

Date of Issuance: 19 August 2024

HONG LEONG ASSET MANAGEMENT BHD

HONG LEONG ASIA PACIFIC EQUITY FUND

RESPONSIBILITY STATEMENT

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

STATEMENTS OF DISCLAIMER

The Securities Commission Malaysia has authorised the issuance of Hong Leong Asia Pacific Equity Fund and a copy of this Product Highlights Sheet has been lodged with the Securities Commission Malaysia.

The authorisation of the Hong Leong Asia Pacific Equity Fund and lodgement of this Product Highlights Sheet, should not be taken to indicate that the Securities Commission of Malaysia recommends the Hong Leong Asia Pacific Equity Fund or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Product Highlights Sheet.

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

This Product Highlights Sheet only highlights the key features and risks of the Hong Leong Asia Pacific Equity Fund. Investors are advised to request, read and understand the disclosure documents before deciding to invest.

PRODUCT HIGHLIGHTS SHEET

HONG LEONG ASIA PACIFIC EQUITY FUND

BRIEF INFORMATION ON THE FUND

1. What is this fund about?

Hong Leong Asia Pacific Equity Fund (“HLAPEF” or the “Fund”) is an equity fund managed by Hong Leong Asset Management Bhd (the “Manager”) that aims to achieve capital growth over the medium to long-term¹ by investing primarily in equities listed in the Asia Pacific ex Japan region.

FUND SUITABILITY

2. Who is this fund suitable for?

HLAPEF 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 a higher risk in their investments to obtain potentially higher returns.

The Fund has a Product Risk Rating of ‘High Risk’.

KEY FUND FEATURES

3. What am I investing in?

| | |
|--|---|
| Category of fund | Equity. |
| Type of fund | Growth. |
| Investment objective | The Fund aims to achieve capital growth over the medium to long-term ¹ by investing primarily in equities listed in the Asia Pacific ex Japan region. |
| Asset allocation (% of the Fund’s net asset value (“NAV”)) | <ul style="list-style-type: none"> • Equities in Asia Pacific ex Japan: Minimum 70% and a maximum of 95%; • Deposits, money market instruments and unlisted money market collective investment scheme: Minimum 5% to a maximum of 30%. |
| Performance benchmark | MSCI AC Asia Pacific ex-Japan Index. |
| Investment process and strategy | <p>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.</p> <p>The Fund will be investing a minimum of 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.</p> <p>The Fund will employ a “top down” asset and sector allocation 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 investment. 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.</p> <p>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.</p> |

Note:

¹ ‘Medium to long-term’ refers to a period of 3 to 5 years.

| | |
|----------------------------|--|
| Distribution policy | <p>The Fund intends to provide unit holder with medium to long-term¹ capital growth. As such, income distributions will be incidental to the overall capital growth objective. A substantial portion of the income returns from investments will be reinvested. The Fund may declare distributions in the form of additional units to its unit holders.</p> <p>The Manager's intention is to declare distributions out of the income and/or capital* of the Fund after deducting fees and expenses incurred by the Fund. The Manager has the right to distribute all or parts of its distributable income and it may vary from time to time depending on the market condition. In the event the Fund does not have sufficient realised gains or income to declare distribution from the current financial year, the Manager may distribute out of capital* to return a portion of capital growth to unit holders. The rationale is to maintain the consistency in distribution that has been the practice of the Manager. 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. The Manager will distribute out of capital after taking into consideration the risk of capital erosion and the risk that the investment objective of capital growth might not be met.</p> <p><i>Note:</i> * Capital refers to unrealised income or unrealised gain.</p> |
| Launch date | 25 March 2019. |

4. Who am I investing with?

| | |
|------------------------------|--|
| Manager | Hong Leong Asset Management Bhd [199401033034 (318717-M)]. |
| External Fund Manager | Sumitomo Mitsui DS Asset Management (Hong Kong) Limited. |
| Trustee | CIMB Commerce Trustee Berhad [199401027349 (313031-A)]. |

5. What are the possible outcomes of my investment?

There are many possible outcomes associated with an investment in the Fund. Unit holders can potentially make profit either (i) when the Fund declares and pays out distributions; or (ii) when the unit holders sell their investments in the Fund when the market value of the Fund's portfolio and its NAV per unit increase. However, this also means that the market value of the Fund's portfolio and its NAV per unit may fall and as a result, unit holders may lose part of their capital. Unit holders should take note that the value of an investment in the Fund and its distribution payable (if any) may go down as well as up and are not guaranteed. Unit holders should also take note that investment in the Fund involves some degree of risk and that the value of their investment is at risk depending on the underlying investments of the Fund.

KEY RISKS

6. What are the key risks associated with this fund?

General risks

| | |
|-----------------------|--|
| 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 the 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 | <p>Liquidity risk comprises two broad risk types; Market Liquidity Risk and Funding Liquidity Risk. Market Liquidity Risk is defined as the ease with which a security can be sold at or near its fair value depending on the trading volume of that security in the market. If the Fund holds a large portfolio of securities that are less liquid, the securities may have to be sold at unfavourable prices and/or withdraw deposits placed with financial institutions prior to maturity which would expose the Fund to a higher degree of market liquidity risk. As such any premature withdrawal of deposits where interest income may be forfeited or forced sale of the Fund's investment to meet any shortfall will have adverse impact on the Fund's NAV per unit and subsequently the value of unit holders' investments in the Fund.</p> <p>Funding Liquidity Risk is defined as the risk that the Fund will not be able to meet efficiently both the expected and unexpected current and future cash outflow. The risk primarily involves the Fund's inability to meet redemption requests without major distortion to the portfolio allocation.</p> <p>To mitigate this risk, the Manager will employ prudent liquidity management such as cash flow and redemption monitoring to ensure that the Fund maintains reasonable levels of liquidity to meet any redemption request supplemented by a temporary defensive strategy should adverse conditions prevail. The Manager will apply Liquidity Risk Management tools inclusive of liquidity Stress Test to assess the Fund's viability to meet expected and unexpected redemptions under adverse scenarios. 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.</p> <p>The Manager may, in consultation with the Trustee, suspend dealing in units under exceptional circumstances where there is sufficient reason to do so having regard to the interests of the unit holders in an effort to further curtail the liquidity risk experienced by the Fund. Exceptional circumstances can be considered where the market value or fair value of a material portion of the fund's assets cannot be determined.</p> |

Note:

¹ 'Medium to long-term' refers to a period of 3 to 5 years.

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| Non-compliance risk | This is the risk where the Manager does not comply with the provisions as set out in the Fund's 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 | 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 to finance their investment. The inherent risk of investing with borrowed money includes investors being unable to service the loan repayments. 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. <i>Please see unit trust loan financing risk disclosure statement in the account opening form (individual) section.</i> |
| 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. |

Specific risks

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|---------------------------------|---|
| Particular security risk | 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. |
| Interest rate risk | This risk refers to the effect of interest rate changes on the prices of the Fund's investments in money market instruments such as negotiable instruments of deposits (NID)/Investment Account. Generally, interest rate movements are inversely correlated with prices of NID, i.e. when interest rate rise prices of NID will fall and vice versa. The fluctuations in the prices of the NID may, in turn, have an impact on the Fund's NAV per unit. This risk can be mitigated by holding the NID 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 | The Fund may invest a greater portion of its assets in a single issuer, and as such, the Fund is susceptible to any adverse developments affecting the single issuer held in its portfolio. Any changes in the financial condition of the single issuer may cause fluctuations in the Fund's NAV. The Manager seeks to mitigate this risk by conducting fundamental research prior to its investments, where the Manager will conduct thorough analysis of the issuer's financial statements by assessing its potential earnings growth, cash flow sustainability, debt manageability as well as historical financial performance. |
| Currency risk | This risk is associated when the Fund has investments that are denominated in foreign currency. Any fluctuations in the currency exchange rates can affect the Fund's foreign investments when it is converted back to the Fund's 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 gain 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 | The risk is associated with the Fund's investment 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 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. |
| Fund management risk | 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. |

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.

FEES & CHARGES

7. What are the fees and charges involved?

There are fees and charges involved and investors are advised to consider them before investing in the Fund.

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

| | |
|--------------------------------------|---|
| Sales charge¹ | Up to 5% of the NAV per unit of the Fund. |
| Redemption charge¹ | No redemption charge is imposed upon redemption of units. |
| Switching fee¹ | There is no switching fee imposed on switching of units. |
| Transfer fee¹ | No transfer fee imposed on the transfer of units to a transferee. |

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

| | |
|--|--|
| Annual management fee¹ | Up to 1.80% per annum of the Fund's NAV, calculated and accrued on a daily basis. |
| Annual trustee fee¹ | Up to 0.055% per annum of the Fund's NAV, subject to a minimum of RM18,000 per annum, calculated and accrued on a daily basis. |

VALUATIONS AND EXITING FROM INVESTMENT

8. How often are valuations available?

The NAV per unit of the Fund is determined on each Business Day². The daily NAV per unit of the Fund can be obtained from the Manager's website at www.hlam.com.my or our branch offices. Alternatively, you may contact the Customer Experience personnel at 03-2081 8600 ext 18603/18604 for the NAV per unit.

9. How can I exit from this investment and what are the risks and costs involved?

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 the Fund is six (6) Business Days² 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 on Unit Trust Funds issued by the Securities Commission Malaysia):-

- A staff of the Manager; and
- Person registered with a body approved by the Securities Commission Malaysia to deal in unit trusts.

The refund for every unit held by the investor pursuant to the exercise of a 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.

Notes:

¹ 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).

² 'Business Day' refers to a day (other than Saturday, Sunday or public holidays) on which the Manager is open for business and Bursa Malaysia is open for trading.

Payment will be made to the investor within seven (7) Business Days¹. For investments made through cheque, the payment for the cooling-off will only be made to the investor after the cheque has been cleared.

Redemption of Units

- No redemption charge is imposed upon redemption of units.
- Minimum redemption of units is 1,000 units.
- No restriction on the frequency for redemption.
- Cut-off time for any redemption requests is at 4.00 p.m. on any Business Day¹.
- 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.
- Payment will be made to you within seven (7) Business Days¹.
- Payment can be made either via cheque, telegraphic transfer to Hong Leong Bank Berhad or participating banks' GIRO account.

Transfer of Units

- Transfer of units is allowed for this Fund either fully or partially. The minimum transfer of units is 1,000 units.

Switching of Units

- Switching of units is allowed for this Fund. The minimum amount of units switch to other fund(s) is 1,000 units.

FUND PERFORMANCE

10. Information on Fund Performance

(a) Average total return for the following periods ended 31 October 2023

| | 1-year | 3-year | Since launch |
|-----------------------------------|--------|--------|--------------|
| HLAPEF (%) | 3.90 | 1.51 | 0.28 |
| MSCI AC Asia-Pacific ex Japan (%) | 9.67 | -1.71 | 1.27 |

(b) Annual total return for the financial years ended 31 October

| | 2023 | 2022 | 2021 | 2020 | 2019 [#] |
|-----------------------------------|------|--------|-------|-------|-------------------|
| HLAPEF (%) | 3.90 | -13.19 | 15.87 | -2.94 | -0.16 |
| MSCI AC Asia-Pacific ex Japan (%) | 9.67 | -23.54 | 13.12 | 8.64 | 2.71 |

[#]The figure shown is for the period since launch of the Fund (25 March 2019)

Source: Lipper for Investment Management.

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

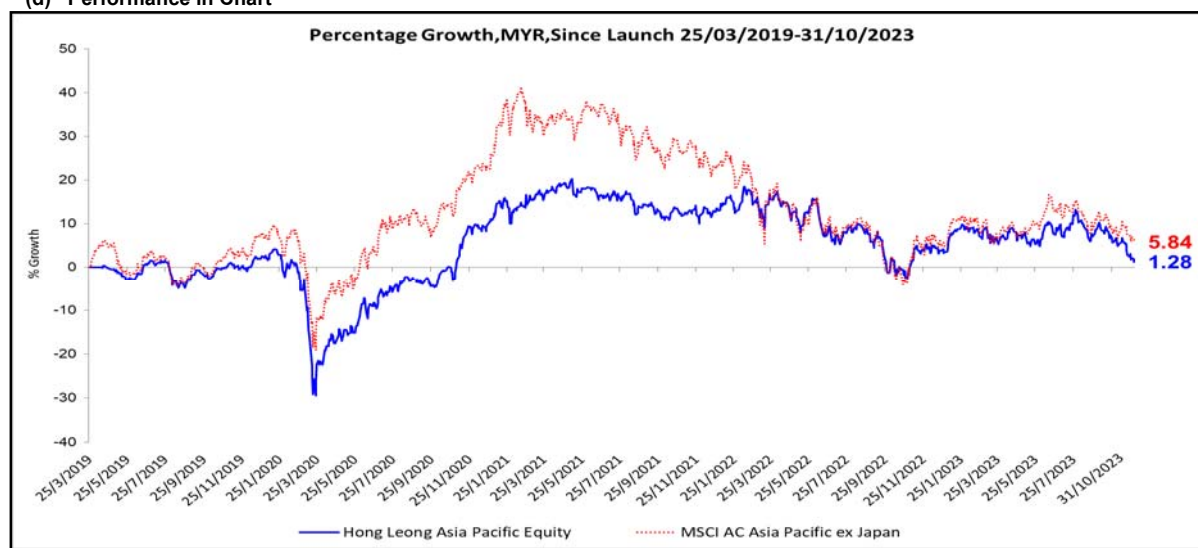
1-Year fund performance review

The Fund posted a return of 3.90% for the financial year ended 31 October 2023 while its benchmark the MSCI AC Asia Pacific ex Japan Index registered a return of 9.67%.

(c) Basis of calculation

Percentage Growth, NAV Per Unit-to-NAV Per Unit basis with gross income (if any) from Hong Leong Asia Pacific Equity Fund reinvested and in MYR terms.

(d) Performance in Chart



Note:

¹ 'Business Day' refers to a day (other than Saturday, Sunday or public holidays) on which the Manager is open for business and Bursa Malaysia is open for trading.

Source: Lipper for Investment Management.

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

Since launch, the Fund has posted a return of 1.28% while its benchmark the MSCI AC Asia Pacific ex Japan Index has registered a return of 5.84%.

(e) Portfolio turnover ratio (PTR)

| | Financial period ended 31 October | | |
|-------------------------|-----------------------------------|------|------|
| | 2023 | 2022 | 2021 |
| PTR of the Fund (times) | 0.35 | 0.23 | 0.68 |

The Fund recorded a higher PTR of 0.35 times during the financial year ended 2023 from 0.23 times during the financial year ended 2022 on account of higher level of rebalancing activities performed by the Fund.

(f) Distribution

| Financial year | Additional units | Cash distribution |
|----------------|------------------|--|
| 2021 | - | - |
| 2022 | - | Gross 6.0000 sen/unit Net 6.0000 sen/unit |
| 2023 | - | Gross 6.0000 sen/unit Net 5.2951 sen/unit |

INVESTORS SHOULD NOT MAKE PAYMENT IN CASH TO A UNIT TRUST CONSULTANT OR ISSUE A CHEQUE IN THE NAME OF A UNIT TRUST CONSULTANT

PAST PERFORMANCE OF THE FUND IS NOT AN INDICATION OF ITS FUTURE PERFORMANCE

CONTACT INFORMATION

11. Who should I contact for further information or to lodge a complaint?

1. *For internal dispute resolution, you may contact:*
Hong Leong Asset Management Bhd
Level 18, Block B, Plaza Zurich
No. 12, Jalan Gelenggang
Bukit Damansara
50490 Kuala Lumpur
Tel : 03-2081 8600
Fax : 03-2081 8500
Website : www.hlam.com.my
E-mail : inquiry@hla.hongleong.com.my

2. *If you are dissatisfied with the outcome of the internal dispute resolution process, please refer your dispute to the Securities Industry Dispute Resolution Center (SIDREC):*
(a) via phone to : 03-2282 2280
(b) via fax to : 03-2282 3855
(c) via e-mail to : info@sidrec.com.my
(d) via letter to : Securities Industry Dispute Resolution Center (SIDREC)
Unit A-9-1, Level 9, Tower A
Menara UOA Bangsar
No. 5, Jalan Bangsar Utama 1
59000 Kuala Lumpur

3. *You can also direct your complaint to the Securities Commission Malaysia (SC) even if you have initiated a dispute resolution process with SIDREC. To make a complaint, please contact the SC's Consumer & Investor Office:*
(a) via phone to the Aduan Hotline at : 03-6204 8999
(b) via fax to : 03-6204 8991
(c) via e-mail to : aduan@seccom.com.my
(d) via online complaint form available at : www.sc.com.my
(e) via letter to : Consumer & Investor Office
Securities Commission Malaysia
3 Persiaran Bukit Kiara
Bukit Kiara
50490 Kuala Lumpur

4. *Federation of Investment Managers Malaysia (FIMM)'s Complaints Bureau:*
(a) via phone to : 03-7890 4242
(b) via e-mail to : complaints@fimm.com.my
(c) via online complaint form available at : www.fimm.com.my
(d) via letter to : Legal & Regulatory Affairs
Federation of Investment Managers Malaysia
19-06-01, 6th Floor Wisma Tune
No. 19, Lorong Dungun
Damansara Heights
50490 Kuala Lumpur