manager's Fund(s) for the first time. However, this cooling-off right is not applicable to certain investors. Please refer to Section 5.10. -</li> </ul>	<ul style="list-style-type: none"> <li>• Cooling-off right is not available for HLIBF investors.</li> </ul>

Transaction	Operational Requirements	
	The Funds (except HLIBF)	HLIBF
	<p>“Cooling-Off Right” for details.</p> <ul style="list-style-type: none"> <li>• Cooling-Off Period is six (6) Business Days commencing from the date the Manager accepts the sales application.</li> <li>• For EPF investments, the Cooling-Off Period is subject to EPF’s terms and conditions.</li> <li>• Payment will be made to you within seven (7) Business Days. For investments made through cheque, the payment for cooling-off will only be made to the investor after the cheque has been cleared.</li> </ul>	
<b>Transfer of Units</b>	<ul style="list-style-type: none"> <li>• Minimum of 1,000 Units per Fund;</li> <li>• For partial transfer, you must maintain a minimum balance of 1,000 Units in each Fund. Otherwise, full transfer will be effected or the Manager reserves the right to reject the transfer request. If the Unit holder’s prior consent is not obtained, the Manager will then reject the transfer request and notify the Unit holder accordingly.</li> </ul>	<ul style="list-style-type: none"> <li>• Transfer of ownership of investments in HLIBF is not allowed.</li> </ul>
<b>Change of account details</b>	<ul style="list-style-type: none"> <li>• We require written instructions from you or through our pre-printed form.</li> </ul>	<ul style="list-style-type: none"> <li>• We require written instructions from you or through our pre-printed form.</li> </ul>

(ii) Communication with Unit holders (applicable to certain distributors only)

<b>Cash investment</b>	A confirmation advice will be sent to the Unit holder for each investment.
<b>EPF investment</b>	A confirmation advice will be sent to the Unit holder for each investment.
<b>Redemption and cooling-off*</b>	<p>A letter to confirm the transaction details will be sent to the Unit holder.</p> <p>* The cooling-off right is not applicable to certain investors. Please refer to Section 5.10. – “Cooling-Off Right” for details.</p>
<b>Switching and transfer</b>	A letter to confirm the transaction details will be sent to the Unit holder.
<b>Change of account details</b>	A letter to confirm the changes will be sent to the Unit holder.
<b>Statements of investment</b>	A statement summarising all transactions effected within the past 6 months will be sent to the Unit holder on a half-yearly basis (January and July).
<b>Annual and semi-</b>	The reports will be sent to the Unit holder within two (2) months from a



<b>annual report</b>	Fund's financial year end and mid-financial year end. For Unit holders who have invested into the Funds via our IUTAs, the reports will be forwarded to you through our IUTAs (The list of IUTAs under the Manager can be found on Section 13 – Directory of Sales Offices.
<b>Publication of prices</b>	The Manager publishes the Fund's NAV per Unit daily in the website i.e. www.hlam.com.my.

**INVESTORS ARE ADVISED NOT TO MAKE PAYMENT IN CASH TO ANY INDIVIDUAL AGENT WHEN PURCHASING UNITS OF A FUND.**

### 5.16. How And Where Units Can Be Bought And Sold

For application or redemption of Units for the Funds, applicants are required to complete the relevant forms which are readily available from the following distributors:-

- Head office of the Manager;
- Branch offices of the Manager;
- Hong Leong Bank Berhad;
- Hong Leong Islamic Bank Berhad;
- CIMB Investment Bank Berhad;
- OCBC Bank (Malaysia) Berhad;
- OCBC Al-Amin Bank Berhad;
- Standard Chartered Bank Malaysia Berhad;
- United Overseas Bank (Malaysia) Bhd;
- Affin Bank Berhad;
- Malayan Banking Berhad;
- Areca Capital Sdn Bhd;
- HSBC Bank Malaysia Berhad;
- Independent tied agents of the Manager, with registration cards issued by the FIMM; or
- Other approved IUTAs (as and when appointed by the Manager and agreed by the respective IUTAs).

### 5.17. Cut-Off Time For Purchase, Redemption, Switching And Cooling-Off Requests

The cut-off time for purchase, redemption and switching of Units, and cooling-off requests for all Funds (except HLIBF, HLIIMF HLMMF and HLDAIZ) shall be at 4.00 p.m. on every Business Day. Such requests that are received by the Manager after 4.00 p.m. will only be processed on the following Business Day.

For HLIBF, HLIIMF, HLMMF and HLDAIZ, the cut-off time for purchase, redemption and switching of Units, and cooling-off requests shall be at 11.00 a.m. on every Business Day. Such requests that are received by the Manager after 11.00 a.m. will only be processed on the following Business Day.

*Note: Our approved distributors may have an earlier cut-off time for purchase, redemption and switching of Units and cooling-off requests.*

## **6. THE MANAGEMENT COMPANY**

### **6.1. The Manager**

The Manager was incorporated as a private limited company under the Companies Act 1965 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.

### **6.2. 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)

### **6.3. The Roles, Duties And Responsibilities Of The Manager**

The Manager is responsible for the daily sales, management and administration of the Funds in accordance with the provisions of the respective Funds’ Deeds, this Master Prospectus 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 each Fund’s objective;
- Administering the Unit holders’ transactions;
- Maintaining proper records and registers for the Funds;
- Calculating the amount of income for cash distributions/unit splits to the Unit holders; and
- Providing sales, marketing and customer experience support to Unit holders and fund distributors.

### **Material Litigation And Arbitration**

As at LPD, there is no material litigation and arbitration, including those pending or threatened, and to our knowledge there are no facts likely to give rise to any proceedings which might materially affect the business or financial position of the Manager.

## **6.4 Profile of the Shariah Adviser**

BIMBSEC has been appointed as the Shariah Adviser for HLDM, HLDM2, HLIIMF and HLDAIZ (“the Funds”). BIMBSEC will provide Shariah advisory services on the management and operations of the Funds to ensure the operations of the Funds comply with Shariah requirements.

### **6.4.1 About BIMB Securities Sdn Bhd**

BIMBSEC is a stockbroking subsidiary of Bank Islam Malaysia Berhad incorporated on 21 February 1994 and is licensed by the SC. The corporate mission of BIMBSEC is to be an active participant in a modern, innovative and dynamic Islamic capital market in Malaysia, catering for the needs of all investors, Muslims and non-Muslims, looking for Shariah-compliant investment products and services.

### **6.4.2 Experience in Shariah Advisory Services**

BIMBSEC is registered with the SC to act as a Shariah adviser for Islamic products and services regulated by the SC, which include Islamic collective investment schemes. BIMBSEC is independent from the Manager and does not hold office as a member of the Investment Committee of the Funds or any other funds managed and administered by the Manager. As at LPD, BIMBSEC is a Shariah adviser to eighty-five (85) Islamic funds including two (2) Islamic REITs.

### **6.4.3 Roles and Responsibilities of BIMB Securities Sdn Bhd as a Shariah Adviser**

As the Shariah Adviser, the role of BIMBSEC is to ensure that the investment operations and processes of the Funds are in compliance with Shariah requirements. BIMBSEC will review the Funds’ investments on a monthly basis to ensure Shariah compliance and it also reviews the semi-annual and annual reports of the Funds.

Notwithstanding the role played by the Shariah Adviser, the ultimate responsibility for ensuring Shariah compliance of the Funds in all aspects of operations and processes rests solely with the Manager.

In line with the SC’s guidelines, the roles of BIMBSEC as the Shariah Adviser are:

1. to advise on all Shariah aspects of the Funds and Funds’ operations and processes such that they are in accordance with Shariah requirements;
2. to provide Shariah expertise and guidance in all matters related to the Funds, particularly on the Funds’ deed and prospectus, structure, investments and related operational matters;
3. to ensure that the Funds are managed and operated in accordance with Shariah as determined by the relevant SC regulations and standards, particularly resolutions issued by the SACSC;
4. to review the Funds’ compliance reports as provided by the Manager’s compliance officer, and investment transaction reports provided or duly approved by the Trustee to ensure that the Funds’ investments are in line with Shariah;
5. to issue a report for inclusion in the semi-annual and annual reports of the Funds stating the Shariah Adviser’s opinion on the Funds’ compliance with Shariah

requirements in its investment, operations and processes for the financial period concerned;

6. to consult the SC where there is ambiguity or uncertainty as to an investment, instrument, system, procedure and/or process;
7. to meet with the Manager on a quarterly basis (or as and when required by the Manager and/or the Shariah Adviser) for review of the Funds' operations and processes; and
8. to apply *Ijtihad* (intellectual, reasoning) to ensure all aspects relating to the Fund are in compliance with Shariah, in the absence of any rulings, principles and concepts endorsed by the SACSC.

#### **6.4.4 Profiles of the Shariah Personnel**

##### **Ir. Dr. Muhamad Fuad bin Abdullah (“Dr. Muhamad Fuad”)**

Dr. Muhamad Fuad is the designated person in-charge of all Shariah matters in BIMBSEC.

He graduated with a Bachelor of Science Degree in Electrical Engineering in 1977 and a Master of Philosophy Degree in Electrical Engineering in 1982, both from the University of Southampton, England. He also obtained a Bachelor of Arts (Jayyid) Degree in Shariah from the University of Jordan in 1994 and a Doctor of Philosophy in Muslim Civilization from the University of Aberdeen, Scotland in 1996.

He is a registered individual Shariah adviser with the SC and is the chairman of the Shariah Advisory Committee of BIMBSEC. He sits on the Shariah committees of Bank Islam Malaysia Berhad, AIA-Public Takaful Berhad and BIMB Investment Management Berhad.

He is also the non-executive chairman of Gagasan Nadi Cergas Berhad and a board member of Universiti Tun Abd Razak Sdn Bhd (UniRAZAK).

Dr. Muhamad Fuad is a recipient of the National Book Award 2015 for his book published by IKIM entitled "The Influence of Islam Upon Classical Arabic Scientific Writings: An Examination of the Extent of Their Reference to Quran, Hadith and Related Texts".

##### **Nurussaádah binti Nasarudin (“Nurussaádah”)**

Nurussaádah joined BIMBSEC in June 2015 as the Shariah executive and has been promoted as the head of Shariah section effective 1 May 2021. She is also the designated Shariah officer registered under the BIMBSEC's Shariah adviser registration, responsible for the Shariah advisory services offered by BIMBSEC.

Nurussaádah graduated with a Bachelor of Shariah majoring in Islamic Banking and Economics from the University of Yarmouk, Jordan.

Currently, she is responsible in providing Shariah inputs on the advisory, consultancy and research functions with regards to Islamic capital market and Islamic collective investment schemes, including but not limited to, conducting surveillance on the non-financial institution activities.

She is experienced in product development and review for Islamic capital market products specifically on Islamic stockbroking services.

**FURTHER INFORMATION ON THE MANAGER, SHARIAH ADVISER AND FUND MANAGER IS PROVIDED IN THE MANAGER'S WEBSITE AT [WWW.HLAM.COM.MY/FUND-HUB](http://WWW.HLAM.COM.MY/FUND-HUB).**

## **6.5 The External Fund Manager(s)**

### **6.5.1 Sumitomo Mitsui DS Asset Management (Hong Kong) Limited (“SMDAMHK”)**

SMDAMHK is a wholly owned oversea subsidiary of Sumitomo Mitsui DS Asset Management Company, Limited (“SMDAM”) who is one of the largest investment managers in Japan. SMDAM was restructured through the merger of two large asset management companies, and it is owned by major financial institutions of the Sumitomo and Mitsui groups and Daiwa Securities in Japan. Against this backdrop of restructuring, two (2) oversea subsidiaries of SMDAM horizontally amalgamated on 1 October 2019 continuing as one company and renewed itself as SMDAMHK in Hong Kong.

#### **Regulatory Licenses**

SMDAMHK is licensed and regulated by the Securities and Futures Commission of Hong Kong (“SFC”) in respect of the following regulated activities:-

- 1. Type 1 – Dealing in Securities**  
Currently SMDAMHK markets and distributes funds it manages as well as funds and/or other investment products managed by group companies or third parties to retail, corporate and institutional investors.
- 2. Type 4 – Advising on Securities**  
SMDAMHK provides investment advisory services to affiliate companies under Investment Advisory Agreements and/or Service Agreements, and provides comments/gives recommendations on particular securities to its clients.
- 3. Type 9 – Asset Management**  
SMDAMHK manages segregated accounts and portfolios as well as private and SFC authorized fund(s) by investing into securities and futures contracts.

#### **The Key Personnel of SMDAMHK**

##### **Senior Portfolio Manager**

**Mr Stanley Tang** joined SMDAMHK in December 2009 and holds a Master Degree of Business Administration from Hong Kong University of Science and Technology (HKUST) and a Bachelor Degree of Finance from University of Hong Kong (HKU). He is also a CFA® charterholder.

Mr Tang is responsible in managing equities funds across the Asian region and has more than twenty one (21) years of experience in the investment industry mainly in areas of asset management. Prior to joining SMDAMHK, he worked at AIG Investments and Lloyds TSB in Hong Kong for various roles.

Mr Tang is the designated fund manager of HLAPEF.

## **Portfolio Manager**

**Mr Najman Isa** joined SMDAMHK in March 2018 and holds a Bachelor of Civil Engineering (Honours) and a Bachelor of Commerce from University of Melbourne, Australia, and is also a CFA® charterholder.

Mr Isa has over (14) fourteen years of industry experience and now is responsible in managing equities funds across the Asian region. Prior to joining SMDAMHK, he worked at Eastspring Investments and Aberdeen Asset Management in Kuala Lumpur, Malaysia for 2 and 5 years respectively with key roles include managing selected regional shariah equities and as a generalist for ASEAN and India equities. Previous to those financial industry experiences, he started his working career with a Government-linked company in Malaysia as a civil engineer in 2008.

### **6.5.2 Hong Leong Islamic Asset Management Sdn Bhd**

Hong Leong Islamic Asset Management Sdn Bhd (“HLISAM”) was incorporated in Malaysia under the Companies Act 2016 [*formerly known as the Companies Act 1965*] on 29 May 1985 under Hong Leong Fund Management Sdn Bhd (“HLFM”) which was licensed by the SC to undertake regulated activity for conventional fund management. Pursuant to the acquisition exercise within the Hong Leong Group on 28 June 2019, HLISAM became a wholly owned subsidiary of the Manager. In November 2019, HLISAM obtained the Islamic fund management license to conduct regulated activity for Islamic fund management.

As a subsidiary of the Manager who has more than 25 years of established experience in the fund management industry, thereby contributes to HLISAM’s exponential growth in the Islamic fund management business and continuous grooming of talents within the organization. As a member of Hong Leong Group, HLISAM has the advantage of leveraging on the Group’s diversified businesses and expertise in banking and financial services, manufacturing and distribution, property development and investments, hospitality and leisure, and principal investments with regional and global presence in North and Southeast Asia, Western Europe and the UK, North America and Oceania.

Through a disciplined and systematic investment process, HLISAM aims to identify and invest in companies with inherent sustainable competitiveness and investment strategy that seeks to deliver consistent portfolio performance and generate superior value for the investors.

### **The Key Personnel of HLISAM**

#### **Executive Director/Chief Executive Officer**

**Puan Noor Aini Shaik Awab** holds a Diploma in Business Administration and Diploma in National Computer Studies, Singapore. She joined the Manager in April 2014 as Chief Operations Officer and was promoted to HLISAM as the Chief Executive Officer on 1 November 2019. She was appointed as a non-independent Executive Director of HLISAM on 23 June 2022. She started her career with Schroders Investment Management (Singapore) Limited; and bringing with her more than thirty (30) years of experience in fund management securities administration, unit trust operations, local and regional settlements. She had spearheaded the implementation and integration of various fund management systems for both the Investment and the Operations teams. Puan Noor Aini holds a Unit Trust Consultant license and is a certified Islamic Financial Planner.

### **Head, Fund Management/Executive Director**

**Mr Ang Beng Kuan** graduated with degree in Masters in Economics (MEC) from University Malaya. He joined Hong Leong Asset Management Bhd in February 2021 as Head of Fixed Income overseeing the Fixed Income and Money Market investment management for the company. He was transferred to HLISAM on 1 September 2021, and was appointed as a non-independent Executive Director of HLISAM on 6 September 2021.

Prior to this, he started his career in 2008 with EPF as money market, foreign exchange and derivatives dealer. Over the tenure, his role covers private debt investments, portfolio manager for Emerging Markets and investment strategist.

Mr Ang holds a Dealer's Representative license, Persatuan Forex Dealer's Representative license and Capital Markets Services Representative's License for the regulated activity of fund management from SC since 7 May 2021.

### **Fund Manager, Equity**

**En Razif Bin Rahim**, holds a Bachelor Degree in Finance from UITM. He joined HLISAM in April 2021 as an Equity fund manager. He began his career as a dual-licensed dealer and has more than 10 years' experience in the fund management industry. En Razif obtained his Capital Markets Services Representative's License from the SC since 16 November 2011.

En Razif is the designated fund manager of HLDM, HLDM2, HLIIMF and HLDAIZ.

### **6.5.3 The Roles, Duties and Responsibilities of the External Fund Managers**

The Manager has delegated the investment management function of the HLAPEF Fund to SMDAMHK and HLDM, HLDM2, HLIIMF and HLDAIZ to HLISAM. In fulfilling its responsibility, the External Fund Managers undertake, among others the following functions:

- Implementation of appropriate investment process and strategies to achieve the respective Fund's objective;
- To exercise due care and vigilance in carrying out its function and duties and comply with guidelines issued by the relevant authorities from time to time;
- Maintaining proper records and register for the respective Funds;
- To report to the Manager on any periodic basis for oversight and monitoring purposes, including to discuss and review the performance of the respective Funds and its strategies; and
- Providing sales, marketing and customer experience support to the Manager.

### **6.5.4 Material Litigation**

As at LPD, there is no material litigation and arbitration, including those pending or threatened, and to the External Fund Managers' knowledge, there are no facts likely to give rise to any proceedings which might materially affect the business or financial position of the External Fund Managers.

**FURTHER INFORMATION ON THE EXTERNAL FUND MANAGERS IS PROVIDED IN THE EXTERNAL FUND MANAGERS' WEBSITE AT <https://asia.smd-am.com> AND [www.hlam.com.my/hlisam/home](http://www.hlam.com.my/hlisam/home)**

## 7. THE TRUSTEES OF THE FUNDS

### 7.1. Profile Of The Trustees

#### Summary of Trustees for the Funds

Fund	Trustee
HLGF	DTMB
HLVF	DTMB
HLCPSF	DTMB
HLDM	DTMB
HLDF	DTMB
HLAPDF	DTMB
HLHKEOF	DTMB
HLSEA-5	MTB
HLAPEF	CCTB
HLSTF	DTMB
HLBF	DTMB
HLDM2	DTMB
HLBoF	DTMB
HLIBF	DTMB
HLIIMF	CCTB
HLRIF	CCTB
HLMMF	DTMB
HLDAIZ	CITB

#### 7.1.1. About Deutsche Trustees Malaysia Berhad

Deutsche Trustees Malaysia Berhad was incorporated in Malaysia on 22 February 2007 and commenced business in May 2007. The company 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 business, 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. As at LPD, DTMB is the trustee for 212 collective investment schemes including unit trust funds, wholesale funds, ETFs 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.



## **DTMB's delegate**

DTMB has appointed DBMB as the custodian of the assets of the Funds. 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 Funds; trade settlement management; corporate actions notification and processing; securities holding and cash flow reporting; and income collection and processing.

All investments of the Funds registered in the name of the Trustee for the Funds, or where the custodial function is delegated, in the name of the custodian to the order of the Trustee for the Funds. 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(s) there may be related party transactions involving or in connection with the Fund(s) 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 placement, etc.);
- (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; and
- (3) Where DTMB 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 Funds and are on an arm's length basis as if between independent parties.

While DTMB 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 of the Funds does not preclude the possibility of related party transactions or conflicts.

### **7.1.2. Profile of CIMB Commerce Trustee Berhad**

CIMB Commerce Trustee Berhad ("CCTB") was incorporated on 25 August 1994 and registered as a trust company under the Trust Companies Act, 1949 and having its registered office at Level 13, Menara CIMB, Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia. The Trustee is qualified to act as a trustee for collective investment schemes approved under the CMSA.

### **Experience as trustee to unit trust funds**

CCTB has been involved in unit trust industry as trustee since 1996. It acts as Trustee to various unit trust funds, REITs, wholesale funds private retirement scheme and ETFs.

## **CCTB's delegate**

CCTB has delegated its custodian function to CIMB Bank Berhad (CIMB Bank). CIMB Bank's ultimate holding company is CIMB Group Holdings Berhad, a listed company on Bursa Malaysia. CIMB Bank provides full fledged custodial services, typically clearing, settlement and safekeeping of all types of investment assets and classes, to a cross section of investors and intermediaries client base, both locally and overseas.

For the local Ringgit assets, they are held through its wholly owned nominee subsidiary CIMB Group Nominees (Tempatan) Sdn Bhd. For foreign non-Ringgit assets, CIMB Bank appoints global custodian as its agent bank to clear, settle and safekeep on its behalf and to its order.

All investments are automatically registered in the name of the custodian to the order of the Trustee. CIMB Bank Berhad acts only in accordance with instructions from the Trustee.

### **7.1.3. Profile of CIMB Islamic Trustee Berhad**

CIMB Islamic Trustee Berhad ("CITB") was incorporated on 19 January 1988 and registered as a trust company under the Trust Companies Act, 1949 and having its registered office at Level 13, Menara CIMB, Jalan Stesen Sentral 2, Kuala Lumpur Sentral 50470, Kuala Lumpur, Malaysia. The Trustee is qualified to act as a trustee for collective investment schemes approved under the Capital Markets and Services Act 2007.

#### **Experience in trustee business**

CIMB Islamic Trustee Berhad has been involved in unit trust industry as trustee since 1990. It acts as trustee to various unit trust funds, REITs, wholesale funds private retirement schemes and ETFs.

#### **CITB' Delegate**

CIMB Islamic Trustee Berhad has appointed CIMB Islamic Bank Berhad (CIMB Islamic Bank) as the Custodian of the Fund's assets. CIMB Islamic Bank's ultimate holding company is CIMB Group Holdings Berhad, a listed company on Bursa Malaysia. CIMB Islamic Bank provides full fledged custodial services, typically clearing settlement and safekeeping of all types of investment assets and classes, to a cross section of investors and intermediaries client base, both locally and overseas.

For the local Ringgit assets, they are held through its wholly owned nominee subsidiary "CIMB Islamic Nominees (Tempatan) Sdn Bhd". For foreign non-Ringgit assets, CIMB Islamic Bank appoints global custodian as its agent bank to clear, settle and safekeep on its behalf and to its order.

All investments are automatically registered in the name of the custodian to the order of the Trustee. CIMB Islamic Bank acts only in accordance with instructions from the Trustee.

### **7.1.4. Profile of Maybank Trustees Berhad**

Maybank Trustees Berhad was incorporated on 12 April 1963 and registered as a Trust Company under the Trust Companies Act 1949 on 11 November 1963. It was one of the first local trust companies to provide trustee services with the objective of meeting the financial needs of both individual and corporate clients.

## **Experience in trustee business**

Maybank Trustees Berhad has acquired experience in the administration of unit trust funds/schemes since 1991.

### **MTB's delegate**

MTB has delegated its custodian function to Malayan Banking Berhad. The custodian function is run under Maybank Securities Service ("MSS"), a unit within Malayan Banking Berhad. Maybank Securities Services provides a comprehensive end to end clearing and custody services for global and domestic equities and fixed income securities. MSS provides a complete suite of corporate outsourcing solutions with a proven track record in servicing international institutional clients: Sub Custodian for major Foreign Banks and Global Custodian. MSS also provides Global custody services in more than 100 different markets via a special arrangement with their reputable partners. They have also consistently been awarded in the Global Custodian Awards for Excellence as well as other major publications.

The roles and duties of the Trustee delegate, MSS, are as follows:

- Safekeep, reconcile and maintain assets holdings records of funds against trustee's instructions;
- Act as settlement agent for shares and monies to counterparties against trustee's instructions;
- Act as agents for money market placement where applicable against trustee's instructions;
- Disseminate listed companies' announcements to and follow through for corporate actions instructions from trustee;
- Compile, prepare and submit holdings report to trustee and beneficial owners where relevant; and
- Other ad-hoc payments for work done for the funds against trustee's instructions, etc.

The custodian acts only in accordance with instructions from the Trustee.

## **7.2. Duties And Responsibilities Of The Trustees**

The duties and responsibilities of the Trustees are detailed in the Deeds but will normally cover the following aspects:-

- 1) The Trustees shall ensure that the Funds has at all times an appointed manager;
- 2) The Trustees shall exercise all due diligence and vigilance in carrying out its functions and duties and in safeguarding the rights and interests of the Unit holders;
- 3) The Trustees shall take custody and control, of all the securities, property and assets of the Funds and hold it in trust for the Unit holders in accordance with the provisions of the Act and applicable securities act and regulations made thereunder;
- 4) The Trustees shall ensure that the Manager does not make improper use of its position in managing the Funds to gain, directly or indirectly, an advantage for itself or for any other person or to cause detriment to the interests of Unit holders of such Funds;
- 5) The Trustees shall keep or cause to be kept proper books of accounts in relation to the investments and properties of the Funds;
- 6) The Trustees shall ensure that proper records are kept of all transactions, dividends, interest

- and income received and distributed in respect of the Funds;
- 7) The Trustees shall cause the accounts referred to in paragraph (5) to be audited at the end of each financial year by an approved company auditor appointed by the Trustees;
  - 8) The Trustees jointly with the Manager shall safeguard the interest of the Unit holders; and
  - 9) The Trustees jointly with the Manager shall ensure that for the duration of the Funds, there is a registered deed in force at all times.

### **7.3. Material Litigation And Arbitration**

As at LPD, save for the suit mentioned herein below, the Trustee is not engaged in any material litigation as plaintiff or defendant and the Trustee is not aware of any proceedings, pending or threatened or of any facts likely to give rise to any proceedings which might materially and adversely affect its financial position or business.

#### **Maybank Trustees Berhad**

Several holders of the bonds (“Bondholders”) issued by Aldwich Berhad [In Receivership] (“Aldwich”) had sued Aldwich for its failure to settle its indebtedness to the Bondholders following the default of the said bonds in 2010 and named the Trustee as one of 6 co-defendants under Kuala Lumpur High Court Civil Suit No. D-22NCC-1622-11/2012 (“Aldwich Bondholders’ Suit”). The claim against the Trustee was for the sum of RM177,248,747.31 or any other sum that the Court deems fit and proper. The other co-defendants are the holding company of Aldwich (“Holding Company”), the Chief Executive Officer of the holding company of Aldwich (“CEO”), the Security Agent and the Reporting Accountant. The Trustee denied all allegations and claimed trial.

The High Court had on 24 July 2017 delivered its judgement on the Aldwich Bondholders’ Suit (“Judgement”) that (a) all the defendants [i.e. Aldwich, Holding Company, CEO, Security Agent, Trustee and Reporting Accountant] are liable to the Bondholders for the sum of RM177,248,747.31 (“Judgement Sum”); (b) Aldwich, Holding Company and CEO are 100% liable for the Judgement Sum; and (c) among the Security Agent, Trustee and Reporting Accountant, liability is apportioned in the proportion of 50%, 30% and 20% of the Judgement Sum respectively.

The Trustee had filed an appeal against the Judgement (“Appeal”) at the Court of Appeal. On 18 September 2019, the Court of Appeal dismissed the Appeal and affirmed the decision of the High Court.

On 16 October 2019, the Trustee had filed its Leave Motion to the Federal Court. The Leave motion was partially heard on 21 January 2021, 3 September 2021 and 16 February 2022. The Leave Motion was unanimously dismissed by the Federal Court.

## **8. SALIENT TERMS OF DEED**

### **8.1. Recognition Of Unit Holders**

You shall be recognised as a Unit holder when you are registered as the holder of Units of a Fund.

For EPF investment applications, you will only be recognised as a Unit holder once your application request is approved by EPF and accepted by the Manager.

### **8.2. Unit Holders' Rights And Limitations**

You shall be entitled to receive distributions of income (if any), participate in any increase in the value of the Units and to enjoy other rights and privileges as are provided for in the Deeds.

You shall be entitled to a Cooling-Off Period of six (6) Business Days, commencing from the day of investment. However, this cooling-off right is not applicable to certain investors. For details, please refer to Section 5.10. "Cooling-Off Right". You will also receive the annual and semi-annual reports of the Fund.

You have the right to call for Unit holders' meetings and to vote for the removal of the relevant Trustee or the Manager through a Special Resolution.

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 relevant Trustee on his behalf of the rights of the relevant Trustee as owner of such investments and assets.

### **8.3. Unit Holders' Liabilities**

No Unit holder is liable for any amount in excess of the purchase price paid for the Units as determined pursuant to the relevant Deeds at the time the Units were purchased.

A Unit holder shall not be under any obligation to indemnify the Manager and/or the Trustee if 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 relevant Deeds 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.

#### 8.4. Maximum Fees And Charges Permitted By The Deeds

	Annual management fee (% per annum of the NAV)	Annual trustee fee (% per annum of the NAV)	Sales charge (% of the NAV per unit)	Redemption charge (% of the NAV per unit)
HLGF	1.5%	0.06%	10%	5 sen per unit
HLVF	Up to 2.0%	0.08%	6%	N/A
HLCPSF	1.5%	0.08%	6%	N/A
HLDM	1.5%	0.10%, subject to a minimum of RM35,000 per annum.	6%	N/A
HLDF	2.5%	1.0%, subject to a minimum of RM18,000 per annum.	7%	N/A
HLAPDF	2.0%	0.2%, subject to a minimum of RM18,000 per annum.	10%	5%
HLHKEOF	2.0%	1.0%, subject to a minimum of RM18,000 per annum.	10%	5%
HLSEA-5 (Class A)	1.80%	0.08%, subject to a minimum of RM9,000 per annum	N/A	2.00%
HLSEA-5 (Class B)			6%	N/A
HLAPEF	1.80%	0.055%, subject to a minimum of RM18,000 per annum	5%	N/A
HLSTF	2.5%	1.0%, subject to a minimum of RM18,000 per annum.	7%	N/A
HLBF	2.0%	0.20%, subject to a minimum of RM18,000 per annum.	10%	N/A
HLDM2	1.5%	0.07%, subject to a minimum of RM18,000 per annum.	6%	N/A
HLBoF	1.0%	0.08%, subject to a minimum of	HLBoF-OIP: 4% HLBoF-SAP: 0%	N/A

	<b>Annual management fee (% per annum of the NAV)</b>	<b>Annual trustee fee (% per annum of the NAV)</b>	<b>Sales charge (% of the NAV per unit)</b>	<b>Redemption charge (% of the NAV per unit)</b>
		RM18,000 per annum.		
HLIBF	2.0%	0.2%, subject to a minimum of RM18,000 per annum.	10%	10%
HLIIMF	2.0%	0.2%, subject to a minimum of RM18,000 per annum.	10%	5%
HLRIF	1.50%	0.05%, subject to a minimum of RM9,000 per annum.	3%	N/A
HLMMF	1.0%	0.01%, subject to a minimum of RM10,000 per annum.	N/A	N/A
HLDAIZ	0.75%	0.015%, subject to minimum of RM9,000 per annum.	N/A	N/A

*The fees and charges stated 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).*

The Manager may only charge a higher sales charge and/or redemption charge than that disclosed in this Master Prospectus in accordance with the relevant Deeds and all relevant laws.

Any increase of the fees and/or charges above the maximum stated in the relevant Deeds shall require Unit holders' approval.

The Manager may not charge an annual management fee at a rate higher than that disclosed in this Master Prospectus unless:

- The Manager has come to an agreement with the Trustee on the higher rate;
- The Manager has notified the Unit holders of the higher rate and the date on which such higher rate is to become effective;
- A supplemental/replacement prospectus stating the higher rate is issued thereafter; and
- Such time as may be prescribed by any relevant law shall have elapsed since the supplemental/replacement prospectus is issued.

The Trustee may not charge an annual trustee fee at a rate higher than that disclosed in this Master Prospectus unless:

- The Manager has come to an agreement with the Trustee on the higher rate;
- The Manager has notified the Unit holders of the higher rate and the date on which such higher rate is to become effective;
- A supplemental/replacement prospectus stating the higher rate is issued thereafter; and
- Such time as may be prescribed by any relevant law shall have elapsed since the supplemental/replacement prospectus is issued.

## **8.5. Permitted Expenses Payable By The Funds** \*

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

- (i) commissions/fees paid to brokers in effecting dealings in the investments of the Fund, shown on the contract notes or confirmation notes;
- (ii) taxes and other duties charged on the Fund by the government and/or other authorities;
- (iii) costs, fees and expenses properly incurred by the Auditor;
- (iv) fees for the valuation of any investment of the Fund;
- (v) 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;
- (vi) 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;
- (vii) costs, commissions, fees and expenses of the sale, purchase, insurance/takaful and any other dealing of any asset of the Fund;
- (viii) costs, fees and expenses incurred in engaging any specialist approved by the Trustee for investigating or evaluating any proposed investment of the Fund;
- (ix) costs, fees and expenses incurred in engaging any valuer, adviser or contractor for the benefit of the Fund;
- (x) costs, fees and expenses incurred in the preparation and audit of the taxation, returns and accounts of the Fund;
- (xi) costs, fees and expenses incurred in the termination of the Fund or a Class (where applicable) or the removal or retirement of the Trustee or the Manager and the appointment of a new trustee or management company;
- (xii) cost, 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 defense of either of them are not ordered by the court to be reimbursed by the Fund);
- (xiii) remuneration and out of pocket expenses of the person(s) or members of a committee undertaking the oversight function of the Fund, unless the Manager decides otherwise;
- (xiv) costs, fees and expenses deemed by the Manager 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;
- (xv) (where the custodial function is delegated by the Trustee) charges and fees paid to

**Note:**

\* All fees and charges and/or sum set out in this Master Prospectus 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).



sub-custodians taking into custody any foreign assets or investments of the Fund; and (xvi) any tax and/or other indirect tax or hereafter imposed by law or required to be paid in connection with any costs, fees and expenses incurred under sub-paragraphs (i) to (xv) above.

## **8.6. Retirement, Removal And Replacement Of The Manager**

The Manager shall have the power to retire in favour of some other corporation and as necessary under any relevant law upon giving to the Trustee 6 months' (for HLGf, HLVF, HLCPSF, HLDM, HLDF, HLAPDF, HLSEA-5, HLAPEF, HLHKEOF, HLSTF, HLBf, HLDM2, HLBoF, HLIBF, HLRIF, HLMMF and HLDAIZ) or 12 months' (for HLIIMF) notice in writing of its desire so to do, or such lesser time as the Manager and the Trustee may agree upon, and subject to the fulfillment of the following conditions:

- (a) the Manager shall appoint such corporation by writing under the seal of the Manager as the management company of the Fund in its stead and assign and transfer to such corporation all its rights and duties as management company of the Fund;
- (b) such corporation shall enter into such deed or deeds as are referred to in the relevant Deeds; and
- (c) upon the payment to the Trustee of all sums due from the Manager to the Trustee at the date of such retirement, the Manager shall be absolved and released from all further obligations under the relevant Deeds but without prejudice to the rights of the Trustee or any Unit holder or other person in respect of any act or omission on the part of the Manager before such retirement and the new management company may and shall thereafter exercise all the powers and enjoy all the rights and shall be subject to all the duties and obligations of the Manager as fully as though such new management company had been originally a party to the relevant Deeds.

The Manager may be removed by the Trustee:

- (a) if the Manager has failed or neglected to carry out its duties to the satisfaction of the Trustee and the Trustee considers that it would be in the interests of Unit holders for it to do so after the Trustee has given notice to it of that opinion and the reasons for that opinion, and has considered any representations made by the Manager in respect of that opinion, and after consultation with the relevant authorities and with the approval of the Unit holders by way of a Special Resolution;
- (b) unless expressly directed otherwise by the relevant authorities, if the Manager is in breach of any of its obligations or duties under the relevant Deeds or the relevant laws, or has ceased to be eligible to be a management company under the relevant laws; or
- (c) the Manager has gone into liquidation, except for the purpose of amalgamation or reconstruction or some similar purpose, or has had a receiver appointed or has ceased to carry on business.

## **8.7. Retirement, Removal And Replacement Of The Trustee**

The Trustee may retire upon giving up to 6 months' (for HLGf, HLVF, HLCPSF, HLDM, HLDF, HLAPDF, HLSEA-5, HLAPEF, HLHKEOF, HLSTF, HLBf, HLDM2, HLBoF, HLIBF, HLRIF, HLMMF and HLDAIZ) or 12 months' (for HLIIMF) prior notice to the Manager of its desire to do so or such shorter period as the Manager and the Trustee shall agree.

The manager shall take all reasonable steps to replace the Trustee as soon as practicable after becoming aware that:

- the Trustee has ceased to exist;
- the Trustee has not been validly appointed;
- the Trustee is not eligible to be appointed or to act as trustee under any relevant law;
- the Trustee has failed or refused to act as trustee in accordance with the provisions or covenants of the relevant Deeds or relevant law;
- a receiver is appointed over the whole or a substantial part of the assets or undertaking of the Trustee and has not ceased to act under the appointment;
- a petition has been presented for the winding up of the Trustee (other than for the purpose of and followed by a reconstruction, unless during or following such reconstruction the Trustee becomes or is declared to be insolvent); or
- the Trustee is under investigation for conduct that contravenes the Trust Companies Act 1949, the Trustee Act 1949, the Companies Act 2016 or any relevant law.

Upon the retirement of the Trustee, the Manager shall appoint in writing some other corporation approved by the SC to be the trustee of the Fund.

### **8.8. Termination Of A Fund**

A 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;
- (b) A Special Resolution is passed at a Unit holders' meeting to terminate or wind up the Fund; and
- (c) The Fund has reached its maturity date (if any) as specified in the Deed.

#### **Upon the termination of the trust hereby 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 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 hereby created being terminated:

- (a) 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;
- (b) 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;
- (c) the Manager and the Trustee shall notify the relevant authorities in such manner as may be prescribed by any relevant law; and
- (d) the Manager or the Trustee shall notify the Unit holders in such manner as may be prescribed by any relevant law.

#### **8.9. 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.

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 of Units.

## **8.10. Unit Holder's Meeting**

A Unit holders' meeting may be called by the Manager, Trustee and/or Unit holders. Any such meeting must be convened in accordance with the relevant Deeds and/or the Guidelines.

The Manager shall, within twenty-one (21) days of receiving an application 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:

- (i) sending by post at least seven (7) days before the date of the proposed meeting a notice of the proposed meeting to all the Unit holders;
- (ii) publishing at least fourteen (14) days before the date of the proposed meeting, an advertisement giving notice of the proposed meeting in a national language newspaper published daily and another newspaper approved by the SC; and
- (iii) 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 apply to the Manager to summon a meeting for any purpose including, without limitation, for the purpose of:

- (i) requiring the retirement or removal of the Manager;
- (ii) requiring the retirement or removal of the Trustee;
- (iii) considering the most recent financial statements of the Fund;
- (iv) giving to the Trustee such directions as the meeting thinks proper; or
- (v) considering any matter in relation to the Deed,

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

## 9. RELATED-PARTY TRANSACTIONS/CONFLICT OF INTEREST

The directors, Investment Committee members and employees of the Manager should avoid any conflict of interest arising, or if conflicts arise, should ensure that the Funds are not disadvantaged by the transaction concerned.

All transactions carried out for or on behalf of the Funds should be executed on terms that are best available to the Funds and which are no less favourable than arm's length transactions between independent parties. All transactions with related parties should only be allowed when the transactions are carried out on arm's length terms, is consistent with best execution standards and is at commission rate no higher than customary institutional rates.

Investment Committee members and directors are required to make periodic declarations as to their personal interests. Where a conflict of interest arises due to the Investment Committee member or director holding a substantial shareholding or directorship in a company, the said Investment Committee member or director shall abstain from any discussion or decision making relating to the company.

The Manager has in place a policy which regulates its employees' securities dealings. All employees of the Manager are required to obtain prior written approval and declare their dealings periodically to ensure that there is no potential conflict of interest between the employees' dealings and the execution of the employees' duties to the Manager and Unit holders.

### RELATED-PARTY TRANSACTIONS

	<b>Name of Related Party and Nature of Relationship</b>	<b>Existing/Potential Related Party Transaction</b>
1.	Hong Leong Investment Bank Berhad - company associated with the Manager	<ul style="list-style-type: none"> <li>• Broker for a Fund(s).</li> <li>• Outsourcing party for administration and finance (financial group reporting) functions, legal, human resources, compliance, risk management, internal audit and information technology (back office support) functions.</li> </ul>
2.	Hong Leong Bank Berhad - company associated with the Manager	<ul style="list-style-type: none"> <li>• Distributor for the Fund(s).</li> <li>• Deposits and placement of Funds' asset at the market rate.</li> <li>• Broker for purchase of bond, government and other fixed income securities.</li> </ul>
3.	Hong Leong Financial Group Bhd - company associated with the Manager	<ul style="list-style-type: none"> <li>• Outsourcing of legal (advisory) function.</li> <li>• Outsourcing of finance and tax services.</li> </ul>
4.	Hong Leong Islamic Bank Berhad - company associated with the Manager	<ul style="list-style-type: none"> <li>• Deposit and placement of the Funds' asset at the market rate.</li> </ul>
5.	Listed companies in Malaysia and abroad related to Hong Leong Group Companies	<ul style="list-style-type: none"> <li>• The Fund may invest in related companies at the discretion of the fund manager independently based on merit of each stock.</li> </ul>

	<b>Name of Related Party and Nature of Relationship</b>	<b>Existing/Potential Related Party Transaction</b>
6.	Custodian of Funds' asset	<ul style="list-style-type: none"> <li>• Some of the Funds have engaged CIMB Group Nominees (Tempatan) Sdn Bhd as the custodian for the assets of the Funds;</li> <li>• CIMB Bank may also act as distributor for some of the Funds.</li> </ul>
7.	Trustee of Funds	<ul style="list-style-type: none"> <li>• CCTB is the Trustee of HLIMEF, HLRIF and HLAPEF;</li> <li>• CITB is the Trustee of HLDAIZ;</li> <li>• MTB is the Trustee of HLSEA-5;</li> <li>• CIMB Bank and MTB are the distributor of certain Funds.</li> </ul>
8.	Tower REITs -managed by company associated with the Manager	<ul style="list-style-type: none"> <li>• The Funds may invest in Bursa Malaysia listed Tower REITs and the Manager is renting premises belonging to Tower REITs.</li> </ul>

## **10. TAXATION ADVISER'S LETTER ON TAXATION OF THE FUNDS AND UNIT HOLDERS**

**(Prepared for inclusion in this Hong Leong Master Prospectus)**

### **PricewaterhouseCoopers Taxation Services Sdn Bhd**

Level 10, 1 Sentral, Jalan Rakyat  
Kuala Lumpur Sentral  
P.O.Box 10192  
50706 Kuala Lumpur

### **The Board of Directors**

Hong Leong Asset Management Bhd  
Level 30, Menara Hong Leong  
No 6, Jalan Damanlela  
Bukit Damansara  
50490 Kuala Lumpur

5 September 2022

### **TAXATION OF THE FUNDS OFFERED UNDER THE HONG LEONG MASTER PROSPECTUS ("Master Prospectus") AND UNIT HOLDERS**

Dear Sirs,

This letter has been prepared for inclusion in the Master Prospectus in connection with the offer of Units in the funds listed in the **Appendix** ("the Funds").

The taxation of income for both the Funds and the Unit holders are subject to the provisions of the Malaysian Income Tax Act 1967 ("the Act"). The applicable provisions are contained in Section 61 of the Act, which deals specifically with the taxation of trust bodies in Malaysia.

### **TAXATION OF THE FUNDS**

The Funds will be regarded as resident for Malaysian tax purposes since the Trustee of the Funds are resident in Malaysia.

#### **(1) Domestic Investments**

##### **(i) General Taxation**

Subject to certain exemptions, the income of the Funds consisting of dividends or interest or profit<sup>1</sup> (other than interest and profit<sup>1</sup> which is exempt from tax) and other investment income derived from or accruing in Malaysia, after deducting tax allowable expenses, is liable to Malaysian income tax at the rate of 24 per cent.

Gains on disposal of investments in Malaysia by the Funds will not be subject to Malaysian income tax.

**(ii) Dividends and Other Exempt Income**

Effective 1 January 2014, all companies would adopt the single-tier system. Hence dividends received would be exempted from tax and the deductibility of expenses incurred against such dividend income would be disregarded. There will no longer be any tax refunds available for single-tier dividends received. Dividends received from companies under the single-tier system would be exempted.

The Funds may receive Malaysian dividends which are tax exempt. The exempt dividends may be received from investments in companies which had previously enjoyed or are currently enjoying the various tax incentives provided under the law. The Funds will not be taxable on such exempt income.

Interest or profit<sup>1</sup> or discount income derived from the following investments is exempt from tax:

- (a) Securities or bonds issued or guaranteed by the government of Malaysia;
- (b) Debentures<sup>2</sup> or sukuk, other than convertible loan stocks, approved or authorized by, or lodged with, the Securities Commission Malaysia; and
- (c) Bon Simpanan Malaysia issued by Bank Negara Malaysia.

Interest income or profit<sup>1</sup> derived from the following investments is exempt from tax:

- (a) Interest income or profit<sup>1</sup> paid or credited by any bank or financial institution licensed under the Financial Services Act 2013 and Islamic Financial Services Act 2013;
- (b) Interest income or profit<sup>1</sup> paid or credited by any development financial institution regulated under the Development Financial Institutions Act 2002;
- (c) Bonds, other than convertible loan stocks, paid or credited by any company listed in Bursa Malaysia Securities Berhad ACE Market; and
- (d) Interest income or profit<sup>1</sup> paid or credited by Malaysia Building Society Berhad<sup>3</sup>.

<sup>1</sup> Under section 2(7) of the Income Tax Act 1967, any reference to interest shall apply, *mutatis mutandis*, to gains or profits received and expenses incurred, in lieu of interest, in transactions conducted in accordance with the principles of Shariah.

The effect of this is that any gains or profits received and expenses incurred, in lieu of interest, in transactions conducted in accordance with the principles of Shariah, will be accorded the same tax treatment as if they were interest.

<sup>2</sup> Structured products approved by the Securities Commission Malaysia are deemed to be “debenture” under the Capital Markets and Services Act, 2007 and fall within the scope of exemption.



The interest income or profit<sup>1</sup> or discount income exempted from tax at the Funds level will also be exempted from tax upon distribution to the Unit holders.

Exception: -

i. Wholesale money market fund

With effect from 1 January 2019, the exemption shall not apply to interest or profit<sup>1</sup> paid or credited to a unit trust that is a wholesale money market fund.

ii. Retail money market fund ("RMMF")

Based on the Finance Act 2021, the interest income or profit<sup>1</sup> of a RMMF will remain tax exempted under Paragraph 35A, Schedule 6 of the Act. However, resident and non-resident Unit holders (other than individual Unit holders), who receive income distributed from interest or profit<sup>1</sup> income of the RMMF which are exempted under Paragraph 35A of Schedule 6, will be subject to withholding tax ("WHT") at the rate of 24 per cent. This new WHT is effective from 1 January 2022 onwards.

The WHT is to be withheld and remitted by the RMMF to the tax authorities within 30 days upon distribution of the income to the unit holders.

(2) **Foreign Investments**

With effect from 1 January 2022, the exemption of foreign-sourced income received in Malaysia is only applicable to a person who is a non-resident.

However, subject to qualifying conditions (also subject to compliance with conditions imposed by the Ministry of Finance as specified in the Inland Revenue Board ("IRB")'s guidelines), the following foreign-sourced income received from 1 January 2022 to 31 December 2026 (5 years) will continue to be exempted from Malaysian income tax:

- Dividend income received by resident companies, limited liability partnerships and resident individuals (in respect of dividend income received through a partnership business in Malaysia).
- All classes of income (excluding a source of income from a partnership business in Malaysia, which is received in Malaysia from outside Malaysia) received by resident individuals.

<sup>3</sup> Exemption granted through letters from Ministry of Finance Malaysia dated 11 June 2015 and 16 June 2015 and it is with effect YA 2015.

Based on clarifications from the IRB, foreign-sourced income (e.g. dividends, interest, etc.) of a resident Fund which is received in Malaysia will be subject to tax. There will be a transitional period from 1 January 2022 to 30 June 2022 where foreign-sourced income remitted to Malaysia will be taxed at the rate of 3% on gross income. From 1 July 2022 onwards, any foreign-sourced income remitted to Malaysia will be subject to Malaysian income tax at the rate of 24% for a resident Fund.

Such income from foreign investments may be subject to taxes or withholding taxes in the specific foreign country. Subject to meeting the relevant prescribed requirements, the Funds in Malaysia is entitled for double taxation relief on any foreign tax suffered on the income in respect of overseas investment.

Gains on disposal of foreign investments by the Funds will not be subject to Malaysian income tax.

The foreign income subjected to Malaysian tax at the Funds level will also be taxable upon distribution to the Unit holders. However, the income distribution from the Funds will carry a tax credit in respect of the Malaysian tax paid by the Funds. Unit holders will be entitled to utilise the tax credit against the tax payable on the income distribution received by them.

### **(3) Hedging Instruments**

The tax treatment of hedging instruments would depend on the particular hedging instruments entered into.

Generally, any gain / loss relating to the principal portion will be treated as capital gain / loss. Gains / losses relating to the income portion would normally be treated as revenue gains / losses. The gain / loss on revaluation will only be taxed or claimed upon realisation. Any gain / loss on foreign exchange is treated as capital gain / loss if it arises from the revaluation of the principal portion of the investment.

### **(4) Income from Malaysia Real Estate Investment Trusts (“REITs”)**

Income from distribution from REITs will be received net of final withholding tax of 10 per cent<sup>4</sup>. No further tax will be payable by the Funds on the distribution. Distribution from such income by the Funds will also not be subject to further tax in the hands of the Unit holders.

### **(5) Tax Deductible Expenses**

<sup>4</sup> Pursuant to the Finance Act 2019 which was gazetted on 31 December 2019, the tax treatment on distribution from REITs applicable to foreign institutional investors and non-corporate investors (including resident and non-resident individuals), i.e. subject to final withholding tax at 10% rate is extended for a period of 6 years, i.e. from year of assessment 2020 to year of assessment 2025.

Expenses wholly and exclusively incurred in the production of gross income are allowable as deductions under Section 33(1) of the Act. In addition, Section 63B of the Act provides for tax deduction in respect of managers' remuneration, expenses on maintenance of the register of Unit holders, share registration expenses, secretarial, audit and accounting fees, telephone charges, printing and stationery costs and postages based on a formula subject to a minimum of 10 per cent and a maximum of 25 per cent of the expenses.

#### (6) Real Property Gains Tax ("RPGT")

With effect from 1 January 2019, any gains on disposal of real properties or shares in real property companies<sup>5</sup> ("chargeable asset") would be subject to RPGT as follows:-

<b>Disposal time frame</b>	<b>RPGT rates (Companies incorporated in Malaysia and Trustee of a trust)</b>
Within 3 years	30%
In the 4 <sup>th</sup> year	20%
In the 5 <sup>th</sup> year	15%
In the 6 <sup>th</sup> year and subsequent years	10%

#### (7) Sales and Service Tax ("SST")

Effective from 1 September 2018, SST has been reintroduced to replace the Goods and Services Tax ("GST"). Both the Sales Tax Act 2018 and Services Tax Act 2018 have been gazetted on 28 August 2018. The rates for sales tax are nil, 5 per cent, 10 per cent or a specific rate whereas the rate for service tax is at 6 per cent.

Sales tax will be chargeable on taxable goods manufactured in or imported into Malaysia, unless specifically exempted by the Minister. Whereas, only specific taxable services provided by specific taxable persons will be subject to service tax. Sales tax and service tax are single stage taxes. As such, SST incurred would generally form an irrecoverable costs to the business.

In general, the Funds, being collective investment vehicles, will not be caught under the service tax regime.

Certain brokerage, professional, consultancy or management services obtained by the Funds may be subject to service tax at 6 percent. However, fund management services and trust services are excluded from service tax. With effect from 1 January 2019, service tax will apply to any taxable service that is acquired by any business in Malaysia from a non-

<sup>5</sup> A real property company is a controlled company which owns or acquires real property or shares in real property companies with a market value of not less than 75 per cent of its total tangible assets. A controlled company is a company which does not have more than 50 members and is controlled by not more than 5 persons.

Malaysian service provider. In this connection, the Funds, being non-taxable person who acquire imported taxable services (if any) will need to declare its imported taxable services through the submission of prescribed declaration, i.e. Form SST-02A to the Royal Malaysian Customs Department (“RMCD”).

With effect from 1 January 2020, service tax on digital services was implemented at the rate of 6 per cent. Under the service tax on digital services, foreign service providers selling digital services to Malaysian consumers are required to register for and charge service tax. Digital services are defined as services which are delivered or subscribed over the internet or other electronic network, cannot be delivered without the use of IT and the delivery of the service is substantially automated.

Furthermore, the provision of digital services has also been prescribed as a taxable service when provided by a local service provider with effect from 1 January 2020. Hence, where the Funds obtains any of the prescribed digital services, those services may be subject to service tax at 6 percent.

### **TAXATION OF UNIT HOLDERS**

Unit holders will be taxed on an amount equivalent to their share of the total taxable income of the Funds to the extent of the distributions received from the Funds. The income distribution from the Funds will carry a tax credit in respect of the Malaysian tax paid by the Funds. Unit holders will be entitled to utilise the tax credit against the tax payable on the income distribution received by them. Generally, no additional withholding tax will be imposed on the income distribution from the Funds; unless the Fund is an RMMF, in which case there is a WHT on distribution from interest income of a RMMF which are exempted under Paragraph 35A of Schedule 6 and distributed to non-individual Unit holders.

Non-resident Unit holders may also be subject to tax in their respective jurisdictions. Depending on the provisions of the relevant country’s tax legislation and any double tax treaty with Malaysia, the Malaysian tax suffered may be creditable against the relevant foreign tax.

Corporate Unit holders, resident<sup>6</sup> and non-resident, will generally be liable to income tax at 24 per cent<sup>7</sup> on distribution of income received from the Funds. The tax credits attributable to the distribution of income can be utilised against the tax liabilities of these Unit holders.

<sup>6</sup> Resident companies with paid up capital in respect of ordinary shares of RM2.5 million and below will pay tax at 17 per cent for the first RM600,000 of chargeable income with the balance taxed at 24 per cent, effective from YA 2020.

Individuals and other non-corporate Unit holders who are tax resident in Malaysia will be subject to income tax at graduated rates ranging from 1 per cent to 28 per cent. Individuals and other non-corporate Unit holders who are not resident in Malaysia will be subject to income tax at 28 per cent. The tax credits attributable to the distribution of income will be utilised against the tax liabilities of these Unit holders.

The distribution of exempt income and gains arising from the disposal of investments by the Funds will be exempted from tax in the hands of the Unit holders.

Based on the Finance Bill 2021, in respect of distribution from a RMMF, resident and non-resident corporate Unit holders (other than individual Unit holders), who receive income distributed from interest or profit<sup>1</sup> income of the RMMF which are exempted under Paragraph 35A of Schedule 6, will be subject to WHT at the rate of 24 per cent, effective from 1 January 2022.

For resident corporate Unit holders, the WHT is not a final tax. The resident corporate Unit holders will need to subject the income distributed from interest or profit<sup>1</sup> income of a RMMF which are exempted under Paragraph 35A of Schedule 6 to tax in its income tax returns and the attached tax credit i.e. the 24 per cent WHT suffered will be available for set-off against the tax chargeable on the resident corporate Unit holders.

For non-resident Corporate Unit holders, the 24 per cent WHT on income distributed from interest or profit<sup>1</sup> income of a RMMF which are exempted under Paragraph 35A of Schedule 6, is a final tax.

Any gains realised by Unit holders (other than those in the business of dealing in securities, insurance companies or financial institutions) on the sale or redemption of the Units are treated as capital gains and will not be subject to income tax. This tax treatment will include in the form of cash or residual distribution in the event of the winding up of the Funds.

With effect from YA 2009, the above shall not apply if more than –

- (a) 50 per cent of the paid up capital in respect of ordinary shares of the company is directly or indirectly owned by a related company;
- (b) 50 per cent of the paid up capital in respect of ordinary shares of the related company is directly or indirectly owned by the first mentioned company;
- (c) 50 per cent of the paid up capital in respect of ordinary shares of the first mentioned company and the related company is directly or indirectly owned by another company.

“Related company” means a company which has a paid up capital in respect of ordinary shares of more than RM2.5 million at the beginning of the basis period for a YA.

<sup>7</sup> Pursuant to Finance Bill 2021, it is proposed that the income tax rate for a company (other than Micro, Small and Medium Enterprises) will be increased to 33 per cent if a company has chargeable income exceeding RM100,000,000 in YA 2022.

Unit holders electing to receive their income distribution by way of investment in the form of new units will be regarded as having purchased the new Units out of their income distribution after tax.

Unit splits issued by the Funds are not taxable in the hands of Unit holders.

We hereby confirm that the statements made in this report correctly reflect our understanding of the tax position under current Malaysian tax legislation. Our comments above are general in nature and cover taxation in the context of Malaysian tax legislation only and do not cover foreign tax legislation. The comments do not represent specific tax advice to any investors and we recommend that investors obtain independent advice on the tax issues associated with their investments in the Funds.

Yours faithfully,  
for and on behalf of

**PRICEWATERHOUSECOOPERS TAXATION SERVICES SDN BHD**

Lim Phaik Hoon  
Partner

PricewaterhouseCoopers Taxation Services Sdn Bhd have given their written consent to the inclusion of their report as taxation adviser in the form and context in which they appear in this Master Prospectus and have not, before the date of issue of the Master Prospectus, withdrawn such consent.

The Funds consist of the following 18 funds:-

1. Hong Leong Growth Fund
2. Hong Leong Value Fund
3. Hong Leong Consumer Products Sector Fund
4. Hong Leong Dana Makmur
5. Hong Leong Dividend Fund
6. Hong Leong Asia-Pacific Dividend Fund
7. Hong Leong Hong Kong Equity Optimizer Fund
8. Hong Leong SEA-5 Equity Fund
9. Hong Leong Asia Pacific Equity Fund
10. Hong Leong Strategic Fund
11. Hong Leong Balanced Fund
12. Hong Leong Dana Maa'rof
13. Hong Leong Bond Fund
14. Hong Leong Institutional Bond Fund
15. Hong Leong Islamic Income Management Fund
16. Hong Leong Regular Income Fund
17. Hong Leong Money Market Fund
18. Hong Leong Dana Al-Izdihar

## 11. ADDITIONAL INFORMATION

### 11.1. Availability Of Information On Investment

Who do I contact for clarification or further information?

You may contact the below for assistance on enquiring the Fund's NAV and/or any other queries regarding the Funds:-

- Customer Experience personnel at head office of HLAM;
- Branch offices of HLAM;
- E-mail to [inquiry@hlam.hongleong.com.my](mailto:inquiry@hlam.hongleong.com.my); or
- Visit our website at [www.hlam.com.my](http://www.hlam.com.my).  
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 abovementioned sources on any Business Days from Monday to Friday (9.00 a.m. to 6.00 p.m.).

### 11.2. Avenues For Advice

If you have any questions about the information in this Master Prospectus or would like to know more about investing in the Funds, you may contact our Customer Experience personnel at 03-2081 8600 ext 18611/18612 or email us at [inquiry@hlam.hongleong.com.my](mailto:inquiry@hlam.hongleong.com.my).

### 11.3. Deed

The Fund's deed as below:-

Fund Name	Date of Deed
Hong Leong Growth Fund	<ul style="list-style-type: none"><li>• Supplemental master deed: 27 July 2012</li><li>• Second supplemental master deed: 25 March 2015</li><li>• Third supplemental master deed: 28 November 2019</li><li>• Fourth supplemental master deed: 7 February 2020</li><li>• Fifth supplemental master deed: 21 December 2021</li><li>• Sixth supplemental master deed: 28 April 2022</li></ul>
Hong Leong Value Fund	<ul style="list-style-type: none"><li>• Supplemental master deed: 27 July 2012</li><li>• Second supplemental master deed: 25 March 2015</li><li>• Third supplemental master deed: 28 November 2019</li><li>• Fourth supplemental master deed: 7 February 2020</li><li>• Fifth supplemental master deed: 21 December 2021</li><li>• Sixth supplemental master deed: 28 April 2022</li></ul>
Hong Leong Consumer Products Sector Fund	<ul style="list-style-type: none"><li>• Supplemental master deed: 30 May 2013</li><li>• Second supplemental master deed: 25 March 2015</li><li>• Third supplemental master deed: 21 June 2022</li></ul>
Hong Leong Dana Makmur	<ul style="list-style-type: none"><li>• Supplemental master deed: 27 July 2012</li><li>• Second Supplemental master deed: 25 March 2015</li><li>• Third supplemental master deed: 28 November 2019</li><li>• Fourth supplemental master deed: 7 February 2020</li></ul>



	<ul style="list-style-type: none"> <li>• Fifth supplemental master deed: 21 December 2021</li> <li>• Sixth supplemental master deed: 28 April 2022</li> </ul>
Hong Leong Dividend Fund	<ul style="list-style-type: none"> <li>• Supplemental master deed: 27 July 2012</li> <li>• Second supplemental master deed: 25 March 2015</li> <li>• Third supplemental master deed: 28 November 2019</li> <li>• Fourth supplemental master deed: 7 February 2020</li> <li>• Fifth supplemental master deed: 21 December 2021</li> <li>• Sixth supplemental master deed: 28 April 2022</li> </ul>
Hong Leong Asia Pacific Dividend Fund	<ul style="list-style-type: none"> <li>• Supplemental master deed: 21 September 2012</li> <li>• Second supplemental master deed: 25 March 2015</li> <li>• Third supplemental master deed: 27 July 2022</li> </ul>
Hong Leong SEA-5 Equity Fund	<ul style="list-style-type: none"> <li>• Principal deed: 6 December 2016</li> <li>• First supplemental deed: 18 June 2021</li> <li>• Second supplemental deed: 9 September 2021</li> <li>• Third supplemental deed: 26 May 2022</li> </ul>
Hong Leong Asia Pacific Equity Fund	<ul style="list-style-type: none"> <li>• Principal deed: 17 December 2018</li> <li>• First supplemental deed: 5 July 2022</li> </ul>
Hong Leong Hong Kong Equity Optimizer Fund	<ul style="list-style-type: none"> <li>• Supplemental master deed: 27 July 2012</li> <li>• Second supplemental master deed: 25 March 2015</li> <li>• Third supplemental master deed: 28 November 2019</li> <li>• Fourth supplemental master deed: 7 February 2020</li> <li>• Fifth supplemental master deed: 21 December 2021</li> <li>• Sixth supplemental master deed: 28 April 2022</li> </ul>
Hong Leong Strategic Fund	<ul style="list-style-type: none"> <li>• Supplemental master deed: 27 July 2012</li> <li>• Second supplemental master deed: 25 March 2015</li> <li>• Third supplemental master deed: 28 November 2019</li> <li>• Fourth supplemental master deed: 7 February 2020</li> <li>• Fifth supplemental master deed: 21 December 2021</li> <li>• Sixth supplemental master deed: 28 April 2022</li> </ul>
Hong Leong Balanced Fund	<ul style="list-style-type: none"> <li>• Supplemental master deed: 30 May 2013</li> <li>• Second supplemental master deed: 25 March 2015</li> <li>• Third supplemental master deed: 21 June 2022</li> </ul>
Hong Leong Dana Maa'rof	<ul style="list-style-type: none"> <li>• Supplemental master deed: 27 July 2012</li> <li>• Second supplemental master deed: 25 March 2015</li> <li>• Third supplemental master deed: 28 November 2019</li> <li>• Fourth supplemental master deed: 7 February 2020</li> <li>• Fifth supplemental master deed: 21 December 2021</li> <li>• Sixth supplemental master deed: 28 April 2022</li> </ul>
Hong Leong Bond Fund	<ul style="list-style-type: none"> <li>• Supplemental master deed: 30 May 2013</li> <li>• Second supplemental master deed: 25 March 2015</li> <li>• Third supplemental master deed: 21 June 2022</li> </ul>
Hong Leong Institutional Bond Fund	<ul style="list-style-type: none"> <li>• Supplemental master deed: 21 September 2012</li> <li>• Second supplemental master deed: 25 March 2015</li> <li>• Third supplemental master deed: 27 July 2022</li> </ul>

Hong Leong Islamic Income Management Fund	<ul style="list-style-type: none"> <li>• Principal deed: 16 March 2007</li> <li>• Supplemental deed: 11 April 2007</li> <li>• Second supplemental deed: 30 April 2010</li> <li>• Third supplemental deed: 9 May 2013</li> <li>• Fourth supplemental deed: 25 March 2015</li> <li>• Fifth supplemental deed: 4 August 2017</li> <li>• Sixth supplemental deed: 24 June 2022</li> </ul>
Hong Leong Regular Income Fund	<ul style="list-style-type: none"> <li>• Principal deed: 11 May 2016</li> <li>• First supplemental deed: 7 June 2022</li> </ul>
Hong Leong Money Market Fund	<ul style="list-style-type: none"> <li>• Principal deed: 13 June 2014</li> <li>• First supplemental deed: 25 March 2015</li> <li>• Second supplemental deed: 20 July 2017</li> <li>• Third supplemental deed: 25 May 2021</li> <li>• Fourth supplemental deed: 1 October 2021</li> <li>• Fifth supplemental deed: 18 May 2022</li> </ul>
Hong Leong Dana Al-Izdihar	<ul style="list-style-type: none"> <li>• Principal deed: 6 April 2017</li> <li>• First supplemental deed: 19 September 2019</li> <li>• Second supplemental deed: 25 May 2021</li> <li>• Third supplemental deed: 7 October 2021</li> <li>• Fourth supplemental deed: 18 May 2022</li> </ul>

#### 11.4. Financial Year-End

The Manager shall make available the below mentioned reports within 2 months from the close of each financial year or semi-annual period of each respective Fund.

- Unaudited semi-annual report for the half year of the Fund's financial period; and
- Annual audited report for the Fund's financial year-end.

#### 11.5 Consent

The Trustees, the External Fund Managers and the Shariah Adviser have given their consent in writing for the inclusion of their names in this Master Prospectus in the form and context in which their names appear in this Master Prospectus, and they have not subsequently withdrawn their written consent.

**The Fund's annual report is available upon request.**

## 12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the Manager's registered office or such other place as the SC may determine:

- The Deeds and supplementary deed (if any) of the Fund;
- The Master Prospectus and supplementary Master Prospectus (if any) of the Fund;
- The latest annual and semi-annual reports of the Fund;
- Each material contracts or documents referred to in this Master Prospectus (if any), and in the case of contracts not reduced into writing, a memorandum which gives full particulars of the contracts;
- The audited financial statements of the Manager and the Funds for the current financial year and for the last three (3) financial years or if less than three (3) years, from the date of incorporation or commencement;
- All reports, letters or other documents, valuations and statements by any expert, any part of which is extracted or referred to in this Master Prospectus. Where a summary expert's report is included in the Master Prospectus, the corresponding full expert's report should be made available for inspections;
- Writ and relevant cause papers for all current material litigation and arbitration disclosed in this Master Prospectus; and
- All consents given by experts disclosed in this Master Prospectus.

### 13. DIRECTORY OF SALES OFFICES

#### **HONG LEONG ASSET MANAGEMENT BHD**

##### **Head office**

Level 18, Block B, Plaza Zurich  
No 12 Jalan Gelenggang  
Bukit Damansara  
50490 Kuala Lumpur  
Tel : +603-2081 8600  
Fax : +603-2081 8500  
Website : [www.hlam.com.my](http://www.hlam.com.my)  
E-mail : [inquiry@hlam.hongleong.com.my](mailto:inquiry@hlam.hongleong.com.my)

##### **Branch offices**

###### **Ipoh**

2<sup>nd</sup> Floor, Lot 3 Persiaran Greentown 4  
Greentown Business Centre  
30450 Ipoh  
Perak  
Tel : 05-255 8388  
05-255 9388  
Fax : 05-255 8389

###### **Pulau Pinang**

No. 441-1-3  
Pulau Tikus Plaza  
Jalan Burmah  
Pulau Tikus  
10350 Pulau Pinang  
Tel : 04-228 8112  
04-228 9112  
Fax : 04-228 3112

#### **INSTITUTIONAL UNIT TRUST ADVISERS (IUTAs)**

##### **HONG LEONG BANK BERHAD**

Tel : 1 800 388 888 /03-7626 8899

##### **CIMB INVESTMENT BANK BERHAD**

Tel : 03-2261 8888

##### **STANDARD CHARTERED BANK MALAYSIA BERHAD**

Tel : 1 300 888 888

##### **AFFIN BANK BERHAD**

Tel : 03-8230 2222

##### **OCBC BANK (MALAYSIA) BERHAD**

Tel : 03-8317 5000

##### **HSBC BANK MALAYSIA BERHAD**

Tel : 1300 88 1388

##### **HONG LEONG ISLAMIC BANK BERHAD**

Tel : 03-2164 3939

##### **UNITED OVERSEAS BANKS (MALAYSIA) BHD**

Tel : 03-2732 4332

##### **MALAYAN BANKING BERHAD**

Tel : 1300 88 6688

##### **ARECA CAPITAL SDN BHD**

Tel : 03-7956 3111

##### **OCBC AL-AMIN BANK BERHAD**

Tel : 03-8314 9310

#### **Authorised Distributors:**

For more information about our distributors, kindly contact our Customer Experience Personnel at 03-2081 8600 ext 18611/18612 between 9.00 a.m. to 6.00 p.m. on a Business Day. Alternatively, you can email us at [inquiry@hlam.hongleong.com.my](mailto:inquiry@hlam.hongleong.com.my).

# 1<sup>st</sup> Supplemental Hong Leong Master Prospectus

This 1<sup>st</sup> Supplemental Hong Leong Master Prospectus is dated 18 August 2023 and must be read together with the Hong Leong Master Prospectus dated 27 February 2023 for the following unit trust funds:

- Hong Leong Growth Fund (constituted on 23 August 1995)
- Hong Leong Value Fund (constituted on 12 March 1999)
- Hong Leong Consumer Products Sector Fund (constituted on 25 July 2000)
- Hong Leong Dana Makmur (constituted on 2 October 2001)
- Hong Leong Dividend Fund (constituted on 22 December 2004)
- Hong Leong Asia-Pacific Dividend Fund (constituted on 27 January 2006)
- Hong Leong Hong Kong Equity Optimizer Fund (constituted on 21 July 2011)
- Hong Leong SEA-5 Equity Fund (constituted on 6 December 2016)
- Hong Leong Asia Pacific Equity Fund (constituted on 17 December 2018)
- Hong Leong Strategic Fund (constituted on 20 January 2005)
- Hong Leong Balanced Fund (constituted on 18 March 2002)
- Hong Leong Dana Maa'rof (constituted on 27 February 2003)
- Hong Leong Bond Fund (constituted on 5 December 2001)
- Hong Leong Institutional Bond Fund (constituted on 15 September 2005)
- Hong Leong Islamic Income Management Fund (constituted on 16 March 2007)
- Hong Leong Regular Income Fund (constituted on 11 May 2016)
- Hong Leong Money Market Fund (constituted on 13 June 2014)
- Hong Leong Dana Al-Izdihar (constituted on 6 April 2017)

(collectively the “**Funds**” and individually the “**Fund**”).

This 1<sup>st</sup> Supplemental Hong Leong Master Prospectus is dated 18 August 2023.  
 (“**1<sup>st</sup> Supplemental Master Prospectus**”).

## **MANAGER**

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

## **TRUSTEES**

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

CIMB COMMERCE TRUSTEE BERHAD [199401027349 (313031-A)]

CIMB ISLAMIC TRUSTEE BERHAD [198801000556 (167913-M)]

MAYBANK TRUSTEES BERHAD [196301000109 (5004-P)]

**INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THE 1ST SUPPLEMENTAL MASTER PROSPECTUS WHICH IS TO BE READ WITH THE HONG LEONG MASTER PROSPECTUS DATED 27 FEBRUARY 2023. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.**

A copy of this 1<sup>st</sup> Supplemental Master Prospectus dated 18 August 2023 and the Hong Leong Master Prospectus dated 27 February 2023 (collectively “**the Prospectuses**”) have been registered and lodged with the Securities Commission Malaysia, who takes no responsibility for their contents. Registration of the Prospectuses does not indicate that the Securities Commission Malaysia recommends the Funds or assumes responsibility for the correctness of any statement made, opinions expressed or reports contained in the Prospectuses.

## **RESPONSIBILITY STATEMENTS**

This 1<sup>st</sup> Supplemental Master Prospectus 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 the 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 1<sup>st</sup> Supplemental Master Prospectus false or misleading.

## **STATEMENTS OF DISCLAIMER**

The Securities Commission Malaysia has authorised the Funds and a copy of this 1<sup>st</sup> Supplemental Master Prospectus has been registered with the Securities Commission Malaysia.

The authorisation of the Funds, and registration of this 1<sup>st</sup> Supplemental Master Prospectus and the Hong Leong Master Prospectus dated 27 February 2023 (collectively "**the Prospectuses**"), should not be taken to indicate that the Securities Commission Malaysia recommends the said Funds or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in the Prospectuses.

The Securities Commission Malaysia is not liable for any non-disclosure on the part of Hong Leong Asset Management Bhd, responsible for the said Funds and takes no responsibility for the contents in this 1<sup>st</sup> Supplemental Master Prospectus. The Securities Commission Malaysia makes no representation on the accuracy or completeness of this 1<sup>st</sup> Supplemental Master Prospectus, 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. IF INVESTORS ARE UNABLE TO MAKE THEIR OWN EVALUATION, THEY ARE ADVISED TO CONSULT PROFESSIONAL ADVISERS.**

## **ADDITIONAL STATEMENTS**

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 1<sup>st</sup> Supplemental Master Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to this 1<sup>st</sup> Supplemental Master Prospectus or the conduct of any other person in relation to the Funds.

Hong Leong Dana Makmur, Hong Leong Dana Maa'rof, Hong Leong Islamic Income Management Fund and Hong Leong Dana Al-Izdihar have been certified as Shariah-compliant by the Shariah adviser appointed for these funds.

**IF A 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.**

## 1. General Amendment

The reference to “collective investment scheme(s)” wherever it appears in the Hong Leong Master Prospectus dated 27 February 2023, is hereby deleted in its entirety and substituted with “CIS”.

## 2. Amendment to Section 1 - Definitions

The definition of “Base Currency” is amended and “CIS” is hereby added as follows:

<b>Base Currency</b>	Refers to the base currency of the Fund, RM.  <i>Note: All Funds’ base currency are denominated in RM.</i>
<b>CIS</b>	Collective Investment Scheme

## 3. Amendment to Section 3.1.5 - Distribution policy\*

The information in relation to the “Distribution policy” of Hong Leong Growth Fund disclosed on page 20 of the Hong Leong Master Prospectus dated 27 February 2023 is hereby deleted in its entirety and substituted with the following:

The Fund intends to provide Unit holders with medium to long-term capital growth and aims to provide regular distribution of income. The distribution of income will be in the form of additional Units, unless Unit holder opts for the distribution to be paid out.

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 realized gains or net realized 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.

\* *Income distributions (if any) are not guaranteed. Distributions of income will only be made from realised gains or realised income derived from the investments of the Fund(s).*

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

## 4. Amendment to Section 3.5.5 - Distribution policy\*

The information in relation to the “Distribution policy” of Hong Leong Dividend Fund disclosed on page 33 of the Hong Leong Master Prospectus dated 27 February 2023 is hereby deleted in its entirety and substituted with the following:

The Fund intends to provide regular income\*\* and potentially, consistent long-term capital appreciation. Regular income returns will be declared depending on interest rates, market

conditions and performance of the Fund. As such, the Fund will strive to declare distributions annually, if any, in the form of either cash or additional Units to the Unit holders.

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 realized gains or net realized 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.

\* *Income distributions (if any) are not guaranteed. Distributions of income will only be made from realized gains or realized income derived from the investments of the Fund(s).*

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

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

#### **5. Amendment to Section 3.6.5 - Distribution policy\***

The information in relation to the "Distribution policy" of Hong Leong Asia-Pacific Dividend Fund disclosed on page 37 of the Hong Leong Master Prospectus dated 27 February 2023 is hereby deleted in its entirety and substituted with the following:

The Fund intends to provide regular income\*\* and potentially consistent long-term capital appreciation. Regular income returns will be declared annually depending on interest rates, market conditions and performance of the Fund. As such, the Fund will strive to declare distributions annually, if any, in the form of either cash or additional Units to the Unit holders.

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 realized gains or net realized 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.

\* *Income distributions (if any) are not guaranteed. Distributions of income will only be made from realized gains or realized income derived from the investments of the Fund(s).*

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

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

#### **6. Amendment to Section 3.7.6 - Distribution policy\***

The information in relation to the "Distribution policy" of Hong Leong Hong Kong Equity Optimizer Fund disclosed on page 43 of the Hong Leong Master Prospectus dated 27 February 2023 is hereby deleted in its entirety and substituted with the following:

Depending on the availability of distributable income\*\* and performance of the Fund, distribution (if any) will be on an annual basis.



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

\* *Income distributions (if any) are not guaranteed. Distributions of income will only be made from realized gains or realized income derived from the investments of the Fund(s).*

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

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

## **7. Amendment to Section 3.10.5 - Distribution policy\***

The information in relation to the "Distribution policy" of Hong Leong Strategic Fund disclosed on page 54 of the Hong Leong Master Prospectus dated 27 February 2023 is hereby deleted in its entirety and substituted with the following:

Subject to the Manager's discretion, the Fund will strive to provide yearly distribution, if any, in the form of either cash or additional Units to the Unit holders, depending on interest rates, market conditions and performance of the Fund to all Unit holders. In essence, Unit holders are expected to enjoy cash or Unit distribution plus NAV appreciation from this Fund.

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

\* *Income distributions (if any) are not guaranteed. Distributions of income will only be made from realized gains or realized income derived from the investments of the Fund(s).*

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

## **8. Amendment to Section 3.11.5 - Distribution policy\***

The information in relation to the "Distribution policy" of Hong Leong Balanced Fund disclosed on page 59 of the Hong Leong Master Prospectus dated 27 February 2023 is hereby deleted in its entirety and substituted with the following:

The Fund intends to provide regular income<sup>\*\*</sup> and consistent long-term capital growth. As such, regular income returns will be declared on a semi annual basis, subject to availability of income.

The Manager's current intention is to declare distributions out of the income and/or capital<sup>\*\*\*</sup> of the Fund after deducting fees and expenses incurred by the Fund. Income distribution may be declared out of capital<sup>\*\*\*</sup> if the Fund does not have sufficient net realized gains or net realized income from the current financial year. The rationale for providing for payment of distribution out

of capital<sup>\*\*\*</sup> is to allow for the ability to provide a stable and consistent level of distribution to Unit holders. Distribution out of capital<sup>\*\*\*</sup> carries the risk of eroding the capital of the Fund and as a result the value of future returns may be diminished.

\* *Income distributions (if any) are not guaranteed. Distributions of income will only be made from realized gains or realized income derived from the investments of the Fund(s).*

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

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

#### **9. Amendment to Section 3.12.5 - Distribution policy\***

The information in relation to the “Distribution policy” of Hong Leong Dana Maa’rof disclosed on page 63 of the Hong Leong Master Prospectus dated 27 February 2023 is hereby deleted in its entirety and substituted with the following:

The Fund intends to provide regular income<sup>\*\*</sup> and consistent long-term capital growth. As such, regular income returns will be declared on a semi annual basis, subject to availability of income.

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

\* *Income distributions (if any) are not guaranteed. Distributions of income will only be made from realized gains or realized income derived from the investments of the Fund(s).*

\*\* *Income distributions (if any) are not guaranteed. Distributions of income will only be made from realized gains or realized income derived from the investments of the Fund(s).*

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

#### **10. Amendment to Section 3.13.6 - Distribution policy\***

The information in relation to the “Distribution policy” of Hong Leong Bond Fund disclosed on page 68 of the Hong Leong Master Prospectus dated 27 February 2023 is hereby deleted in its entirety and substituted with the following:

The Fund intends to provide regular income<sup>\*\*</sup> on a semi annual basis, subject to availability of income.

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

- \* *Income distributions (if any) are not guaranteed. Distributions of income will only be made from realized gains or realized income derived from the investments of the Fund(s).*
- \*\* *Income distributions (if any) are not guaranteed. Distributions of income will only be made from realized gains or realized income derived from the investments of the Fund(s).*
- \*\*\* *Capital refers to unrealised income or unrealised gain.*

#### **11. Amendment to Section 3.14.5 - Distribution policy\***

The information in relation to the “Distribution policy” of Hong Leong Institutional Bond Fund disclosed on page 72 of the Hong Leong Master Prospectus dated 27 February 2023 is hereby deleted in its entirety and substituted with the following:

The Fund aims to provide monthly cash distributions on a best effort basis. The rate of the cash distribution will be determined at every month end in order to bring the NAV of the Fund to the proposed range of RM0.5000 per Unit. The distribution will be subject to availability of sufficient reserves for cash distribution.

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 realized gains or net realized 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.

- \* *Income distributions (if any) are not guaranteed. Distributions of income will only be made from realized gains or realized income derived from the investments of the Fund(s).*
- \*\* *Capital refers to unrealised income or unrealised gain.*

#### **12. Amendment to Section 3.15.5 - Distribution policy\***

The information in relation to the “Distribution policy” of Hong Leong Islamic Income Management Fund disclosed on page 76 of the Hong Leong Master Prospectus dated 27 February 2023 is hereby deleted in its entirety and substituted with the following:

The Fund aims to provide monthly income distributions on a best effort basis. The amount of the income distribution will be determined at every month end in order to bring the NAV of the Fund to the proposed range of RM0.5000 per Unit. The distribution will be subject to availability of sufficient reserves for income distribution.

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 realized gains or net realized 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.

\* *Income distributions (if any) are not guaranteed. Distributions of income will only be made from realized gains or realized income derived from the investments of the Fund(s).*

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

### **13. Amendment to Section 3.15.9 – Investor profile**

The information in relation to the “Investor profile” of Hong Leong Islamic Income Management Fund disclosed on page 78 of the Hong Leong Master Prospectus dated 27 February 2023 is hereby deleted in its entirety and substituted with the following:

The Fund is suitable for investors who:

- are looking for Shariah-compliant investments;
- want to preserve their capital\*;
- wish to park excess funds in a relatively stable investment vehicle for short to medium-term;
- desire a stable and regular stream of income\*\*;
- are seeking exposure to the sukuk market; and
- wish to diversify their investments.

*Notes:*

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

\*\* *Income may be distributed in the form of cash and/or Units. Please refer to Section 3.15.5 for more information on the Fund’s distribution policy.*

### **14. Amendment to Section 3.16.5 - Distribution policy\***

The information in relation to the “Distribution policy” of Hong Leong Regular Income Fund disclosed on page 82 of the Hong Leong Master Prospectus dated 27 February 2023 is hereby deleted in its entirety and substituted with the following:

The Fund intends to provide regular income\* and consistent medium to long-term capital growth. As such, regular income\* distribution will be declared on a monthly basis, subject to availability of income.

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 realized gains or net realized 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.

\* *Income distributions will be reinvested into additional Units unless Unit holders opt for the distribution to be paid out.*

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

## **15. Amendment to Section 3.17.3 – Investment policy, strategy and asset allocation**

The information in relation to the “Investment policy, strategy and asset allocation” of Hong Leong Money Market Fund disclosed on page 84 of the Hong Leong Master Prospectus dated 27 February 2023 is hereby deleted in its entirety and substituted with the following:

To achieve its investment objective of providing regular income while maintaining capital stability, the investments of the Fund will essentially be in deposits and/or money market instruments that will mature within 397 days. At least 90% of the Fund’s NAV will be invested in such instruments in Malaysia. However, the Fund is permitted to also invest in deposits and money market instruments (i.e. negotiable instruments of deposits (NIDs)) with maturity periods of more than 397 days but no longer than 732 days in Malaysia and these investments are limited to 10% of the Fund’s NAV.

The money market instruments that the Fund may invest in include but are not limited to bankers’ acceptances, Bank Negara bills and NIDs.

In selecting the Fund’s investments in deposits and/or money market instruments, the Fund is actively managed and will adopt a prudent selection process and rigorous credit assessment to ensure that only appropriate investments in deposits and/or money market instruments are selected in accordance with the investment objective of the Fund. As such, the Fund will invest in deposits and/or money market instruments with any financial institutions in Malaysia that has a credit rating of at least “A3” or “P2” as rated by RAM at the point of investment, or its equivalent ratings by another registered rating agency. In the event there is a downgrade in the financial institutions below the abovementioned ratings with which the Fund has invested its deposits and/or money market instruments with, the Manager reserves the right to deal with the said investment in the best interest of the Unit holders including to withdraw the invested deposits and/or sell the money market instruments within a reasonable time frame.

Although the Fund is managed according to its principal investment strategy, the activeness and frequency of its investment strategy will very much depend on market conditions and opportunities.

## **16. Amendment to Section 3.17.5 - Distribution policy\***

The information in relation to the “Distribution policy” of Hong Leong Money Market Fund disclosed on page 85 of the Hong Leong Master Prospectus dated 27 February 2023 is hereby deleted in its entirety and substituted with the following:

Distribution of income\*\* will be on a quarterly basis, subject to availability of income.

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 realized gains or net realized 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.

\* *Income distributions (if any) are not guaranteed. Distributions of income will only be made from realized gains or realized income derived from the investments of the Fund(s).*

\*\* *Income may be distributed in the form of additional Units.*

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

### **17. Amendment to Section 3.18.3 – Investment policy, strategy and asset allocation**

The information in relation to the “Investment policy, strategy and asset allocation” of Hong Leong Dana Al-Izdihar disclosed on pages 87 to 88 of the Hong Leong Master Prospectus dated 27 February 2023 is hereby deleted in its entirety and substituted with the following:

In order to achieve its investment objective of providing regular income while maintaining capital stability, the investments of the Fund will essentially be in Islamic deposits, Investment Account and Islamic money market instruments that will mature within 397 days. At least 90% of the Fund’s NAV will be invested in such instruments in Malaysia. However, the Fund is permitted to also invest in Islamic deposits, Investment Account and Islamic money market instruments (i.e. Islamic negotiable instruments of deposits (INIDs)) with maturity periods of more than 397 days but no longer than 732 days in Malaysia and these investments are limited to 10% of the Fund’s NAV.

The Islamic money market instruments that the Fund may invest in include but are not limited to Islamic bankers’ acceptances, Islamic Bank Negara bills and INIDs. In selecting the Fund’s investments in Islamic deposits, Investment Account and Islamic money market instruments, the Fund is actively managed and will adopt a prudent selection process and rigorous credit assessment to ensure that only appropriate investments in Islamic deposits, Investment Account and Islamic money market instruments are selected in accordance with the investment objective of the Fund. As such, the Fund will invest in Islamic deposits, Investment Account and Islamic money market instruments with any financial institutions in Malaysia that has a credit rating of at least “A3” or “P2” as rated by RAM at the point of investment, or its equivalent ratings by another registered rating agency. In the event there is a downgrade in the financial institutions below the abovementioned ratings with which the Fund has invested its Islamic deposits, Investment Account and Islamic money market instruments with, the Manager reserves the right to deal with the said investment in the best interest of the Unit holders including to withdraw the invested Islamic deposits and Investment Account and sell the Islamic money market instruments within a reasonable time frame.

Although the Fund is managed according to its principal investment strategy, the activeness and frequency of its investment in Islamic money market instruments such as INIDs or Islamic Bank Negara bills will very much depend on market conditions and opportunities.

### **18. Amendment to Section 3.18.5 - Distribution policy\***

The information in relation to the “Distribution policy” of Hong Leong Dana Al-Izdihar disclosed on page 88 of the Hong Leong Master Prospectus dated 27 February 2023 is hereby deleted in its entirety and substituted with the following:

Distribution of income\*\* will be on a quarterly basis, subject to availability of income.

Income distributed will be reinvested into additional Units unless Unit holders opt for the distribution to be paid out.

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 realized gains or net realized 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.

\* *Income distributions (if any) are not guaranteed. Distributions of income will only be made from realized gains or realized income derived from the investments of the Fund(s).*

\*\* *Income will be distributed in the form of additional Units.*

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

### 19. Amendment to Section 3.19 – Investment Limits and Restrictions of the Funds

The information in relation to the “Investment Limits and Restriction of the Funds” disclosed on pages 90 to 99 of the Hong Leong Master Prospectus dated 27 February 2023 is hereby deleted in its entirety and substituted with the following:

#### **MONEY MARKET / ISLAMIC MONEY MARKET FUNDS**

##### **Exposure Limits**

<b>Limits &amp; Restrictions</b>	<b>Fund/s Applicable To</b>
The value of a fund’s investment in short-term money market instruments/Islamic money market instruments and placement in short-term deposits/Islamic deposits which have a remaining maturity period of not more than 397 days must not be less than 90% of the fund’s NAV.	<b>Conventional Fund:</b> HLMMF.  <b>Islamic Fund:</b> HLDAIZ.
The fund’s investments in deposits/Islamic deposits and money market instruments/Islamic money market instruments will only be invested with a financial institution that has a rating of “A3” or “P2” by RAM at the point of investing, or its equivalent ratings by another registered rating agency.	<b>Conventional Fund:</b> HLMMF.  <b>Islamic Fund:</b> HLDAIZ.

##### **Investment Spread Limits**

<b>Limits &amp; Restrictions</b>	<b>Fund/s Applicable To</b>
The value of a fund’s investments in money market instruments/Islamic money market instruments issued by a single issuer must not exceed 20% of the fund’s NAV (“single issuer limit”).	<b>Conventional Fund:</b> HLMMF.  <b>Islamic Fund:</b> HLDAIZ.

Limits & Restrictions	Fund/s Applicable To
The value of a fund's investments in money market instruments/Islamic money market instruments issued by any group of companies must not exceed 30% of the fund's NAV.	<b>Conventional Fund:</b> HLMMF.  <b>Islamic Fund:</b> HLDAIZ.
<p>The value of a fund's placement in deposits/Islamic deposits with any single financial institution must not exceed 20% of the fund's NAV.</p> <p>Note:            This limit does not apply to placements of deposits/Islamic deposits arising from:</p> <ul style="list-style-type: none"> <li>(a) subscription monies received prior to the commencement of investment by the fund;</li> <li>(b) liquidation of investments prior to the termination or maturity of the fund, where the placement of deposits/Islamic deposits with various financial institutions would not be in the best interests of Unit holders; or</li> <li>(c) monies held for the settlement of redemption or other payment obligations, where the placement of deposits/Islamic deposits with various financial institutions would not be in the best interest of Unit holders.</li> </ul>	<b>Conventional Fund:</b> HLMMF.  <b>Islamic Fund:</b> HLDAIZ.
The value of a fund's investments in units or shares of an Islamic CIS must not exceed 10% of the fund's NAV, provided the Islamic CIS complies with the requirements of the Guidelines.	<b>Islamic Fund:</b> HLDAIZ.

### Investment Concentration Limits

Limits & Restrictions	Fund/s Applicable To
A fund's investments in money market instruments/Islamic money market instruments must not exceed 20% of the instruments issued by any single issuer.	<b>Conventional Fund:</b> HLMMF.  <b>Islamic Fund:</b> HLDAIZ.
A fund's investments in Islamic CIS must not exceed 25% of the units or shares in the Islamic CIS.	<b>Islamic Fund:</b> HLDAIZ.



## **BOND / FIXED INCOME / SUKUK FUNDS**

### **Exposure Limits**

<b>Limits &amp; Restrictions</b>	<b>Fund/s Applicable To</b>
The aggregate value of a fund's investments in: (a) transferable securities/Shariah-compliant transferable securities that are not traded or dealt in or under the rules of an Eligible Market; and (b) other securities/Shariah-compliant securities, must not exceed 15% of the fund's NAV, subject to a maximum limit of 10% of the fund's NAV in a single issuer or single CIS/Islamic CIS.	<b>Conventional Funds:</b> HLBoF, HLIBF and HLRIF.  <b>Islamic Fund:</b> HLIIMF.
The fund's investment in derivatives/Islamic derivatives: (a) is for foreign exchange hedging purpose only; (b) the fund's global exposure from derivatives/Islamic derivatives position must not exceed the fund's NAV; (c) the fund's exposure to the underlying assets must not exceed the investment limits and restrictions as stipulated in the Guidelines; (d) the counterparty of an OTC derivative/OTC Islamic derivative must be a financial institution with a minimum long-term credit rating of investment grade (including gradation and subcategories); and (e) for OTC derivatives/OTC Islamic derivatives the maximum exposure of the fund to the counterparty must not exceed 10% of the fund's NAV.	<b>Conventional Funds:</b> HLBoF, HLIBF and HLRIF.  <b>Islamic Fund:</b> HLIIMF.

### **Investment Spread Limits**

<b>Limits &amp; Restrictions</b>	<b>Fund/s Applicable To</b>
The value of a fund's investments in: (a) transferable securities/Shariah-compliant transferable securities; and (b) money market instruments/Islamic money market instruments, issued by any single issuer must not exceed 20% of the fund's NAV ("single issuer limit").  Notes: (i) In determining the single issuer limit, the value of the fund's investments in transferable securities/Shariah-compliant transferable securities that are not traded or dealt in or under the rules of an Eligible Market and other securities/Shariah-compliant securities issued by the same issuer must be included in the calculation. (ii) The single issuer limit may be raised to 30% of the	<b>Conventional Funds:</b> HLBoF, HLIBF and HLRIF.  <b>Islamic Fund:</b> HLIIMF.

Limits & Restrictions	Fund/s Applicable To
<p>fund's NAV if the debt security/sukuk is rated by any Malaysian or global rating agency to have the highest long-term credit rating.</p> <p>(iii) The single issuer limit may be raised to 35% of the fund's NAV if the issuing entity is, or the issue is guaranteed by, either by a foreign government, foreign government agency, foreign central bank or supranational, that has a minimum long-term credit rating of investment grade (including gradation and subcategories) by an international rating agency.</p>	
<p>The aggregate value of a fund's investments in, or exposure to, a single issuer through:</p> <p>(a) transferable securities/Shariah-compliant transferable securities;</p> <p>(b) money market instruments/Islamic money market instruments;</p> <p>(c) deposits/Islamic deposits;</p> <p>(d) underlying assets of derivatives/Islamic derivatives; and</p> <p>(e) counterparty exposure arising from the use of OTC derivatives/OTC Islamic derivatives, must not exceed 25% of the fund's NAV ("single issuer aggregate limit").</p> <p>Notes:</p> <p>(i) In determining the single issuer aggregate limit, the value of the fund's investments in transferable securities/Shariah-compliant transferable securities that are not traded or dealt in or under the rules of an Eligible Market and other securities/Shariah-compliant securities issued by the same issuer must be included in the calculation.</p> <p>(ii) Where the single issuer limit is increased to 30% of the fund's NAV, the single issuer aggregate limit may be raised to 30%.</p> <p>(iii) Where the single issuer limit is increased to 35% of the fund's NAV, the single issuer aggregate limit may be raised, subject to the group limit not exceeding 35% of the fund's NAV.</p>	<p><b>Conventional Funds:</b> HLBoF, HLIBF and HLRIF.</p> <p><b>Islamic Fund:</b> HLIIMF.</p>
<p>The value of a fund's investments in transferable securities/Shariah-compliant transferable securities and money market instruments/Islamic money market instruments issued by any group of companies must not exceed 30% of the fund's NAV ("group limit").</p> <p>Note: In determining the group limit, the value of the fund's</p>	<p><b>Conventional Funds:</b> HLBoF, HLIBF and HLRIF.</p> <p><b>Islamic Fund:</b> HLIIMF.</p>

<b>Limits &amp; Restrictions</b>	<b>Fund/s Applicable To</b>
investments in transferable securities/Shariah-compliant transferable securities that are not traded or dealt in or under the rules of an Eligible Market and other securities/Shariah-compliant securities issued by the issuer within the same group of companies must be included in the calculation.	
The value of a fund's placement in deposits/Islamic deposits with any single financial institution must not exceed 20% of the fund's NAV.  Note: This limit does not apply to placements of deposits/Islamic deposits arising from: (a) subscription monies received prior to the commencement of investment by the fund; (b) liquidation of investments prior to the termination or maturity of the fund, where the placement of deposits/Islamic deposits with various financial institutions would not be in the best interests of Unit holders; or (c) monies held for the settlement of redemption or other payment obligations, where the placement of deposits/Islamic deposits with various financial institutions would not be in the best interest of Unit holders.	<b>Conventional Funds:</b> HLBoF, HLIBF and HLRIF.  <b>Islamic Fund:</b> HLIIMF.
The value of a fund's investments in units or shares of a CIS/Islamic CIS must not exceed 20% of the fund's NAV, provided the CIS/Islamic CIS complies with the requirements of the Guidelines.	<b>Conventional Funds:</b> HLBoF, HLIBF and HLRIF.  <b>Islamic Fund:</b> HLIIMF.
The value of a fund's investments in units or shares of a CIS that invests in real estate must not exceed 15% of the fund's NAV.	<b>Conventional Fund:</b> HLRIF
The value of a fund's investments in ordinary shares issued by any single issuer must not exceed 10% of the fund's NAV.	<b>Conventional Fund:</b> HLRIF.

#### **Investment Concentration Limits**

<b>Limits &amp; Restrictions</b>	<b>Fund/s Applicable To</b>
A fund's investments in shares or securities equivalent to shares must not exceed 10% of the shares or securities equivalent to shares, as the case may be, issued by a single issuer.	<b>Conventional Fund:</b> HLRIF.
A fund's investments in debt securities/sukuk must not	<b>Conventional Funds:</b>

<b>Limits &amp; Restrictions</b>	<b>Fund/s Applicable To</b>
<p>exceed 20% of the debt securities/sukuk issued by a single issuer.</p> <p>Note: This limit may be disregarded at the time of acquisition if at that time of acquisition the gross amount of debt securities/sukuk in issue cannot be determined.</p>	<p>HLBoF, HLIBF and HLRIF.</p> <p><b>Islamic Fund:</b> HLIIMF.</p>
<p>A fund's investments in money market instruments/Islamic money market instruments must not exceed 10% of the instruments issued by any single issuer.</p> <p>Note: This limit does not apply to money market instruments/Islamic money market instruments that do not have a pre-determined issue size.</p>	<p><b>Conventional Funds:</b> HLBoF, HLIBF and HLRIF.</p> <p><b>Islamic Fund:</b> HLIIMF.</p>
<p>A fund's investments in CIS/Islamic CIS must not exceed 25% of the units or shares in the CIS/Islamic CIS.</p>	<p><b>Conventional Funds:</b> HLBoF, HLIBF and HLRIF.</p> <p><b>Islamic Fund:</b> HLIIMF.</p>

#### **CONVENTIONAL / SHARIAH-COMPLIANT EQUITY, MIXED ASSETS AND BALANCED FUNDS**

##### **Exposure Limits**

<b>Limits &amp; Restrictions</b>	<b>Fund/s Applicable To</b>
<p>The aggregate value of a fund's investments in:</p> <p>(a) transferable securities/Shariah-compliant transferable securities that are not traded or dealt in or under the rules of an Eligible Market; and</p> <p>(b) other securities/Shariah-compliant securities, must not exceed 15% of the fund's NAV, subject to a maximum limit of 10% of the fund's NAV in a single issuer or single CIS/Islamic CIS.</p>	<p><b>Conventional Funds:</b> HLGF, HLVF, HLCPSF, HLDF, HLSTF, HLBF, HLAPDF and HLHKEOF.</p> <p><b>Islamic Funds:</b> HLDM and HLDM2.</p>
<p>The fund will invest in money market instruments/Islamic money market instruments and placements of deposits/Islamic deposits with any financial institutions in Malaysia.</p>	<p><b>Conventional Funds:</b> HLVF, HLCPSF, HLDF, HLSEA-5, HLAPEF and HLBF</p> <p><b>Islamic Funds:</b> HLDM and HLDM2.</p>
<p>The fund may not invest in any structured warrants unless it is for any risk management, including hedging purpose.</p>	<p><b>Conventional Funds:</b> HLGF and HLSTF.</p>

<b>Limits &amp; Restrictions</b>	<b>Fund/s Applicable To</b>
The value of a fund's investments in listed securities and OTC securities in Vietnam shall not exceed 10% of the fund's NAV.	<b>Conventional Fund:</b> HLSTF.
The value of a fund's investments in a single country (except Malaysia) shall not exceed 55% of the fund's NAV.	<b>Conventional Fund:</b> HLAPDF.
The fund's holding of any class of any single issuer of fixed income securities must have a credit rating of at least "P3" or "BBB3" as rated by RAM, or its equivalent ratings by MARC, whereas the foreign fixed income securities must have a credit rating of at least "BB" as rated by S&P, or its equivalent rating by another recognized global rating agency.  Note: If a rated corporate issue is downgraded to below the minimum rating as stated above and it causes the investment limit to be breached, then the Manager should use its best efforts to dispose of the holdings before its maturity, failing which they shall be held to maturity.	<b>Conventional Fund:</b> HLHKEOF.
The fund's investment in derivatives: (a) is for foreign exchange hedging purpose only; (b) the fund's global exposure from derivatives position must not exceed the fund's NAV; (c) the fund's exposure to the underlying assets must not exceed the investment limits and restrictions as stipulated in the Guidelines; (d) the counterparty of an OTC derivative must be a financial institution with a minimum long-term credit rating of investment grade (including gradation and subcategories); and (e) for OTC derivatives the maximum exposure of the fund to the counterparty must not exceed 10% of the fund's NAV.	<b>Conventional Funds:</b> HLGF, HLPSF, HLAPDF, HLHKEOF, HLSEA-5, HLAPEF and HLSTF.

### **Investment Spread Limits**

<b>Limits &amp; Restrictions</b>	<b>Fund/s Applicable To</b>
The value of a fund's investments in ordinary shares/Shariah-compliant ordinary shares issued by any single issuer must not exceed 10% of the fund's NAV.	<b>Conventional Funds:</b> HLGF, HLVF, HLCPSF, HLDF, HLSEA-5, HLAPEF, HLSTF, HLBF, HLAPDF and HLHKEOF.  <b>Islamic Funds:</b> HLDM and HLDM2.

Limits & Restrictions	Fund/s Applicable To
<p>The value of a fund's investments in:</p> <p>(a) transferable securities/Shariah-compliant transferable securities; and</p> <p>(b) money market instruments/Islamic money market instruments,</p> <p>issued by any single issuer must not exceed 15% of the fund's NAV ("single issuer limit").</p> <p>Notes:</p> <p>(i) In determining the single issuer limit, the value of the fund's investments in transferable securities/Shariah-compliant transferable securities that are not traded or dealt in or under the rules of an Eligible Market and other securities/Shariah-compliant securities issued by the same issuer must be included in the calculation.</p> <p>(ii) The single issuer limit may be raised to 35% of the fund's NAV if the issuing entity is, or the issue is guaranteed by, either a foreign government, foreign government agency, foreign central bank or supranational, that has a minimum long-term credit rating of investment grade (including gradation and subcategories) by an international rating agency.</p> <p>(iii) Where the single issuer limit is raised to 35% of the fund's NAV, the single issuer aggregate limit may be raised, subject to the group limit, not exceeding 35% of the fund's NAV.</p>	<p><b>Conventional Funds:</b> HLGF, HLVF, HLCPSF, HLDF, HLSEA-5, HLAPEF, HLSTF, HLBF, HLAPDF and HLHKEOF.</p> <p><b>Islamic Funds:</b> HLDM and HLDM2.</p>
<p>The value of a fund's placement in deposits/Islamic deposits with any single financial institution must not exceed 20% of the fund's NAV.</p> <p>Note:</p> <p>The single financial institution limit does not apply to placements of deposits/Islamic deposits arising from:</p> <p>(a) subscription monies received prior to the commencement of investment by the fund;</p> <p>(b) liquidation of investments prior to the termination or maturity of the fund, where the placement of deposits/Islamic deposits with various financial institutions would not be in the best interests of Unit holders; or</p> <p>(c) monies held for the settlement of redemption or other payment obligations, where the placement of deposits/Islamic deposits with various financial institutions would not be in the best interest of Unit holders.</p>	<p><b>Conventional Funds:</b> HLGF, HLVF, HLCPSF, HLDF, HLSEA-5, HLAPEF, HLSTF, HLBF, HLAPDF and HLHKEOF.</p> <p><b>Islamic Funds:</b> HLDM and HLDM2.</p>
<p>The aggregate value of a fund's investments in, or exposure to, a single issuer through:</p>	<p><b>Conventional Funds:</b> HLGF, HLVF, HLCPSF, HLDF, HLSEA-</p>

Limits & Restrictions	Fund/s Applicable To
<p>(a) transferable securities/Shariah-compliant transferable securities;</p> <p>(b) money market instruments/Islamic money market instruments;</p> <p>(c) deposits/Islamic deposits;</p> <p>(d) underlying assets of derivatives/Islamic derivatives; and</p> <p>(e) counterparty exposure arising from the use of OTC derivatives/OTC Islamic derivatives, must not exceed 25% of the fund's NAV ("single issuer aggregate limit").</p> <p>Notes:</p> <p>(i) In determining the single issuer aggregate limit, the value of the fund's investments in transferable securities/Shariah-compliant transferable securities that are not traded or dealt in or under the rules of an Eligible Market and other securities/Shariah-compliant securities issued by the same issuer must be included in the calculation.</p> <p>(ii) Where the single issuer limit is increased to 35% of the fund's NAV, the single issuer aggregate limit may be raised, subject to the group limit not exceeding 35% of the fund's NAV.</p>	<p>5, HLAPEF, HLSTF, HLBF, HLAPDF and HLHKEOF.</p> <p><b>Islamic Funds:</b> HLDM and HLDM2.</p>
<p>The value of a fund's investments in units or shares of a CIS/Islamic CIS must not exceed 20% of the fund's NAV, provided the CIS/Islamic CIS complies with the requirements of the Guidelines.</p>	<p><b>Conventional Funds:</b> HLGF, HLVF, HLCPSF, HLDF, HLSEA-5, HLAPEF, HLSTF, HLBF, HLAPDF and HLHKEOF.</p> <p><b>Islamic Funds:</b> HLDM and HLDM2.</p>
<p>The value of a fund's investments in units or shares of a CIS/Islamic CIS that invests in real estate must not exceed 15% of the fund's NAV.</p>	<p><b>Conventional Funds:</b> HLGF, HLVF, HLCPSF, HLDF, HLSEA-5, HLAPEF, HLSTF, HLBF, HLAPDF and HLHKEOF.</p> <p><b>Islamic Funds:</b> HLDM and HLDM2.</p>
<p>The value of a fund's investments in transferable securities/Shariah-compliant transferable securities and money market instruments/Islamic money market instruments issued by any group of companies must not exceed 20% of the fund's NAV ("group limit").</p> <p>Note: In determining the group limit, the value of the fund's</p>	<p><b>Conventional Funds:</b> HLGF, HLVF, HLCPSF, HLDF, HLSEA-5, HLAPEF, HLSTF, HLBF, HLAPDF and HLHKEOF.</p> <p><b>Islamic Funds:</b> HLDM and HLDM2.</p>

Limits & Restrictions	Fund/s Applicable To
investments in transferable securities/Shariah-compliant transferable securities that are not traded or dealt in or under the rules of an Eligible Market and other securities/Shariah-compliant securities issued by the issuer within the same group of companies must be included in the calculation.	

### Investment Concentration Limits

Limits & Restrictions	Fund/s Applicable To
A fund's investments in shares/Shariah-compliant shares or securities/Shariah-compliant securities equivalent to shares must not exceed 10% of the shares/Shariah-compliant shares or securities/Shariah-compliant securities equivalent to shares, as the case may be, issued by a single issuer.	<p><b>Conventional Funds:</b> HLGF, HLVF, HLCPSF, HLDF, HLSEA-5, HLAPEF, HLSTF, HLBF, HLAPDF and HLHKEOF.</p> <p><b>Islamic Funds:</b> HLDM and HLDM2.</p>
<p>A fund's investments in debt securities/sukuk must not exceed 20% of the debt securities/sukuk issued by a single issuer.</p> <p>Note: This limit may be disregarded at the time of acquisition if at that time of acquisition the gross amount of debt securities/sukuk in issue cannot be determined.</p>	<p><b>Conventional Funds:</b> HLGF, HLVF, HLCPSF, HLDF, HLSTF, HLBF, HLAPDF and HLHKEOF.</p> <p><b>Islamic Funds:</b> HLDM and HLDM2.</p>
<p>A fund's investments in money market instruments/Islamic money market instruments must not exceed 10% of the instruments issued by any single issuer.</p> <p>Note: This limit does not apply to money market instruments/Islamic money market instruments that do not have a pre-determined issue size.</p>	<p><b>Conventional Funds:</b> HLGF, HLVF, HLCPSF, HLDF, HLSEA-5, HLAPEF, HLSTF, HLBF, HLAPDF and HLHKEOF.</p> <p><b>Islamic Funds:</b> HLDM and HLDM2.</p>
A fund's investments in CIS/Islamic CIS must not exceed 25% of the units or shares in the CIS/Islamic CIS.	<p><b>Conventional Funds:</b> HLGF, HLVF, HLCPSF, HLDF, HLSEA-5, HLAPEF, HLSTF, HLBF, HLAPDF and HLHKEOF.</p> <p><b>Islamic Funds:</b> HLDM and HLDM2.</p>



## 20. Amendment to Section 4.1.1 - Sales Charge<sup>^</sup>

The information in relation to the “Sales Charge” disclosed on pages 119 to 121 of the Hong Leong Master Prospectus dated 27 February 2023 is hereby deleted in its entirety and substituted with the following:

A sales charge is a front-end fee incurred by a Unit holder when the Unit holder purchases Units of a Fund. The Manager uses the sales charge to pay marketing, advertising and distribution expenses of the Fund(s). Sales charge is rounded to the nearest two (2) decimal places.

### ***Illustration on how sales charge is calculated***

Assuming an investor makes an investment of RM10,000 on 25 April 2023 and that the NAV per Unit for the Fund at the end of the Business Day on 25 April 2023 is RM0.5000. If the sales charge is 6%, then the computation of the sales charge will be as follows:-

$$\begin{aligned} \text{Sales charge} &= \text{Sales charge} \times \text{amount invested} \\ &= 6\% \times \text{RM10,000} \\ &= \text{RM600} \end{aligned}$$

### **Sales charge for each distribution channel:**

Fund	Distribution channel	
	IUTAs*, tied-agents and the Manager	EPF Members Investment Scheme
<b>EQUITY FUNDS</b>		
HLGF	Up to 6% of NAV per Unit	Up to 3% of NAV per Unit
HLVF		
HLCPSF		
HLDM		
HLDF		
HLAPDF		
HLHKEOF		
HLSEA-5 (Class A)	Not applicable	Not applicable
HLSEA-5 (Class B)	Up to 6% of NAV per Unit	
HLAPEF	Up to 5% of NAV per Unit	
<b>MIXED ASSETS/BALANCED FUNDS</b>		
HLSTF	Up to 6% of NAV per Unit	Up to 3% of NAV per Unit
HLBF		
HLDM2		
<b>BOND/FIXED INCOME FUNDS</b>		
HLBoF-OIP	Up to 4% of NAV per Unit	Not applicable

HLBoF-SAP	Not applicable	
HLIBF	Up to 4% of NAV per Unit	
HLIIMF		
HLRIF <sup>*</sup>	Up to 3% of NAV per Unit	
<b>MONEY MARKET FUND</b>		
HLMMF	Not applicable	Not applicable
HLDAIZ		

<sup>^</sup> The fees and charges stated 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).

#### Summary of Funds distributed by each IUTAs:

IUTA	HLGF	HLVF	HLCPSF	HIDM	HIDF	HLAPDF	HLHKEOF	HLSEA-5	HLAPEF	MIXED ASSETS/BALANCED FUNDS	HLSTF	HLBF	HIDM2	BOND/FIXED INCOME FUNDS	HLBoF	HLIBF	HLIIMF	HLRIF	MONEY MARKET FUND	HLMMF
Hong Leong Bank Berhad	•	•	•	•	•	•	•	•	•		•	•	•		•	•	•	•		•
Hong Leong Islamic Bank Berhad				•													•			
Standard Chartered Bank Malaysia	•	•	•	•		•					•	•	•		•					
OCBC Bank (Malaysia) Berhad	•	•	•	•							•	•	•		•					
OCBC Al-Amin Bank Berhad				•													•			
CIMB Investment Bank Berhad	•	•	•	•	•	•					•	•	•		•					
United Overseas Bank (Malaysia)	•	•	•	•	•	•					•	•	•		•		•			
Affin Bank Berhad	•	•	•	•	•	•					•	•	•		•					
Malayan Banking Berhad						•					•						•			
Areca Capital Sdn Bhd	•	•		•	•	•					•	•	•		•	•	•			
HSBC Bank Malaysia Berhad	•	•	•	•		•					•	•								
TA Investment Management Berhad				•									•							
Kenanga Investors Berhad				•									•							

**The Manager may at its absolute discretion to waive or reduce the sales charge (if any) from time to time. Alternatively, investors may negotiate with their preferred distributor for lower fees and charges, subject to the distributor's decision.**

#### 21. Amendment to Section 4.2 - Fee Indirectly Incurred On Sale And Redemption Of Units

The information in relation to the "Fee Indirectly Incurred On Sale And Redemption Of Units" disclosed on pages 122 to 123 of the Hong Leong Master Prospectus dated 27 February 2023 is hereby deleted in its entirety and substituted with the following:

This 1<sup>st</sup> Supplemental Hong Leong Master Prospectus is supplementary to and has to be read in conjunction with the Hong Leong Master Prospectus dated 27 February 2023.

The following table describes the fees that you will **indirectly** incur when you invest in the Funds:  
**For investment through the Manager, tied-agents, IUTAs and EPF Members Investment Scheme.**

Name of Fund	IUTAs, tied-agents and the Manager		EPF Members Investment Scheme <sup>*</sup>		Other fund expenses
	Annual management fee <sup>**</sup>	Annual trustee fee <sup>**</sup>	Annual management fee	Annual trustee fee <sup>**</sup>	
	% per annum of the NAV of the Fund/Class calculated on a daily basis		% per annum of the NAV of the Fund/Class calculated on a daily basis		Custodian fee (for funds with foreign investments, if any), brokerage fee (if any), Auditors' fee and other relevant professional fees, foreign account tax compliance act ("FATCA"), common reporting standard ("CRS") and direct administration expenses.
HLGF	1.50%	0.06%	1.50%	0.06%	
HLVF	2.00%	0.07%	2.00%	0.07%	
HLCPSP	1.50%	0.08%	1.50%	0.08%	
HLDM	1.50%	0.07% <sup>1</sup>	1.50%	0.07% <sup>1</sup>	
HLDF	Up to 2.50%	0.07% <sup>1</sup>	Up to 2.50%	0.07% <sup>1</sup>	
HLAPDF	Up to 2.00%		Up to 2.00%		
HLSEA-5 (Class A)	Up to 1.80%	Up to 0.08% <sup>2</sup>	Not applicable	Not applicable	
HLSEA-5 (Class B)					
HLAPEF					
HLHKEOF	Up to 2.00%	0.08% <sup>1</sup>	Up to 2.00%	0.07% <sup>1</sup>	
HLSTF		0.07% <sup>1</sup>			
HLBF		0.08% <sup>1</sup>			
HLDM2	2.00% <sup>4</sup>	0.07% <sup>1</sup>	2.00% <sup>4</sup>	0.07% <sup>1</sup>	
HLBoF	1.00%	0.08% <sup>1</sup>	Not applicable	Not applicable	
HLIBF	Up to 1.50%	0.07% <sup>1</sup>			
HLIIMF		0.08% <sup>1</sup>			
HLRIF	Up to 1.50%	Up to 0.05% <sup>2</sup>			
HLMMF	Up to 1.00% <sup>4</sup>	Up to 0.01% <sup>3</sup>	Up to 1.00% <sup>4</sup>	Up to 0.01% <sup>3</sup>	
HLDAIZ	Up to 0.75%	Up to 0.015% <sup>2</sup>	Up to 0.75%	Up to 0.015% <sup>2</sup>	

**Notes:**

<sup>\*</sup> Please refer to the Manager's website at [www.hlam.com.my](http://www.hlam.com.my) or Unit holder may contact the Manager for the most updated list of Funds approved under the EPF Members Investment Scheme.

<sup>\*\*</sup> The fees and charges stated 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).

<sup>1</sup> Annual trustee fee is subject to a minimum of RM18,000 per annum (excluding foreign custodian fee and charges).

<sup>2</sup> Annual trustee fee is subject to a minimum of RM9,000 per annum (excluding foreign custodian fee and charges).

<sup>3</sup> Annual trustee fee is subject to a minimum of RM10,000 per annum.

<sup>4</sup> The management fee will take effect 90 days from the date of this 1<sup>st</sup> Supplemental Master Prospectus.

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

## **22. Amendment to Section 5.9 – Suspension of Dealing in Units**

The information in relation to the “Suspension of Dealing in Units” disclosed on page 142 of the Hong Leong Master Prospectus dated 27 February 2023 is hereby deleted in its entirety and substituted with the following:

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.

\* Please refer to section 3.24.1. – General risks – Liquidity risk for further details on liquidity risk management tools.

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.

## **23. Amendment to Section 5.16 - How And Where Units Can Be Bought And Sold**

The information in relation to the “How And Where Units Can Be Bought And Sold” disclosed on page 150 of the Hong Leong Master Prospectus dated 27 February 2023 is hereby deleted in its entirety and substituted with the following:

For application or redemption of Units for the Funds, applicants are required to complete the relevant forms which are readily available from the following distributors:-

- Head office of the Manager;
- Branch offices of the Manager;
- Hong Leong Bank Berhad;
- Hong Leong Islamic Bank Berhad;
- CIMB Investment Bank Berhad;
- OCBC Bank (Malaysia) Berhad;

- OCBC Al-Amin Bank Berhad;
- Standard Chartered Bank Malaysia Berhad;
- United Overseas Bank (Malaysia) Bhd;
- Affin Bank Berhad;
- Malayan Banking Berhad;
- Areca Capital Sdn Bhd;
- HSBC Bank Malaysia Berhad;
- TA Investment Management Berhad;
- Kenanga Investors Berhad;
- Independent tied agents of the Manager, who are registered with FIMM; or
- Other approved IUTAs (as and when appointed by the Manager and agreed by the respective IUTAs).

**24. Amendment to Section 6.5.1 – Sumitomo Mitsui DS Asset Management (Hong Kong) Limited (“SMDAMHK”)**

The information in relation to the “Sumitomo Mitsui DS Asset Management (Hong Kong) Limited (“SMDAMHK”)” disclosed on pages 154 to 155 of the Hong Leong Master Prospectus dated 27 February 2023 is hereby deleted in its entirety and substituted with the following:

**Sumitomo Mitsui DS Asset Management (Hong Kong) Limited (“SMDAMHK”)**

SMDAMHK is a wholly owned overseas subsidiary of Sumitomo Mitsui DS Asset Management Company, Limited (“SMDAM”) one of the largest investment managers in Japan. SMDAM owned by major financial institutions of the Sumitomo groups and Mitsui groups (76.5% share holdings) and Daiwa Securities (23.5% share holdings) in Japan.

**Regulatory Licenses**

SMDAMHK is licensed and regulated by the Securities and Futures Commission of Hong Kong (“SFC”) in respect of the following regulated activities:-

**1. Type 1 – Dealing in Securities**

Currently SMDAMHK markets and distributes funds it manages as well as funds and/or other investment products managed by group companies or third parties to retail, corporate and institutional investors.

**2. Type 4 – Advising on Securities**

SMDAMHK provides investment advisory services to affiliate companies under Investment Advisory Agreements and/or Service Agreements, and provides comments/gives recommendations on particular securities to its clients.

**3. Type 9 – Asset Management**

SMDAMHK manages segregated accounts and portfolios as well as private and SFC authorized fund(s) by investing into securities and futures contracts.

## The Key Personnel of SMDAMHK

### Senior Portfolio Manager

**Mr Stanley Tang** joined SMDAMHK in December 2009 and holds a Master Degree of Business Administration from Hong Kong University of Science and Technology (HKUST) and a Bachelor Degree of Finance from University of Hong Kong (HKU). He is also a CFA® charterholder.

Mr Tang is responsible in managing equities funds across the Asian region and has more than twenty one (21) years of experience in the investment industry mainly in areas of asset management. Prior to joining SMDAMHK, he worked at AIG Investments and Lloyds TSB in Hong Kong for various roles.

Mr Tang is the designated fund manager of HLAPEF.

### Portfolio Manager

**Mr Najman Isa** joined SMDAMHK in March 2018 and holds a Bachelor of Civil Engineering (Honours) and a Bachelor of Commerce from University of Melbourne, Australia, and is also a CFA® charterholder.

Mr Najman has over (14) fourteen years of industry experience and now is responsible in managing equities funds across the Asian region. Prior to joining SMDAMHK, he worked at Eastspring Investments and Aberdeen Asset Management in Kuala Lumpur, Malaysia for 2 and 5 years respectively with key roles include managing selected regional shariah equities and as a generalist for ASEAN and India equities. Previous to those financial industry experiences, he started his working career with a Government-linked company in Malaysia as a civil engineer in 2008.

## 25. Amendment to Section 8.4 - Maximum Fees And Charges Permitted By The Deeds

The information in relation to the “Maximum Fees And Charges Permitted By The Deeds” disclosed on pages 163 to 165 of the Hong Leong Master Prospectus dated 27 February 2023 is hereby deleted in its entirety and substituted with the following:

	<b>Annual management fee (% per annum of the NAV)</b>	<b>Annual trustee fee (% per annum of the NAV)</b>	<b>Sales charge (% of the NAV per unit)</b>	<b>Redemption charge (% of the NAV per unit)</b>
<b>HLGF</b>	1.50%	0.06%	10%	5 sen per unit
<b>HLVF</b>	2.00%	0.08%	6%	N/A
<b>HLCPSF</b>	1.50%	0.08%	6%	N/A
<b>HLDM</b>	1.50%	0.10%, subject to a minimum of RM35,000 per annum.	6%	N/A
<b>HLDF</b>	2.50%	1.00%, subject to a minimum of RM18,000 per annum.	7%	N/A
<b>HLAPDF</b>	2.00%	0.20%, subject to a minimum of RM18,000	10%	5%

	<b>Annual management fee (% per annum of the NAV)</b>	<b>Annual trustee fee (% per annum of the NAV)</b>	<b>Sales charge (% of the NAV per unit)</b>	<b>Redemption charge (% of the NAV per unit)</b>
		per annum.		
<b>HLHKEOF</b>	2.00%	1.00%, subject to a minimum of RM18,000 per annum.	10%	5%
<b>HLSEA-5 (Class A)</b>	1.80%	0.08%, subject to a minimum of RM9,000 per annum	N/A	2.00%
<b>HLSEA-5 (Class B)</b>			6%	N/A
<b>HLAPEF</b>	1.80%	0.055%, subject to a minimum of RM18,000 per annum	5%	N/A
<b>HLSTF</b>	2.50%	1.00%, subject to a minimum of RM18,000 per annum.	7%	N/A
<b>HLBF</b>	2.00%	0.20%, subject to a minimum of RM18,000 per annum.	10%	N/A
<b>HLDM2</b>	2.00%	0.07%, subject to a minimum of RM18,000 per annum.	6%	N/A
<b>HLBoF</b>	1.00%	0.08%, subject to a minimum of RM18,000 per annum.	HLBoF-OIP: 4% HLBoF-SAP: 0%	N/A
<b>HLIBF</b>	2.00%	0.20%, subject to a minimum of RM18,000 per annum.	10%	10%
<b>HLIIMF</b>	2.00%	0.20%, subject to a minimum of RM18,000 per annum.	10%	5%
<b>HLRIF</b>	1.50%	0.05%, subject to a minimum of RM9,000 per annum.	3%	N/A
<b>HLMMF</b>	1.00%	0.01%, subject to a minimum of RM10,000 per annum.	N/A	N/A
<b>HLDAIZ</b>	0.75%	0.015%, subject to minimum of RM9,000 per annum.	N/A	N/A

*The fees and charges stated 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).*

The Manager may only charge a higher sales charge and/or redemption charge than that disclosed in this Master Prospectus in accordance with the relevant Deeds and all relevant laws.

Any increase of the fees and/or charges above the maximum stated in the relevant Deeds shall require Unit holders' approval.

The Manager may not charge an annual management fee at a rate higher than that disclosed in this Master Prospectus unless:

- The Manager has come to an agreement with the Trustee on the higher rate;
- The Manager has notified the Unit holders of the higher rate and the date on which such higher rate is to become effective;
- A supplemental/replacement prospectus stating the higher rate is issued thereafter; and
- Such time as may be prescribed by any relevant law shall have elapsed since the supplemental/replacement prospectus is issued.

The Trustee may not charge an annual trustee fee at a rate higher than that disclosed in this Master Prospectus unless:

- The Manager has come to an agreement with the Trustee on the higher rate;
- The Manager has notified the Unit holders of the higher rate and the date on which such higher rate is to become effective;
- A supplemental/replacement prospectus stating the higher rate is issued thereafter; and
- Such time as may be prescribed by any relevant law shall have elapsed since the supplemental/replacement prospectus is issued.

## **26. Amendment to Section 8.8 – Termination Of A Fund**

The information in relation to the "Termination Of A Fund" disclosed on pages 167 to 168 of the Hong Leong Master Prospectus dated 27 February 2023 is hereby deleted in its entirety and substituted with the following:

A 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;
- (b) A Special Resolution is passed at a Unit holders' meeting to terminate or wind up the Fund; and
- (c) The Fund has reached its maturity date (if any) as specified in the Deed.

Notwithstanding the above, 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 hereby 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 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 hereby created being terminated:

- (a) 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;
- (b) 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;
- (c) the Manager and the Trustee shall notify the relevant authorities in such manner as may be prescribed by any relevant law; and
- (d) the Manager or the Trustee shall notify the Unit holders in such manner as may be prescribed by any relevant law.

## **27. Amendment to Section 8.9 – Termination Of A Class**

The information in relation to the “Termination Of A Class” disclosed on page 168 of the Hong Leong Master Prospectus dated 27 February 2023 is hereby deleted in its entirety and substituted with the following:

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, 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 Classes.

Notwithstanding the aforesaid, if the Classes are 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 of Units.

## 28. Amendment to Section 11.3 – Deed

The information in relation to the “Deed” disclosed on pages 181 to 183 of the Hong Leong Master Prospectus dated 27 February 2023 is hereby deleted in its entirety and substituted with the following:

The Fund’s deed as below:-

<b>Fund Name</b>	<b>Date of Deed</b>
Hong Leong Growth Fund	<ul style="list-style-type: none"><li>• Supplemental master deed: 27 July 2012</li><li>• Second supplemental master deed: 25 March 2015</li><li>• Third supplemental master deed: 28 November 2019</li><li>• Fourth supplemental master deed: 7 February 2020</li><li>• Fifth supplemental master deed: 21 December 2021</li><li>• Sixth supplemental master deed: 28 April 2022</li><li>• Seventh supplemental master deed: 23 March 2023</li></ul>
Hong Leong Value Fund	<ul style="list-style-type: none"><li>• Supplemental master deed: 27 July 2012</li><li>• Second supplemental master deed: 25 March 2015</li><li>• Third supplemental master deed: 28 November 2019</li><li>• Fourth supplemental master deed: 7 February 2020</li><li>• Fifth supplemental master deed: 21 December 2021</li><li>• Sixth supplemental master deed: 28 April 2022</li><li>• Seventh supplemental master deed: 23 March 2023</li></ul>
Hong Leong Consumer Products Sector Fund	<ul style="list-style-type: none"><li>• Supplemental master deed: 30 May 2013</li><li>• Second supplemental master deed: 25 March 2015</li><li>• Third supplemental master deed: 21 June 2022</li><li>• Fourth supplemental master deed: 15 March 2023</li></ul>
Hong Leong Dana Makmur	<ul style="list-style-type: none"><li>• Supplemental master deed: 27 July 2012</li><li>• Second Supplemental master deed: 25 March 2015</li><li>• Third supplemental master deed: 28 November 2019</li><li>• Fourth supplemental master deed: 7 February 2020</li><li>• Fifth supplemental master deed: 21 December 2021</li><li>• Sixth supplemental master deed: 28 April 2022</li><li>• Seventh supplemental master deed: 23 March 2023</li></ul>
Hong Leong Dividend Fund	<ul style="list-style-type: none"><li>• Supplemental master deed: 27 July 2012</li><li>• Second supplemental master deed: 25 March 2015</li><li>• Third supplemental master deed: 28 November 2019</li><li>• Fourth supplemental master deed: 7 February 2020</li><li>• Fifth supplemental master deed: 21 December 2021</li><li>• Sixth supplemental master deed: 28 April 2022</li><li>• Seventh supplemental master deed: 23 March 2023</li></ul>

Hong Leong Asia Pacific Dividend Fund	<ul style="list-style-type: none"> <li>• Supplemental master deed: 21 September 2012</li> <li>• Second supplemental master deed: 25 March 2015</li> <li>• Third supplemental master deed: 27 July 2022</li> <li>• Fourth supplemental master deed: 23 March 2023</li> </ul>
Hong Leong SEA-5 Equity Fund	<ul style="list-style-type: none"> <li>• Principal deed: 6 December 2016</li> <li>• First supplemental deed: 18 June 2021</li> <li>• Second supplemental deed: 9 September 2021</li> <li>• Third supplemental deed: 26 May 2022</li> </ul>
Hong Leong Asia Pacific Equity Fund	<ul style="list-style-type: none"> <li>• Principal deed: 17 December 2018</li> <li>• First supplemental deed: 5 July 2022</li> </ul>
Hong Leong Hong Kong Equity Optimizer Fund	<ul style="list-style-type: none"> <li>• Supplemental master deed: 27 July 2012</li> <li>• Second supplemental master deed: 25 March 2015</li> <li>• Third supplemental master deed: 28 November 2019</li> <li>• Fourth supplemental master deed: 7 February 2020</li> <li>• Fifth supplemental master deed: 21 December 2021</li> <li>• Sixth supplemental master deed: 28 April 2022</li> <li>• Seventh supplemental master deed: 23 March 2023</li> </ul>
Hong Leong Strategic Fund	<ul style="list-style-type: none"> <li>• Supplemental master deed: 27 July 2012</li> <li>• Second supplemental master deed: 25 March 2015</li> <li>• Third supplemental master deed: 28 November 2019</li> <li>• Fourth supplemental master deed: 7 February 2020</li> <li>• Fifth supplemental master deed: 21 December 2021</li> <li>• Sixth supplemental master deed: 28 April 2022</li> <li>• Seventh supplemental master deed: 23 March 2023</li> </ul>
Hong Leong Balanced Fund	<ul style="list-style-type: none"> <li>• Supplemental master deed: 30 May 2013</li> <li>• Second supplemental master deed: 25 March 2015</li> <li>• Third supplemental master deed: 21 June 2022</li> <li>• Fourth supplemental master deed: 15 March 2023</li> </ul>
Hong Leong Dana Maa'rof	<ul style="list-style-type: none"> <li>• Supplemental master deed: 27 July 2012</li> <li>• Second supplemental master deed: 25 March 2015</li> <li>• Third supplemental master deed: 28 November 2019</li> <li>• Fourth supplemental master deed: 7 February 2020</li> <li>• Fifth supplemental master deed: 21 December 2021</li> <li>• Sixth supplemental master deed: 28 April 2022</li> <li>• Seventh supplemental master deed: 23 March 2023</li> </ul>
Hong Leong Bond Fund	<ul style="list-style-type: none"> <li>• Supplemental master deed: 30 May 2013</li> <li>• Second supplemental master deed: 25 March 2015</li> <li>• Third supplemental master deed: 21 June 2022</li> </ul>

	<ul style="list-style-type: none"> <li>• Fourth supplemental master deed: 15 March 2023</li> </ul>
Hong Leong Institutional Bond Fund	<ul style="list-style-type: none"> <li>• Supplemental master deed: 21 September 2012</li> <li>• Second supplemental master deed: 25 March 2015</li> <li>• Third supplemental master deed: 27 July 2022</li> <li>• Fourth supplemental master deed: 23 March 2023</li> </ul>
Hong Leong Islamic Income Management Fund	<ul style="list-style-type: none"> <li>• Principal deed: 16 March 2007</li> <li>• Supplemental deed: 11 April 2007</li> <li>• Second supplemental deed: 30 April 2010</li> <li>• Third supplemental deed: 9 May 2013</li> <li>• Fourth supplemental deed: 25 March 2015</li> <li>• Fifth supplemental deed: 4 August 2017</li> <li>• Sixth supplemental deed: 24 June 2022</li> <li>• Seventh supplemental deed: 28 February 2023</li> </ul>
Hong Leong Regular Income Fund	<ul style="list-style-type: none"> <li>• Principal deed: 11 May 2016</li> <li>• First supplemental deed: 7 June 2022</li> <li>• Second supplemental deed: 28 February 2023</li> </ul>
Hong Leong Money Market Fund	<ul style="list-style-type: none"> <li>• Principal deed: 13 June 2014</li> <li>• First supplemental deed: 25 March 2015</li> <li>• Second supplemental deed: 20 July 2017</li> <li>• Third supplemental deed: 25 May 2021</li> <li>• Fourth supplemental deed: 1 October 2021</li> <li>• Fifth supplemental deed: 18 May 2022</li> <li>• Sixth supplemental deed: 30 January 2023</li> </ul>
Hong Leong Dana Al-Izdihar	<ul style="list-style-type: none"> <li>• Principal deed: 6 April 2017</li> <li>• First supplemental deed: 19 September 2019</li> <li>• Second supplemental deed: 25 May 2021</li> <li>• Third supplemental deed: 7 October 2021</li> <li>• Fourth supplemental deed: 18 May 2022</li> <li>• Fifth supplemental deed: 30 January 2023</li> </ul>

## 2<sup>nd</sup> Supplemental Hong Leong Master Prospectus

This 2<sup>nd</sup> Supplemental Hong Leong Master Prospectus is dated 5 January 2024 and must be read together with the Hong Leong Master Prospectus dated 27 February 2023 and the 1<sup>st</sup> Supplemental Hong Leong Master Prospectus dated 18 August 2023 for the following unit trust funds:

- Hong Leong Growth Fund (constituted on 23 August 1995)
- Hong Leong Value Fund (constituted on 12 March 1999)
- Hong Leong Consumer Products Sector Fund (constituted on 25 July 2000)
- Hong Leong Dana Makmur (constituted on 2 October 2001)
- Hong Leong Dividend Fund (constituted on 22 December 2004)
- Hong Leong Asia-Pacific Dividend Fund (constituted on 27 January 2006)
- Hong Leong Hong Kong Equity Optimizer Fund (constituted on 21 July 2011)
- Hong Leong SEA-5 Equity Fund (constituted on 6 December 2016)
- Hong Leong Asia Pacific Equity Fund (constituted on 17 December 2018)
- Hong Leong Strategic Fund (constituted on 20 January 2005)
- Hong Leong Balanced Fund (constituted on 18 March 2002)
- Hong Leong Dana Maa'rof (constituted on 27 February 2003)
- Hong Leong Bond Fund (constituted on 5 December 2001)
- Hong Leong Institutional Bond Fund (constituted on 15 September 2005)
- Hong Leong Islamic Income Management Fund (constituted on 16 March 2007)
- Hong Leong Regular Income Fund (constituted on 11 May 2016)
- Hong Leong Money Market Fund (constituted on 13 June 2014)
- Hong Leong Dana Al-Izdihar (constituted on 6 April 2017)

(collectively the “**Funds**” and individually the “**Fund**”).

This 2<sup>nd</sup> Supplemental Hong Leong Master Prospectus is dated 5 January 2024.  
 (“**2<sup>nd</sup> Supplemental Master Prospectus**”).

### MANAGER

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

### TRUSTEES

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

CIMB COMMERCE TRUSTEE BERHAD [199401027349 (313031-A)]

CIMB ISLAMIC TRUSTEE BERHAD [198801000556 (167913-M)]

MAYBANK TRUSTEES BERHAD [196301000109 (5004-P)]

**INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THE 2<sup>ND</sup> SUPPLEMENTAL MASTER PROSPECTUS WHICH IS TO BE READ WITH THE HONG LEONG MASTER PROSPECTUS DATED 27 FEBRUARY 2023 AND THE 1<sup>ST</sup> SUPPLEMENTAL HONG LEONG MASTER PROSPECTUS DATED 18 AUGUST 2023. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.**

A copy of this 2<sup>nd</sup> Supplemental Master Prospectus dated 5 January 2024, the Hong Leong Master Prospectus dated 27 February 2023 and the 1<sup>st</sup> Supplemental Hong Leong Master Prospectus dated 18 August 2023 (collectively “**the Prospectuses**”) have been registered and lodged with the Securities Commission Malaysia, who takes no responsibility for their contents. Registration of the Prospectuses does not indicate that the Securities Commission Malaysia recommends the Funds or assumes responsibility for the correctness of any statement made, opinions expressed or reports contained in the Prospectuses.

## **RESPONSIBILITY STATEMENTS**

This 2<sup>nd</sup> Supplemental Master Prospectus 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 the 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 2<sup>nd</sup> Supplemental Master Prospectus false or misleading.

## **STATEMENTS OF DISCLAIMER**

The Securities Commission Malaysia has authorised the Funds and a copy of this 2<sup>nd</sup> Supplemental Master Prospectus has been registered with the Securities Commission Malaysia.

The authorisation of the Funds, and registration of this 2<sup>nd</sup> Supplemental Master Prospectus, the Hong Leong Master Prospectus dated 27 February 2023 and the 1<sup>st</sup> Supplemental Hong Leong Master Prospectus dated 18 August 2023 (collectively **“the Prospectuses”**), should not be taken to indicate that the Securities Commission Malaysia recommends the said Funds or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in the Prospectuses.

The Securities Commission Malaysia is not liable for any non-disclosure on the part of Hong Leong Asset Management Bhd, responsible for the said Funds and takes no responsibility for the contents in this 2<sup>nd</sup> Supplemental Master Prospectus. The Securities Commission Malaysia makes no representation on the accuracy or completeness of this 2<sup>nd</sup> Supplemental Master Prospectus, 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. IF INVESTORS ARE UNABLE TO MAKE THEIR OWN EVALUATION, THEY ARE ADVISED TO CONSULT PROFESSIONAL ADVISERS.**

## **ADDITIONAL STATEMENTS**

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 2<sup>nd</sup> Supplemental Master Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to this 2<sup>nd</sup> Supplemental Master Prospectus or the conduct of any other person in relation to the Funds.

Hong Leong Dana Makmur, Hong Leong Dana Maa’rof, Hong Leong Islamic Income Management Fund and Hong Leong Dana Al-Izdihar have been certified as Shariah-compliant by the Shariah adviser appointed for these funds.

**IF A 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.**

This 2<sup>nd</sup> Supplemental Hong Leong Master Prospectus is supplementary to and has to be read in conjunction with the Hong Leong Master Prospectus dated 27 February 2023 and the 1<sup>st</sup> Supplemental Hong Leong Master Prospectus dated 18 August 2023.

## 1. Amendment to Section 3.19 – Investment Limits and Restrictions of the Funds

The information in relation to the “Investment Limits and Restriction of the Funds” disclosed on pages 90 to 99 of the Hong Leong Master Prospectus dated 27 February 2023 and pages 10 to 19 of the 1<sup>st</sup> Supplemental Hong Leong Master Prospectus dated 18 August 2023 is hereby deleted in its entirety and substituted with the following:

### **MONEY MARKET / ISLAMIC MONEY MARKET FUNDS**

#### **Exposure Limits**

<b>Limits &amp; Restrictions</b>	<b>Fund/s Applicable To</b>
The value of a fund’s investment in short-term money market instruments/Islamic money market instruments and placement in short-term deposits/Islamic deposits which have a remaining maturity period of not more than 397 days must not be less than 90% of the fund’s NAV.	<b>Conventional Fund:</b> HLMMF. <b>Islamic Fund:</b> HLDAIZ.
The fund’s investments in deposits/Islamic deposits and money market instruments/Islamic money market instruments will only be invested with a financial institution that has a rating of “A3” or “P2” by RAM at the point of investing, or its equivalent ratings by another registered rating agency.	<b>Conventional Fund:</b> HLMMF. <b>Islamic Fund:</b> HLDAIZ.

#### **Investment Spread Limits**

<b>Limits &amp; Restrictions</b>	<b>Fund/s Applicable To</b>
The value of a fund’s investments in money market instruments/Islamic money market instruments issued by a single issuer must not exceed 20% of the fund’s NAV (“single issuer limit”).	<b>Conventional Fund:</b> HLMMF. <b>Islamic Fund:</b> HLDAIZ.
The value of a fund’s investments in money market instruments/Islamic money market instruments issued by any group of companies must not exceed 30% of the fund’s NAV.	<b>Conventional Fund:</b> HLMMF. <b>Islamic Fund:</b> HLDAIZ.



Limits & Restrictions	Fund/s Applicable To
<p>The value of a fund's placement in deposits/Islamic deposits with any single financial institution must not exceed 20% of the fund's NAV.</p> <p>Note: This limit does not apply to placements of deposits/Islamic deposits arising from:</p> <ul style="list-style-type: none"> <li>(a) subscription monies received prior to the commencement of investment by the fund;</li> <li>(b) liquidation of investments prior to the termination or maturity of the fund, where the placement of deposits/Islamic deposits with various financial institutions would not be in the best interests of Unit holders; or</li> <li>(c) monies held for the settlement of redemption or other payment obligations, where the placement of deposits/Islamic deposits with various financial institutions would not be in the best interest of Unit holders.</li> </ul>	<p><b>Conventional Fund:</b> HLMMF.</p> <p><b>Islamic Fund:</b> HLDAIZ.</p>
<p>The value of a fund's investments in units or shares of an Islamic CIS must not exceed 10% of the fund's NAV, provided the Islamic CIS complies with the requirements of the Guidelines.</p>	<p><b>Islamic Fund:</b> HLDAIZ.</p>

#### Investment Concentration Limits

Limits & Restrictions	Fund/s Applicable To
<p>A fund's investments in money market instruments/Islamic money market instruments must not exceed 20% of the instruments issued by any single issuer.</p>	<p><b>Conventional Fund:</b> HLMMF.</p> <p><b>Islamic Fund:</b> HLDAIZ.</p>
<p>A fund's investments in Islamic CIS must not exceed 25% of the units or shares in the Islamic CIS.</p>	<p><b>Islamic Fund:</b> HLDAIZ.</p>

## **BOND / FIXED INCOME / SUKUK FUNDS**

### **Exposure Limits**

<b>Limits &amp; Restrictions</b>	<b>Fund/s Applicable To</b>
The aggregate value of a fund's investments in: (a) transferable securities/Shariah-compliant transferable securities that are not traded or dealt in or under the rules of an Eligible Market; and (b) other securities/Shariah-compliant securities, must not exceed 15% of the fund's NAV, subject to a maximum limit of 10% of the fund's NAV in a single issuer or single CIS/Islamic CIS.	<b>Conventional Funds:</b> HLBoF, HLIBF and HLRIF.  <b>Islamic Fund:</b> HLIIMF.
The fund's investment in derivatives/Islamic derivatives: (a) is for foreign exchange hedging purpose only; (b) the fund's global exposure from derivatives/Islamic derivatives position must not exceed the fund's NAV; (c) the fund's exposure to the underlying assets must not exceed the investment limits and restrictions as stipulated in the Guidelines; (d) the counterparty of an OTC derivative/OTC Islamic derivative must be a financial institution with a minimum long-term credit rating of investment grade (including gradation and subcategories); and (e) for OTC derivatives/OTC Islamic derivatives the maximum exposure of the fund to the counterparty must not exceed 10% of the fund's NAV.	<b>Conventional Funds:</b> HLBoF, HLIBF and HLRIF.  <b>Islamic Fund:</b> HLIIMF.

### **Investment Spread Limits**

<b>Limits &amp; Restrictions</b>	<b>Fund/s Applicable To</b>
The value of a fund's investments in: (a) transferable securities/Shariah-compliant transferable securities; and (b) money market instruments/Islamic money market instruments, issued by any single issuer must not exceed 20% of the fund's NAV ("single issuer limit").  Notes: (i) In determining the single issuer limit, the value of the fund's investments in transferable securities/Shariah-compliant transferable securities that are not traded or dealt in or under the rules of an Eligible Market and other securities/Shariah-compliant securities issued by the same issuer must be included in the	<b>Conventional Funds:</b> HLBoF, HLIBF and HLRIF.  <b>Islamic Fund:</b> HLIIMF.

Limits & Restrictions	Fund/s Applicable To
<p>calculation.</p> <p>(ii) The single issuer limit may be raised to 30% of the fund's NAV if the debt security/sukuk is rated by any Malaysian or global rating agency to have the highest long-term credit rating.</p> <p>(iii) The single issuer limit may be raised to 35% of the fund's NAV if the issuing entity is, or the issue is guaranteed by, either by a foreign government, foreign government agency, foreign central bank or supranational, that has a minimum long-term credit rating of investment grade (including gradation and subcategories) by an international rating agency.</p>	
<p>The aggregate value of a fund's investments in, or exposure to, a single issuer through:</p> <p>(a) transferable securities/Shariah-compliant transferable securities;</p> <p>(b) money market instruments/Islamic money market instruments;</p> <p>(c) deposits/Islamic deposits;</p> <p>(d) underlying assets of derivatives/Islamic derivatives; and</p> <p>(e) counterparty exposure arising from the use of OTC derivatives/OTC Islamic derivatives,</p> <p>must not exceed 25% of the fund's NAV ("single issuer aggregate limit").</p> <p>Notes:</p> <p>(i) In determining the single issuer aggregate limit, the value of the fund's investments in transferable securities/Shariah-compliant transferable securities that are not traded or dealt in or under the rules of an Eligible Market and other securities/Shariah-compliant securities issued by the same issuer must be included in the calculation.</p> <p>(ii) Where the single issuer limit is increased to 30% of the fund's NAV, the single issuer aggregate limit may be raised to 30%.</p> <p>(iii) Where the single issuer limit is increased to 35% of the fund's NAV, the single issuer aggregate limit may be raised, subject to the group limit not exceeding 35% of the fund's NAV.</p>	<p><b>Conventional Funds:</b> HLBoF, HLIBF and HLRIF.</p> <p><b>Islamic Fund:</b> HLIIMF.</p>

Limits & Restrictions	Fund/s Applicable To
<p>The value of a fund's investments in transferable securities/Shariah-compliant transferable securities and money market instruments/Islamic money market instruments issued by any group of companies must not exceed 30% of the fund's NAV ("group limit").</p> <p>Note: In determining the group limit, the value of the fund's investments in transferable securities/Shariah-compliant transferable securities that are not traded or dealt in or under the rules of an Eligible Market and other securities/Shariah-compliant securities issued by the issuer within the same group of companies must be included in the calculation.</p>	<p><b>Conventional Funds:</b> HLBoF, HLIBF and HLRIF.</p> <p><b>Islamic Fund:</b> HLIIMF.</p>
<p>The value of a fund's placement in deposits/Islamic deposits with any single financial institution must not exceed 20% of the fund's NAV.</p> <p>Note: This limit does not apply to placements of deposits/Islamic deposits arising from:</p> <ul style="list-style-type: none"> <li>(a) subscription monies received prior to the commencement of investment by the fund;</li> <li>(b) liquidation of investments prior to the termination or maturity of the fund, where the placement of deposits/Islamic deposits with various financial institutions would not be in the best interests of Unit holders; or</li> <li>(c) monies held for the settlement of redemption or other payment obligations, where the placement of deposits/Islamic deposits with various financial institutions would not be in the best interest of Unit holders.</li> </ul>	<p><b>Conventional Funds:</b> HLBoF, HLIBF and HLRIF.</p> <p><b>Islamic Fund:</b> HLIIMF.</p>
<p>The value of a fund's investments in units or shares of a CIS/Islamic CIS must not exceed 20% of the fund's NAV, provided the CIS/Islamic CIS complies with the requirements of the Guidelines.</p>	<p><b>Conventional Funds:</b> HLBoF, HLIBF and HLRIF.</p> <p><b>Islamic Fund:</b> HLIIMF.</p>
<p>The value of a fund's investments in units or shares of a CIS that invests in real estate must not exceed 15% of the fund's NAV.</p>	<p><b>Conventional Fund:</b> HLRIF.</p>
<p>The value of a fund's investments in ordinary shares issued by any single issuer must not exceed 10% of the fund's NAV.</p>	<p><b>Conventional Fund:</b> HLRIF.</p>

## Investment Concentration Limits

Limits & Restrictions	Fund/s Applicable To
A fund's investments in shares or securities equivalent to shares must not exceed 10% of the shares or securities equivalent to shares, as the case may be, issued by a single issuer.	<b>Conventional Fund:</b> HLRIF.
A fund's investments in debt securities/sukuk must not exceed 20% of the debt securities/sukuk issued by a single issuer.  Note: This limit may be disregarded at the time of acquisition if at that time of acquisition the gross amount of debt securities/sukuk in issue cannot be determined.	<b>Conventional Funds:</b> HLBoF, HLIBF and HLRIF.  <b>Islamic Fund:</b> HLIIMF.
A fund's investments in money market instruments/Islamic money market instruments must not exceed 10% of the instruments issued by any single issuer.  Note: This limit does not apply to money market instruments/Islamic money market instruments that do not have a pre-determined issue size.	<b>Conventional Funds:</b> HLBoF, HLIBF and HLRIF.  <b>Islamic Fund:</b> HLIIMF.
A fund's investments in CIS/Islamic CIS must not exceed 25% of the units or shares in the CIS/Islamic CIS.	<b>Conventional Funds:</b> HLBoF, HLIBF and HLRIF.  <b>Islamic Fund:</b> HLIIMF.

## CONVENTIONAL / ISLAMIC EQUITY, MIXED ASSETS AND BALANCED FUNDS

### Exposure Limits

Limits & Restrictions	Fund/s Applicable To
The aggregate value of a fund's investments in: (a) transferable securities/Shariah-compliant transferable securities that are not traded or dealt in or under the rules of an Eligible Market; and (b) other securities/Shariah-compliant securities, must not exceed 15% of the fund's NAV, subject to a maximum limit of 10% of the fund's NAV in a single issuer or single CIS/Islamic CIS.	<b>Conventional Funds:</b> HLGF, HLVF, HLCPSF, HLDF, HLSTF, HLBF, HLAPDF and HLHKEOF.  <b>Islamic Funds:</b> HLDM and HLDM2.

Limits & Restrictions	Fund/s Applicable To
The fund will invest in money market instruments/Islamic money market instruments and placements of deposits/Islamic deposits with any financial institutions in Malaysia.	<p><b>Conventional Funds:</b> HLVF, HLCPSF, HLDf, HLSEA-5, HLAPEF and HLBf</p> <p><b>Islamic Funds:</b> HLDM and HLDM2.</p>
The fund may not invest in any structured warrants unless it is for any risk management, including hedging purpose.	<p><b>Conventional Funds:</b> HLGF and HLSTF.</p>
The value of a fund's investments in listed securities and OTC securities in Vietnam shall not exceed 10% of the fund's NAV.	<p><b>Conventional Fund:</b> HLSTF.</p>
The value of a fund's investments in a single country (except Malaysia) shall not exceed 55% of the fund's NAV.	<p><b>Conventional Fund:</b> HLAPDF.</p>
<p>The fund's holding of any class of any single issuer of fixed income securities must have a credit rating of at least "P3" or "BBB3" as rated by RAM, or its equivalent ratings by MARC, whereas the foreign fixed income securities must have a credit rating of at least "BB" as rated by S&amp;P, or its equivalent rating by another recognized global rating agency.</p> <p>Note: If a rated corporate issue is downgraded to below the minimum rating as stated above and it causes the investment limit to be breached, then the Manager should use its best efforts to dispose of the holdings before its maturity, failing which they shall be held to maturity.</p>	<p><b>Conventional Fund:</b> HLHKEOF.</p>
<p>The fund's investment in derivatives:</p> <p>(a) is for foreign exchange hedging purpose only;</p> <p>(b) the fund's global exposure from derivatives position must not exceed the fund's NAV;</p> <p>(c) the fund's exposure to the underlying assets must not exceed the investment limits and restrictions as stipulated in the Guidelines;</p> <p>(d) the counterparty of an OTC derivative must be a financial institution with a minimum long-term credit rating of investment grade (including gradation and subcategories); and</p> <p>(e) for OTC derivatives the maximum exposure of the fund to the counterparty must not exceed 10% of the fund's NAV.</p>	<p><b>Conventional Funds:</b> HLGF, HLVF, HLAPDF, HLHKEOF, HLSEA-5, HLAPEF and HLSTF.</p>

## Investment Spread Limits

Limits & Restrictions	Fund/s Applicable To
<p>The value of a fund's investments in ordinary shares/Shariah-compliant ordinary shares issued by any single issuer must not exceed 10% of the fund's NAV.</p>	<p><b>Conventional Funds:</b> HLGF, HLVF, HLCPSF, HLDF, HLSEA-5, HLAPEF, HLSTF, HLBF, HLAPDF and HLHKEOF.</p> <p><b>Islamic Funds:</b> HLDM and HLDM2.</p>
<p>The value of a fund's investments in:</p> <p>(a) transferable securities/Shariah-compliant transferable securities; and</p> <p>(b) money market instruments/Islamic money market instruments,</p> <p>issued by any single issuer must not exceed 15% of the fund's NAV ("single issuer limit").</p> <p>Notes:</p> <p>(i) In determining the single issuer limit, the value of the fund's investments in transferable securities/Shariah-compliant transferable securities that are not traded or dealt in or under the rules of an Eligible Market and other securities/Shariah-compliant securities issued by the same issuer must be included in the calculation.</p> <p>(ii) The single issuer limit may be raised to 35% of the fund's NAV if the issuing entity is, or the issue is guaranteed by, either a foreign government, foreign government agency, foreign central bank or supranational, that has a minimum long-term credit rating of investment grade (including gradation and subcategories) by an international rating agency.</p> <p>(iii) Where the single issuer limit is raised to 35% of the fund's NAV, the single issuer aggregate limit may be raised, subject to the group limit, not exceeding 35% of the fund's NAV.</p>	<p><b>Conventional Funds:</b> HLGF, HLVF, HLCPSF, HLDF, HLSEA-5, HLAPEF, HLSTF, HLBF, HLAPDF and HLHKEOF.</p> <p><b>Islamic Funds:</b> HLDM and HLDM2.</p>
<p>The value of a fund's placement in deposits/Islamic deposits with any single financial institution must not exceed 20% of the fund's NAV.</p> <p>Note:</p> <p>The single financial institution limit does not apply to placements of deposits/Islamic deposits arising from:</p> <p>(a) subscription monies received prior to the commencement of investment by the fund;</p> <p>(b) liquidation of investments prior to the termination or maturity of the fund, where the placement of</p>	<p><b>Conventional Funds:</b> HLGF, HLVF, HLCPSF, HLDF, HLSEA-5, HLAPEF, HLSTF, HLBF, HLAPDF and HLHKEOF.</p> <p><b>Islamic Funds:</b> HLDM and HLDM2.</p>

Limits & Restrictions	Fund/s Applicable To
<p>deposits/Islamic deposits with various financial institutions would not be in the best interests of Unit holders; or</p> <p>(c) monies held for the settlement of redemption or other payment obligations, where the placement of deposits/Islamic deposits with various financial institutions would not be in the best interest of Unit holders.</p>	
<p>The aggregate value of a fund's investments in, or exposure to, a single issuer through:</p> <p>(a) transferable securities/Shariah-compliant transferable securities;</p> <p>(b) money market instruments/Islamic money market instruments;</p> <p>(c) deposits/Islamic deposits;</p> <p>(d) underlying assets of derivatives/Islamic derivatives; and</p> <p>(e) counterparty exposure arising from the use of OTC derivatives/OTC Islamic derivatives, must not exceed 25% of the fund's NAV ("single issuer aggregate limit").</p> <p>Notes:</p> <p>(i) In determining the single issuer aggregate limit, the value of the fund's investments in transferable securities/Shariah-compliant transferable securities that are not traded or dealt in or under the rules of an Eligible Market and other securities/Shariah-compliant securities issued by the same issuer must be included in the calculation.</p> <p>(ii) Where the single issuer limit is increased to 35% of the fund's NAV, the single issuer aggregate limit may be raised, subject to the group limit not exceeding 35% of the fund's NAV.</p>	<p><b>Conventional Funds:</b> HLGF, HLVF, HLCPSF, HLDf, HLSEA-5, HLAPEF, HLSTF, HLBf, HLAPDF and HLHKEOF.</p> <p><b>Islamic Funds:</b> HLDM and HLDM2.</p>
<p>The value of a fund's investments in units or shares of a CIS/Islamic CIS must not exceed 20% of the fund's NAV, provided the CIS/Islamic CIS complies with the requirements of the Guidelines.</p>	<p><b>Conventional Funds:</b> HLGF, HLVF, HLCPSF, HLDf, HLSEA-5, HLAPEF, HLSTF, HLBf, HLAPDF and HLHKEOF.</p> <p><b>Islamic Funds:</b> HLDM and HLDM2.</p>



Limits & Restrictions	Fund/s Applicable To
<p>The value of a fund's investments in units or shares of a CIS/Islamic CIS that invests in real estate must not exceed 15% of the fund's NAV.</p>	<p><b>Conventional Funds:</b> HLGF, HLVF, HLCPSF, HLDF, HLSEA-5, HLAPEF, HLSTF, HLBF, HLAPDF and HLHKEOF.</p> <p><b>Islamic Funds:</b> HLDM and HLD2.</p>
<p>The value of a fund's investments in transferable securities/Shariah-compliant transferable securities and money market instruments/Islamic money market instruments issued by any group of companies must not exceed 20% of the fund's NAV ("group limit").</p> <p>Note: In determining the group limit, the value of the fund's investments in transferable securities/Shariah-compliant transferable securities that are not traded or dealt in or under the rules of an Eligible Market and other securities/Shariah-compliant securities issued by the issuer within the same group of companies must be included in the calculation.</p>	<p><b>Conventional Funds:</b> HLGF, HLVF, HLCPSF, HLDF, HLSEA-5, HLAPEF, HLSTF, HLBF, HLAPDF and HLHKEOF.</p> <p><b>Islamic Funds:</b> HLDM and HLD2.</p>

#### Investment Concentration Limits

Limits & Restrictions	Fund/s Applicable To
<p>A fund's investments in shares/Shariah-compliant shares or securities/Shariah-compliant securities equivalent to shares must not exceed 10% of the shares/Shariah-compliant shares or securities/Shariah-compliant securities equivalent to shares, as the case may be, issued by a single issuer.</p>	<p><b>Conventional Funds:</b> HLGF, HLVF, HLCPSF, HLDF, HLSEA-5, HLAPEF, HLSTF, HLBF, HLAPDF and HLHKEOF.</p> <p><b>Islamic Funds:</b> HLDM and HLD2.</p>
<p>A fund's investments in debt securities/sukuk must not exceed 20% of the debt securities/sukuk issued by a single issuer.</p> <p>Note: This limit may be disregarded at the time of acquisition if at that time of acquisition the gross amount of debt securities/sukuk in issue cannot be determined.</p>	<p><b>Conventional Funds:</b> HLGF, HLVF, HLCPSF, HLDF, HLSTF, HLBF, HLAPDF and HLHKEOF.</p> <p><b>Islamic Funds:</b> HLDM and HLD2.</p>
<p>A fund's investments in money market instruments/Islamic money market instruments must not exceed 10% of the instruments issued by any single issuer.</p>	<p><b>Conventional Funds:</b> HLGF, HLVF, HLCPSF, HLDF, HLSEA-5, HLAPEF, HLSTF, HLBF, HLAPDF and HLHKEOF.</p>

Limits & Restrictions	Fund/s Applicable To
<p>Note: This limit does not apply to money market instruments/Islamic money market instruments that do not have a pre-determined issue size.</p>	<p><b>Islamic Funds:</b> HLDM and HLDM2.</p>
<p>A fund's investments in CIS/Islamic CIS must not exceed 25% of the units or shares in the CIS/Islamic CIS.</p>	<p><b>Conventional Funds:</b> HLGF, HLVF, HLCPSF, HLDF, HLSEA-5, HLAPEF, HLSTF, HLBF, HLAPDF and HLHKEOF. <b>Islamic Funds:</b> HLDM and HLDM2.</p>

## 2. Amendment to Section 4.1.1 - Sales Charge^

The information in relation to the "Sales Charge" disclosed on pages 119 to 121 of the Hong Leong Master Prospectus dated 27 February 2023 and pages 20 to 21 of the 1<sup>st</sup> Supplemental Hong Leong Master Prospectus dated 18 August 2023 is hereby deleted in its entirety and substituted with the following:

A sales charge is a front-end fee incurred by a Unit holder when the Unit holder purchases Units of a Fund. The Manager uses the sales charge to pay marketing, advertising and distribution expenses of the Fund(s). Sales charge is rounded to the nearest two (2) decimal places.

### ***Illustration on how sales charge is calculated***

Assuming an investor makes an investment of RM10,000 on 2 October 2023 and that the NAV per Unit for the Fund at the end of the Business Day on 2 October 2023 is RM0.5000. If the sales charge is 6%, then the computation of the sales charge will be as follows:-

$$\begin{aligned}
 \text{Sales charge} &= \text{Sales charge} \times \text{amount invested} \\
 &= 6\% \times \text{RM}10,000 \\
 &= \text{RM}600
 \end{aligned}$$

**Sales charge for each distribution channel:**

Fund	Distribution channel	
	IUTAs*, tied-agents and the Manager	EPF Members Investment Scheme
<b>EQUITY FUNDS</b>		
HLGF	Up to 6% of NAV per Unit	Up to 3% of NAV per Unit
HLVF		
HLCPSF		
HLDM		
HLDF		
HLAPDF		
HLHKEOF	Not applicable	Not applicable
HLSEA-5 (Class A)		
HLSEA-5 (Class B)		
HLAPEF	Up to 5% of NAV per Unit	
<b>MIXED ASSETS/BALANCED FUNDS</b>		
HLSTF	Up to 6% of NAV per Unit	Up to 3% of NAV per Unit
HLBF		
HLDM2		
<b>BOND/FIXED INCOME FUNDS</b>		
HLBoF-OIP	Up to 4% of NAV per Unit	Not applicable
HLBoF-SAP	Not applicable	
HLIBF	Up to 4% of NAV per Unit	
HLIIMF		
HLRIF <sup>^</sup>	Up to 3% of NAV per Unit	
<b>MONEY MARKET FUNDS</b>		
HLMMF	Not applicable	Not applicable
HLDAIZ		

*^ The fees and charges stated 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).*

**Summary of Funds distributed by each IUTAs:**

IUTA	EQUITY FUNDS									MIXED ASSETS/BALANCED FUNDS			BOND/FIXED INCOME FUNDS				MONEY MARKET FUNDS		
	HLGF	HLVF	HLCPSF	HLDM	HLDL	HLAPDF	HLHKEOF	HL SEA-5	HLAPEF	HLSTF	HLBF	HLDM2	HLBOF	HLIBF	HLIMF	HLRIF	HLMMF	HLDZ	
Hong Leong Bank Berhad	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	
Hong Leong Islamic Bank Berhad				•								•			•			•	
Standard Chartered Bank Malaysia	•	•	•	•		•				•	•	•	•						
OCBC Bank (Malaysia) Berhad	•	•	•	•	•					•	•	•	•						
OCBC Al-Amin Bank Berhad				•								•							
CIMB Investment Bank Berhad	•	•	•	•	•	•				•	•	•	•						
United Overseas Bank (Malaysia) Bhd	•	•	•	•	•	•				•	•	•	•	•	•				
Affin Bank Berhad	•	•	•	•	•	•				•	•	•	•	•	•				
Malayan Banking Berhad						•				•				•					
Areca Capital Sdn Bhd	•	•		•	•	•				•	•	•	•	•	•				
HSBC Bank Malaysia Berhad	•	•	•		•	•				•	•								
TA Investment Management Berhad				•								•							
Kenanga Investors Berhad				•								•							
Phillip Mutual Berhad				•								•							
UOB Kay Hian Securities (M) Sdn Bhd				•								•							

**The Manager may at its absolute discretion to waive or reduce the sales charge (if any) from time to time. Alternatively, investors may negotiate with their preferred distributor for lower fees and charges, subject to the distributor's decision.**

**3. Amendment to Section 4.2 - Fee Indirectly Incurred On Sale And Redemption Of Units**

The information in relation to the "Fee Indirectly Incurred On Sale And Redemption Of Units" disclosed on pages 122 to 123 of the Hong Leong Master Prospectus dated 27 February 2023 and pages 21 to 23 of the 1<sup>st</sup> Supplemental Hong Leong Master Prospectus dated 18 August 2023 is hereby deleted in its entirety and substituted with the following:

The following table describes the fees that you will **indirectly** incur when you invest in the Funds:

This 2<sup>nd</sup> Supplemental Hong Leong Master Prospectus is supplementary to and has to be read in conjunction with the Hong Leong Master Prospectus dated 27 February 2023 and the 1<sup>st</sup> Supplemental Hong Leong Master Prospectus dated 18 August 2023.

**For investment through the Manager, tied-agents, IUTAs and EPF Members Investment Scheme.**

Name of Fund	IUTAs, tied-agents and the Manager		EPF Members Investment Scheme*		Other fund expenses
	Annual management fee**	Annual trustee fee	Annual management fee	Annual trustee fee**	
	% per annum of the NAV of the Fund/Class calculated on a daily basis		% per annum of the NAV of the Fund/Class calculated on a daily basis		Custodian fee (for funds with foreign investments, if any), brokerage fee (if any), Auditors' fee and other relevant professional fees, foreign account tax compliance act ("FATCA"), common reporting standard ("CRS") and direct administration expenses.
HLGF	1.50%	0.06%	1.50%	0.06%	
HLVF	Up to 2.00%	0.07%	Up to 2.00%	0.07%	
HLCPSF	1.50%	0.08%	1.50%	0.08%	
HLDM	Up to 2.00% <sup>5</sup>	0.07% <sup>1</sup>	Up to 2.00% <sup>5</sup>	0.07% <sup>1</sup>	
HLDF	Up to 2.50% <sup>4</sup>	0.07% <sup>1</sup>	Up to 2.50% <sup>4</sup>	0.07% <sup>1</sup>	
HLAPDF	Up to 2.00%		Up to 2.00%		
HLSEA-5 (Class A)	Up to 1.80%	Up to 0.08% <sup>2</sup>	Not applicable	Not applicable	
HLSEA-5 (Class B)					
HLAPEF					
HLHKEOF	Up to 2.00%	0.08% <sup>1</sup>	Up to 2.00%	0.07% <sup>1</sup>	
HLSTF		0.07% <sup>1</sup>			
HLBF		0.08% <sup>1</sup>			
HLDM2	Up to 2.00% <sup>4</sup>	0.07% <sup>1</sup>	Up to 2.00% <sup>4</sup>	0.07% <sup>1</sup>	
HLBoF	1.00%	0.08% <sup>1</sup>	Not applicable	Not applicable	
HLIBF	Up to 1.50%	0.07% <sup>1</sup>			
HLIIMF		0.08% <sup>1</sup>			
HLRIF	Up to 1.50%	Up to 0.05% <sup>2</sup>			
HLMMF	Up to 1.00% <sup>4</sup>	Up to 0.01% <sup>3</sup>	Up to 1.00% <sup>4</sup>	Up to 0.01% <sup>3</sup>	
HLDAIZ	Up to 0.75%	Up to 0.015% <sup>2</sup>	Up to 0.75%	Up to 0.015% <sup>2</sup>	

**Notes:**

The Manager will publish the current annual management fee and current annual trustee being charged on the website at [www.hlam.com.my](http://www.hlam.com.my).

\* Please refer to the Manager's website at [www.hlam.com.my](http://www.hlam.com.my) or Unit holder may contact the Manager for the most updated list of Funds approved under the EPF Members Investment Scheme.

\*\* The fees and charges stated 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).

<sup>1</sup> Annual trustee fee is subject to a minimum of RM18,000 per annum (excluding foreign custodian fee and charges).

<sup>2</sup> Annual trustee fee is subject to a minimum of RM9,000 per annum (excluding foreign custodian fee and charges).

<sup>3</sup> Annual trustee fee is subject to a minimum of RM10,000 per annum.

<sup>4</sup> The management fee will take effect 90 days from 18 August 2023.

<sup>5</sup> The management fee will take effect 90 days from 19 December 2023.

This 2<sup>nd</sup> Supplemental Hong Leong Master Prospectus is supplementary to and has to be read in conjunction with the Hong Leong Master Prospectus dated 27 February 2023 and the 1<sup>st</sup> Supplemental Hong Leong Master Prospectus dated 18 August 2023.

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

#### **4. Amendment to Section 5.16 - How And Where Units Can Be Bought And Sold**

The information in relation to the “How And Where Units Can Be Bought And Sold” disclosed on page 150 of the Hong Leong Master Prospectus dated 27 February 2023 and pages 23 to 24 of the 1<sup>st</sup> Supplemental Hong Leong Master Prospectus dated 18 August 2023 is hereby deleted in its entirety and substituted with the following:

For application or redemption of Units for the Funds, applicants are required to complete the relevant forms which are readily available from the following distributors:-

- Head office of the Manager;
- Branch offices of the Manager;
- Hong Leong Bank Berhad;
- Hong Leong Islamic Bank Berhad;
- CIMB Investment Bank Berhad;
- OCBC Bank (Malaysia) Berhad;
- OCBC Al-Amin Bank Berhad;
- Standard Chartered Bank Malaysia Berhad;
- United Overseas Bank (Malaysia) Bhd;
- Affin Bank Berhad;
- Malayan Banking Berhad;
- Areca Capital Sdn Bhd;
- HSBC Bank Malaysia Berhad;
- TA Investment Management Berhad;
- Kenanga Investors Berhad;
- Phillip Mutual Berhad;
- UOB Kay Hian Securities (M) Sdn Bhd;
- Independent tied agents of the Manager, who are registered with FiMM; or
- Other approved IUTAs (as and when appointed by the Manager and agreed by the respective IUTAs).

## 5. Amendment to Section 8.4 - Maximum Fees And Charges Permitted By The Deeds

The information in relation to the “Maximum Fees And Charges Permitted By The Deeds” disclosed on pages 163 to 165 of the Hong Leong Master Prospectus dated 27 February 2023 and pages 25 to 27 of the 1<sup>st</sup> Supplemental Hong Leong Master Prospectus dated 18 August 2023 is hereby deleted in its entirety and substituted with the following:

	<b>Annual management fee (% per annum of the NAV)</b>	<b>Annual trustee fee (% per annum of the NAV)</b>	<b>Sales charge (% of the NAV per unit)</b>	<b>Redemption charge (% of the NAV per unit)</b>
<b>HLGF</b>	1.50%	0.06%	10%	5 sen per unit
<b>HLVF</b>	2.00%	0.08%	6%	N/A
<b>HLCPSF</b>	1.50%	0.08%	6%	N/A
<b>HLDM</b>	2.00%	0.10%, subject to a minimum of RM35,000 per annum.	6%	N/A
<b>HLDF</b>	2.50%	1.00%, subject to a minimum of RM18,000 per annum.	7%	N/A
<b>HLAPDF</b>	2.00%	0.20%, subject to a minimum of RM18,000 per annum.	10%	5%
<b>HLHKEOF</b>	2.00%	1.00%, subject to a minimum of RM18,000 per annum.	10%	5%
<b>HLSEA-5 (Class A)</b>	1.80%	0.08%, subject to a minimum of RM9,000 per annum	N/A	2.00%
<b>HLSEA-5 (Class B)</b>			6%	N/A
<b>HLAPEF</b>	3.00%	0.055%, subject to a minimum of RM18,000 per annum	5%	N/A
<b>HLSTF</b>	2.50%	1.00%, subject to a minimum of RM18,000 per annum.	7%	N/A
<b>HLBF</b>	2.00%	0.20%, subject to a minimum of RM18,000 per annum.	10%	N/A
<b>HLDM2</b>	2.00%	0.07%, subject to a minimum of RM18,000 per annum.	6%	N/A

	<b>Annual management fee (% per annum of the NAV)</b>	<b>Annual trustee fee (% per annum of the NAV)</b>	<b>Sales charge (% of the NAV per unit)</b>	<b>Redemption charge (% of the NAV per unit)</b>
<b>HLBoF</b>	1.00%	0.08%, subject to a minimum of RM18,000 per annum.	HLBoF-OIP: 4% HLBoF-SAP: 0%	N/A
<b>HLIBF</b>	2.00%	0.20%, subject to a minimum of RM18,000 per annum.	10%	10%
<b>HLIIMF</b>	2.00%	0.20%, subject to a minimum of RM18,000 per annum.	10%	5%
<b>HLRIF</b>	1.50%	0.05%, subject to a minimum of RM9,000 per annum.	3%	N/A
<b>HLMMF</b>	1.00%	0.01%, subject to a minimum of RM10,000 per annum.	N/A	N/A
<b>HLDAIZ</b>	0.75%	0.015%, subject to minimum of RM9,000 per annum.	N/A	N/A

*The fees and charges stated 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).*

The Manager may only charge a higher sales charge and/or redemption charge than that disclosed in this Master Prospectus in accordance with the relevant Deeds and all relevant laws.

Any increase of the fees and/or charges above the maximum stated in the relevant Deeds shall require Unit holders' approval.

The Manager may not charge an annual management fee at a rate higher than that disclosed in this Master Prospectus unless:

- The Manager has come to an agreement with the Trustee on the higher rate;
- The Manager has notified the Unit holders of the higher rate and the date on which such higher rate is to become effective;
- A supplemental/replacement prospectus stating the higher rate is issued thereafter; and
- Such time as may be prescribed by any relevant law shall have elapsed since the supplemental/replacement prospectus is issued.

The Trustee may not charge an annual trustee fee at a rate higher than that disclosed in this Master Prospectus unless:

- The Manager has come to an agreement with the Trustee on the higher rate;



- The Manager has notified the Unit holders of the higher rate and the date on which such higher rate is to become effective;
- A supplemental/replacement prospectus stating the higher rate is issued thereafter; and
- Such time as may be prescribed by any relevant law shall have elapsed since the supplemental/replacement prospectus is issued.

## 6. Amendment to Section 11.3 – Deed

The information in relation to the “Deed” disclosed on pages 181 to 183 of the Hong Leong Master Prospectus dated 27 February 2023 and pages 30 to 32 of the 1<sup>st</sup> Supplemental Hong Leong Master Prospectus dated 18 August 2023 is hereby deleted in its entirety and substituted with the following:

The Fund’s deed as below:-

<b>Fund Name</b>	<b>Date of Deed</b>
Hong Leong Growth Fund	<ul style="list-style-type: none"> <li>• Supplemental master deed: 27 July 2012</li> <li>• Second supplemental master deed: 25 March 2015</li> <li>• Third supplemental master deed: 28 November 2019</li> <li>• Fourth supplemental master deed: 7 February 2020</li> <li>• Fifth supplemental master deed: 21 December 2021</li> <li>• Sixth supplemental master deed: 28 April 2022</li> <li>• Seventh supplemental master deed: 23 March 2023</li> <li>• Eighth supplemental master deed: 23 October 2023</li> </ul>
Hong Leong Value Fund	<ul style="list-style-type: none"> <li>• Supplemental master deed: 27 July 2012</li> <li>• Second supplemental master deed: 25 March 2015</li> <li>• Third supplemental master deed: 28 November 2019</li> <li>• Fourth supplemental master deed: 7 February 2020</li> <li>• Fifth supplemental master deed: 21 December 2021</li> <li>• Sixth supplemental master deed: 28 April 2022</li> <li>• Seventh supplemental master deed: 23 March 2023</li> <li>• Eighth supplemental master deed: 23 October 2023</li> </ul>
Hong Leong Consumer Products Sector Fund	<ul style="list-style-type: none"> <li>• Supplemental master deed: 30 May 2013</li> <li>• Second supplemental master deed: 25 March 2015</li> <li>• Third supplemental master deed: 21 June 2022</li> <li>• Fourth supplemental master deed: 15 March 2023</li> </ul>

Hong Leong Dana Makmur	<ul style="list-style-type: none"> <li>• Supplemental master deed: 27 July 2012</li> <li>• Second Supplemental master deed: 25 March 2015</li> <li>• Third supplemental master deed: 28 November 2019</li> <li>• Fourth supplemental master deed: 7 February 2020</li> <li>• Fifth supplemental master deed: 21 December 2021</li> <li>• Sixth supplemental master deed: 28 April 2022</li> <li>• Seventh supplemental master deed: 23 March 2023</li> <li>• Eighth supplemental master deed: 23 October 2023</li> </ul>
Hong Leong Dividend Fund	<ul style="list-style-type: none"> <li>• Supplemental master deed: 27 July 2012</li> <li>• Second supplemental master deed: 25 March 2015</li> <li>• Third supplemental master deed: 28 November 2019</li> <li>• Fourth supplemental master deed: 7 February 2020</li> <li>• Fifth supplemental master deed: 21 December 2021</li> <li>• Sixth supplemental master deed: 28 April 2022</li> <li>• Seventh supplemental master deed: 23 March 2023</li> <li>• Eighth supplemental master deed: 23 October 2023</li> </ul>
Hong Leong Asia Pacific Dividend Fund	<ul style="list-style-type: none"> <li>• Supplemental master deed: 21 September 2012</li> <li>• Second supplemental master deed: 25 March 2015</li> <li>• Third supplemental master deed: 27 July 2022</li> <li>• Fourth supplemental master deed: 23 March 2023</li> </ul>
Hong Leong SEA-5 Equity Fund	<ul style="list-style-type: none"> <li>• Principal deed: 6 December 2016</li> <li>• First supplemental deed: 18 June 2021</li> <li>• Second supplemental deed: 9 September 2021</li> <li>• Third supplemental deed: 26 May 2022</li> </ul>
Hong Leong Asia Pacific Equity Fund	<ul style="list-style-type: none"> <li>• Principal deed: 17 December 2018</li> <li>• First supplemental deed: 5 July 2022</li> </ul>
Hong Leong Hong Kong Equity Optimizer Fund	<ul style="list-style-type: none"> <li>• Supplemental master deed: 27 July 2012</li> <li>• Second supplemental master deed: 25 March 2015</li> <li>• Third supplemental master deed: 28 November 2019</li> <li>• Fourth supplemental master deed: 7 February 2020</li> <li>• Fifth supplemental master deed: 21 December 2021</li> <li>• Sixth supplemental master deed: 28 April 2022</li> <li>• Seventh supplemental master deed: 23 March 2023</li> <li>• Eighth supplemental master deed: 23 October 2023</li> </ul>

Hong Leong Strategic Fund	<ul style="list-style-type: none"> <li>• Supplemental master deed: 27 July 2012</li> <li>• Second supplemental master deed: 25 March 2015</li> <li>• Third supplemental master deed: 28 November 2019</li> <li>• Fourth supplemental master deed: 7 February 2020</li> <li>• Fifth supplemental master deed: 21 December 2021</li> <li>• Sixth supplemental master deed: 28 April 2022</li> <li>• Seventh supplemental master deed: 23 March 2023</li> <li>• Eighth supplemental master deed: 23 October 2023</li> </ul>
Hong Leong Balanced Fund	<ul style="list-style-type: none"> <li>• Supplemental master deed: 30 May 2013</li> <li>• Second supplemental master deed: 25 March 2015</li> <li>• Third supplemental master deed: 21 June 2022</li> <li>• Fourth supplemental master deed: 15 March 2023</li> </ul>
Hong Leong Dana Maa'rof	<ul style="list-style-type: none"> <li>• Supplemental master deed: 27 July 2012</li> <li>• Second supplemental master deed: 25 March 2015</li> <li>• Third supplemental master deed: 28 November 2019</li> <li>• Fourth supplemental master deed: 7 February 2020</li> <li>• Fifth supplemental master deed: 21 December 2021</li> <li>• Sixth supplemental master deed: 28 April 2022</li> <li>• Seventh supplemental master deed: 23 March 2023</li> <li>• Eighth supplemental master deed: 23 October 2023</li> </ul>
Hong Leong Bond Fund	<ul style="list-style-type: none"> <li>• Supplemental master deed: 30 May 2013</li> <li>• Second supplemental master deed: 25 March 2015</li> <li>• Third supplemental master deed: 21 June 2022</li> <li>• Fourth supplemental master deed: 15 March 2023</li> </ul>
Hong Leong Institutional Bond Fund	<ul style="list-style-type: none"> <li>• Supplemental master deed: 21 September 2012</li> <li>• Second supplemental master deed: 25 March 2015</li> <li>• Third supplemental master deed: 27 July 2022</li> <li>• Fourth supplemental master deed: 23 March 2023</li> </ul>
Hong Leong Islamic Income Management Fund	<ul style="list-style-type: none"> <li>• Principal deed: 16 March 2007</li> <li>• Supplemental deed: 11 April 2007</li> <li>• Second supplemental deed: 30 April 2010</li> <li>• Third supplemental deed: 9 May 2013</li> <li>• Fourth supplemental deed: 25 March 2015</li> <li>• Fifth supplemental deed: 4 August 2017</li> <li>• Sixth supplemental deed: 24 June 2022</li> <li>• Seventh supplemental deed: 28 February 2023</li> </ul>
Hong Leong Regular Income Fund	<ul style="list-style-type: none"> <li>• Principal deed: 11 May 2016</li> <li>• First supplemental deed: 7 June 2022</li> <li>• Second supplemental deed: 28 February 2023</li> </ul>

Hong Leong Money Market Fund	<ul style="list-style-type: none"> <li>• Principal deed: 13 June 2014</li> <li>• First supplemental deed: 25 March 2015</li> <li>• Second supplemental deed: 20 July 2017</li> <li>• Third supplemental deed: 25 May 2021</li> <li>• Fourth supplemental deed: 1 October 2021</li> <li>• Fifth supplemental deed: 18 May 2022</li> <li>• Sixth supplemental deed: 30 January 2023</li> </ul>
Hong Leong Dana Al-Izdihar	<ul style="list-style-type: none"> <li>• Principal deed: 6 April 2017</li> <li>• First supplemental deed: 19 September 2019</li> <li>• Second supplemental deed: 25 May 2021</li> <li>• Third supplemental deed: 7 October 2021</li> <li>• Fourth supplemental deed: 18 May 2022</li> <li>• Fifth supplemental deed: 30 January 2023</li> </ul>

## 7. Amendment to Section 13 - DIRECTORY OF SALES OFFICES

The information in relation to the “Directory of Sales Offices” disclosed on page 185 of the Hong Leong Master Prospectus dated 27 February 2023 is hereby deleted in its entirety and substituted with the following:

### **HONG LEONG ASSET MANAGEMENT BHD**

#### **Head office**

Level 18, Block B, Plaza Zurich  
No 12 Jalan Gelenggang  
Bukit Damansara  
50490 Kuala Lumpur  
Tel : +603-2081 8600  
Fax : +603-2081 8500  
Website : [www.hlam.com.my](http://www.hlam.com.my)  
E-mail : [inquiry@hla.hongleong.com.my](mailto:inquiry@hla.hongleong.com.my)

#### **Branch Offices**

##### **Ipoh**

2<sup>nd</sup> Floor, Lot 3 Persiaran Greentown 4  
Greentown Business Centre  
30450 Ipoh  
Perak  
Tel : +605-255 8388  
+605-255 9388  
Fax : +605-255 8389

##### **Pulau Pinang**

No. 441-1-3  
Pulau Tikus Plaza  
Jalan Burmah  
Pulau Tikus  
10350 Pulau Pinang  
Tel : +604-228 8112  
+604-228 9112  
Fax : +604-228 3112

### **INSTITUTIONAL UNIT TRUST ADVISERS (IUTAs)**

**HONG LEONG BANK BERHAD**

Tel : 1 800 388 888 / +603-7626 8899

**CIMB INVESTMENT BANK BERHAD**

Tel : +603-2261 8888

**STANDARD CHARTERED BANK MALAYSIA BERHAD**

Tel : 1 300 888 888

**AFFIN BANK BERHAD**

Tel : +603-8230 2222

**OCBC BANK (MALAYSIA) BERHAD**

Tel : +603-8317 5000

**HSBC BANK MALAYSIA BERHAD**

Tel : 1300 88 1388

**KENANGA INVESTORS BERHAD**

Tel : +603-2172 3123

**PHILLIP MUTUAL BERHAD**

Tel : +603-2783 0300

**HONG LEONG ISLAMIC BANK BERHAD**

Tel : +603-2164 3939

**UNITED OVERSEAS BANKS (MALAYSIA) BHD**

Tel : +603-2732 4332

**MALAYAN BANKING BERHAD**

Tel : 1300 88 6688

**ARECA CAPITAL SDN BHD**

Tel : +603-7956 3111

**OCBC AL-AMIN BANK BERHAD**

Tel : +603-8314 9310

**TA INVESTMENT MANAGEMENT BERHAD**

Tel : +603-2031 6603

**UOB KAY HIAN SECURITIES (M) SDN BHD**

Tel : +603- 2147 1888

**Authorised Distributors:**

For more information about our distributors, kindly contact our Customer Experience Personnel at +603-2081 8600 ext 18603/18604 between 9.00 a.m. to 6.00 p.m. on a Business Day. Alternatively, you can email us at [inquiry@hlam.hongleong.com.my](mailto:inquiry@hlam.hongleong.com.my).