

## Information Memorandum

# Hong Leong Wholesale Income Fund

Manager

**HONG LEONG ASSET MANAGEMENT BHD (318717-M)**

Trustee

**CIMB COMMERCE TRUSTEE BERHAD (313031-A)**

This Information Memorandum for the **Hong Leong Wholesale Income Fund** is dated 5 September 2019.

This Fund is constituted on 13 August 2019.

**INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS INFORMATION MEMORANDUM. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.**

**FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON SECTION 3.4.**

## **RESPONSIBILITY STATEMENTS**

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

## **STATEMENTS OF DISCLAIMER**

A copy of this Information Memorandum is lodged with the Securities Commission Malaysia. The Securities Commission Malaysia will not be liable for any non-disclosure on the part of Hong Leong Asset Management Bhd and takes no responsibility for the contents of this Information Memorandum, makes no representation on the accuracy or completeness for any loss however arising from or in reliance upon the whole or any part of the contents of this Information Memorandum.

**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 Information Memorandum that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the Information Memorandum or the conduct of any other person in relation to the Fund.

# TABLE OF CONTENTS

<b>1. DEFINITIONS .....</b>	<b>5</b>
<b>2. CORPORATE DIRECTORY .....</b>	<b>9</b>
<b>3. FUND INFORMATION .....</b>	<b>10</b>
3.1. General Information of the Fund .....	10
3.2. Investment Objective.....	10
3.3. Investment Policy, Strategy and Asset Allocation .....	10
3.4. General Risks of the Fund.....	11
3.5. Specific Risks of the Fund .....	12
3.6. Risk Management Strategies .....	13
3.7. Distribution Policy .....	14
3.8. Performance Benchmark .....	14
3.9. Permitted Investments .....	14
3.10. Investor Profile .....	14
<b>4. FEES, CHARGES AND EXPENSES .....</b>	<b>15</b>
4.1. Charges Directly Incurred On Sale and Redemption of Units .....	15
4.1.1. Sales Charge^ .....	15
4.1.2. Redemption Charge^ .....	15
4.2. Fees Indirectly Incurred on Sales and Redemption of Units .....	15
4.2.1. Annual Management Fee^ .....	15
4.2.2. Annual Trustee Fee^ .....	15
4.2.3. Switching Fee^ .....	15
4.2.4. Transfer Fee^ .....	16
4.3. Fund Expenses^ .....	16
4.4. Stockbroking Rebates and Soft Commissions .....	16
<b>5. TRANSACTION INFORMATION .....</b>	<b>17</b>
5.1. Bases of Valuation of Investments .....	17
5.2. Cross Trades.....	17
5.3. Fund Valuation and Publication of Prices .....	18
5.4. Pricing Policy .....	18
5.5. Unit Pricing .....	18
5.6. Purchase of Units .....	19
5.7. Redemption of Units .....	21
5.8. Fund Switching .....	22
5.9. Transfer of Units.....	22
5.10. Minimum Account Balance.....	22
5.11. How and Where Units Can Be Bought and Sold.....	23
5.12. Distribution Mode.....	23
5.13. Unclaimed Moneys.....	23
5.14. Cut-Off Time for Purchase and Redemption Requests .....	23
5.15. Incorrect Pricing .....	24

<b>6.</b>	<b>THE MANAGEMENT COMPANY .....</b>	<b>25</b>
6.1.	The Manager .....	25
6.2.	The Board of Directors .....	25
6.3.	The Roles, Duties and Responsibilities of the Manager .....	25
6.4.	Material Litigation and Arbitration .....	25
6.5.	The Investment Committee .....	26
6.5.1.	Functions of the Investment Committee .....	26
6.6.	The Key Personnel of the Investment Team .....	26
<b>7.</b>	<b>THE TRUSTEE OF THE FUND .....</b>	<b>28</b>
7.1.	Profile of CIMB Commerce Trustee Berhad .....	28
7.2.	Experience in trustee business .....	28
7.3.	Duties and Responsibilities of the Trustee .....	28
7.4.	Material Litigation and Arbitration .....	29
7.5.	Delegate of the Trustee .....	29
<b>8.</b>	<b>SALIENT TERMS OF DEED .....</b>	<b>30</b>
8.1.	Right and Liabilities of Unit Holder .....	30
8.1.1.	Unit holder's Rights .....	30
8.1.2.	Unit holders' Liabilities .....	30
8.2.	Maximum Fees and Charges Permitted by the Deed .....	30
8.3.	Increase In Fees and Charges .....	31
8.4.	Permitted Expenses Payable by the Fund .....	31
8.5.	Retirement, Removal and Replacement of the Manager .....	32
8.6.	Retirement, Removal and Replacement of the Trustee .....	33
8.7.	Termination of the Fund .....	34
8.8.	Unit holders' Meeting .....	34
<b>9.</b>	<b>ADDITIONAL INFORMATION .....</b>	<b>35</b>
9.1.	Availability of Information on Investment .....	35
9.2.	Avenues for advice .....	35
9.3.	Deed .....	35
9.4.	Financial Year-End* .....	35
<b>10.</b>	<b>DOCUMENTS AVAILABLE FOR INSPECTION.....</b>	<b>36</b>
<b>11.</b>	<b>DIRECTORY OF SALES OFFICES.....</b>	<b>37</b>

## 1. DEFINITIONS

<b>Auditor</b>	PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146). The appointed auditor for the Fund.
<b>Bursa Malaysia</b>	The stock exchange managed and operated by Bursa Malaysia Securities Berhad (635998-W) and includes any changes to the name or the operator of the Malaysian stock exchange.
<b>Business Day</b>	A day (other than Saturday, Sunday and public holidays) on which the Manager is open for business and Bursa Malaysia is open for trading.
<b>CCTB or the Trustee</b>	Refers to CIMB Commerce Trustee Berhad (313031-A).
<b>CMSA</b>	Capital Markets and Services Act 2007 and any amendments made thereto.
<b>Deed</b>	The deed in respect of the Hong Leong Wholesale Income Fund dated 13 August 2019 entered into between the Manager and the Trustee for the Unit holders of the Fund, including any supplementary deeds thereto.
<b>deposits</b>	Refers to fixed deposits.
<b>financial institution</b>	<p>(a) if the institution is in Malaysia-</p> <ul style="list-style-type: none"><li>(i) licensed bank*;</li><li>(ii) licensed investment bank*;</li><li>(iii) licensed Islamic bank#;</li></ul> <p>(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;</p> <p>Note: * has the meaning assigned to it in the Financial Services Act 2013. # has the meaning assigned to it in the Islamic Financial Services Act 2013.</p>
<b>FiMM</b>	Federation of Investment Managers Malaysia.
<b>Forward Price</b>	The Selling Price or Redemption Price of the Fund calculated based on the NAV per Unit of the Fund at the next valuation point after the application to purchase or redeem Units is received by the Manager.
<b>Guidelines</b>	Guidelines on Unlisted Capital Market Products Under the Lodge and Launch Framework issued by the SC on 9 March 2015 and revised on 16 January 2017, 8 November 2017 and 11 October 2018. It includes any amendments made thereto.

<b>HLAM or the Manager</b>	Hong Leong Asset Management Bhd (318717-M).
<b>HLWIF or the Fund</b>	Hong Leong Wholesale Income Fund.
<b>Information Memorandum</b>	Refers to this Information Memorandum of the Hong Leong Wholesale Income Fund and any supplementary or replacement Information Memorandum thereto.
<b>Initial Offer Period (IOP)</b>	Refers to the period when the Units are open for subscription which shall not exceed twenty one (21) calendar days.
<b>Investment Committee</b>	Refers to the investment committee of the Fund who is responsible for formulating, implementing and monitoring the investment management policies of the Fund to achieve its investment objective.
<b>LPD</b>	Refers to 23 August 2019 and is the last practicable date whereby the information disclosed in this Information Memorandum shall remain relevant and current as at the date of issue of this Information Memorandum.
<b>NAV</b>	Refers to the net asset value of the Fund. The NAV is determined on each Business Day by deducting the value of all the Fund's liabilities from the value of all the Fund's assets, at a valuation point.
<b>NAV per Unit</b>	Refers to the net asset value per Unit of the Fund. The NAV per Unit is the NAV of the Fund divided by the number of UIC at the same valuation point.
<b>RAM</b>	RAM Rating Services Berhad (763588-T).
<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 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>SC</b>	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 as at the next valuation point of the Fund after a request for purchase of Units is received and accepted by the Manager.

## Single Pricing

Means a method when you purchase Units from the Manager and sell your Units back to the Manager at a single price, i.e. the NAV per Unit. The sales charge and the redemption charge (if any) would be calculated separately based on your invested amount/redemption proceeds.

## Sophisticated Investor(s)

refers to:

- an individual whose total net personal assets, or total net joint assets with his or her spouse, exceed three million ringgit or its equivalent in foreign currencies, excluding the value of the individual's primary residence;
- an individual who has a gross annual income exceeding three hundred thousand ringgit or its equivalent in foreign currencies per annum in the preceding twelve months;
- an individual who, jointly with his or her spouse, has a gross annual income exceeding four hundred thousand ringgit or its equivalent in foreign currencies in the preceding twelve months;
- a corporation with total net assets exceeding ten million ringgit or its equivalent in foreign currencies based on the last audited accounts;
- a partnership with total net assets exceeding ten million ringgit or its equivalent in foreign currencies;
- a unit trust scheme or prescribed investment scheme;
- a private retirement scheme;
- a closed-end fund approved by the SC;
- a company that is registered as a trust company under the Trust Companies Act 1949 which has assets under management exceeding ten million ringgit or its equivalent in foreign currencies;
- a corporation that is a public company under the Companies Act 2016 which is approved by the Securities Commission to be a trustee under the CMSA and has assets under management exceeding ten million ringgit or its equivalent in foreign currencies;
- a statutory body established by an Act of Parliament or an enactment of any state in Malaysia;
- a pension fund approved by the Director General of Inland Revenue under section 150 of the Income Tax Act 1967;
- Central Bank of Malaysia established under the Central Bank of Malaysia Act 2009;
- a holder of a capital markets services licence or an executive director or a chief executive officer of a holder of a capital markets services licence;
- a licensed institution as defined in the Financial Services Act 2013;
- an Islamic bank as defined in the Islamic Financial Services Act 2013;
- an insurance company registered under the Financial Services Act 2013;
- a takaful operator registered under the Islamic Financial Services Act 2013;

- a bank licensee or insurance licensee as defined under the Labuan Financial Services and Securities Act 2010; and
- an Islamic bank licensee or takaful licensee as defined under the Labuan Islamic Financial Services and Securities Act 2010.

**Special Resolution**

Means a resolution passed by a majority of not less than three-fourth of unit holders voting at a meeting of Unit holders. For the purpose of terminating a fund, a special resolution is passed by a majority in number representing at least three-fourths of the value of the Units held by the Unit holders voting at the meeting in person or by proxy.

**UIC**

Units in circulation.

**Unit(s)**

Is an undivided share in the beneficial interest and/or rights in the Fund and a measurement of the interest and/or right of a Unit holder in the Fund and means a Unit of the Fund.

**Unit holder(s),  
investor(s),  
applicant(s), you**

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.

## 2. CORPORATE DIRECTORY

### **MANAGER**

#### **HONG LEONG ASSET MANAGEMENT BHD (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

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)

### **TRUSTEE**

#### **CIMB COMMERCE TRUSTEE BERHAD (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  
Website : <http://www.cimb.com>  
Email : [cimbib.corpunittrust@cimb.com](mailto:cimbib.corpunittrust@cimb.com)

Business Address:

Level 21, Menara CIMB  
Jalan Stesen Sentral 2  
Kuala Lumpur Sentral  
50470 Kuala Lumpur  
Tel : +603-2261 8888  
Fax : +603-2261 9889

## 3. FUND INFORMATION

### 3.1. General Information of the Fund

<b>Fund name</b>	Hong Leong Wholesale Income Fund.
<b>Base currency</b>	Ringgit Malaysia.
<b>Fund category</b>	Fixed Income (Wholesale).
<b>Fund type</b>	Income.
<b>Launch date</b>	5 September 2019.
<b>Initial offer price</b>	RM1.0000 per Unit.
<b>Initial Offer Period (IOP)</b>	The IOP for the Fund will be twenty one (21) calendar days from the launch date of the Fund, i.e. commencing from 5 September 2019 to 25 September 2019.
<b>Commencement Date</b>	The date on which the investments of the Fund are first made and is the date which falls on the next Business Day immediately after the expiry of the IOP.

### 3.2. Investment Objective

The Fund aims to provide investors with a low risk investment portfolio offering a regular stream of income<sup>1</sup>.

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

### 3.3. Investment Policy, Strategy and Asset Allocation

To achieve the Fund's investment objective, the Fund intends to invest a minimum of 50% of its NAV in securities issued or guaranteed by the Government of Malaysia and a maximum of 50% of its NAV in money market instruments and deposits.

The bond asset class will inherently experience mark-to-market volatility whenever there is a change in interest rates. To minimise mark-to-market volatility, the Fund intends to maintain a low portfolio duration by focusing short to medium tenured securities (e.g. maturities of up to 10 years) issued or guaranteed by the Government of Malaysia. The Fund will also invest up to 50% of the Fund's NAV in money market instruments and deposits to further reduce mark-to-market volatility. To provide a regular income, the Fund will invest in a portfolio of bonds, money market instruments and deposits for accrual income. In the event a security guaranteed by the

Note:

<sup>1</sup> Income distributed 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). Please refer to section 3.7 for more information on the Fund's Distribution Policy.

Government of Malaysia loses its guarantee, the Manager shall take steps to replace the said security within six (6) months.

The Manager will adopt a prudent selection process and rigorous credit assessment to ensure that the Fund will only place deposits or money market instruments with credit-worthy financial institutions in Malaysia.

The Fund's investment with any financial institutions must have a credit rating of at least "A3" or "P2" as rated by RAM, or its equivalent ratings by another registered rating agency, at the point of investment. In the event of a downgrade in the rating of a financial institution below the minimum requirement with which the Fund has investments with, the Manager shall withdraw the invested deposits and/or sell the money market instruments within a reasonable time frame.

#### Temporary defensive strategy

The Manager may also take a 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 money market instruments and deposits as a defensive strategy.

### **3.4. General Risks of the Fund**

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

- **Market risk**

Market risk refers to the potential losses that may arise from 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.

- **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 unfavorable prices to resolve the non-compliance. The Manager has imposed stringent internal compliance controls to mitigate this risk.

- **Fund management risk**

The performance of the Fund is dependent on the experience, knowledge, expertise and investment strategies adopted by the personnel of the Manager. Lack of experience, knowledge and expertise, as well as poor execution of the investment strategy or general management of the Fund may jeopardise the Unit holders' capital and returns. In view of this, proper training and stringent selection of personnel to manage the Fund is crucial towards mitigating this risk.

- **Loan financing risk/financing risk**

The risk occurs when investors take a loan/financing 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.

- **Inflation risk/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.

### **3.5. Specific Risks of the Fund**

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

- **Credit/default risk**

Credit risk relates to the creditworthiness of the issuer of the fixed income securities and the issuer's ability to make timely payments of interest and/or principal. If the issuer fails to meet its fixed income securities payment obligation in a timely manner, it will lead to a loss in principal and/or interest and result in a default on the payment of principal and/or interest accrued and cause a decline in the value of the defaulted fixed income security 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 prior to the investments. In addition, the Manager may also mitigate this risk by diversifying its investments in fixed income securities 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 within a reasonable time frame if the downgrade is below the stipulated minimum rating.

- **Interest rate risk**

This risk refers to the effect of interest rate changes on the market value of the Fund's investments in fixed income securities. In the event of rising interest rates, prices/valuation of fixed income securities tends to move inversely. Meanwhile, fixed income securities with longer maturities and lower coupon 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 portfolio by diversifying the investments in fixed income securities across different maturities (e.g. one year, three years and five years) and investing in short-term (i.e. less than three years) fixed income securities.

- **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.

- **Counterparty risk**

The Fund's placements of deposits and/or investments in 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 and/or principal payment on the maturity date. This may then lead to a default in the payment and/or interest and ultimately, affect the NAV per Unit of the Fund. 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.

- **Liquidity risk**

This 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. This risk may increase when the Fund has unexpected significant redemption by Unit holders. If the Fund has a large portfolio of securities that are less liquid, the said securities may have to be sold at unfavourable prices and/or withdraw deposits with financial institutions prior to maturity. Such premature withdrawal of deposits where interest income may be forfeited or forced sale of the Fund's investment will have adverse impact on Fund's NAV per Unit. To mitigate this risk, the Manager will constantly review and monitor the Fund and actively manage asset allocations of the Fund. In addition, the Manager will practice prudent liquidity management to enable the Fund to meet short-term obligations.

- **Reinvestment risk**

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 instruments. As a result, the Fund has to reinvest the above proceeds in a new deposits or money market instruments offering a lower return than the previous deposits or money market instruments.

### **3.6. Risk Management Strategies**

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

- Monitoring and evaluating the market and economic conditions;
- Adhering to the Fund's investment objective, strategies, limits and restrictions as stated in the Information Memorandum and/or Deed;
- Constant monitoring of portfolio duration and cash flows to ensure the Fund meets its required liquidity consistently;
- Regular review of the Fund's performance; and
- Escalating and reporting investment matters to the Investment Committee.

**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.**

### **3.7. Distribution Policy**

The Fund intends to provide Unit holders with regular income. As such, income distributions will be on a monthly basis, subject to availability of income and the amount of income available for distribution may fluctuate from time to time.

*Income distributed 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).*

### **3.8. Performance Benchmark**

The performance benchmark of the Fund is the Malayan Banking Berhad 12 months fixed deposit rate.

Information on the benchmark is available from [www.maybank.com](http://www.maybank.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 [www.hlam.com.my](http://www.hlam.com.my).

### **3.9. Permitted Investments**

The Fund may invest in any of the following investments:

- Securities issued or guaranteed by the Government of Malaysia;
- Money market instruments and deposits with financial institutions; and
- Units/shares of money market related collective investment scheme in Malaysia.

### **3.10. Investor Profile**

The Fund is suitable for investors who:

- are generally conservative and risk averse;
- prefer a short to medium-term investment horizon; and
- desire a regular stream of income<sup>1</sup>.

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**Note:**

<sup>1</sup> *Income distributed 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). Please refer to Section 3.7. for more information on the Fund's Distribution Policy.*

## 4. FEES, CHARGES AND EXPENSES

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

#### 4.1.1. Sales Charge<sup>^</sup>

A sales charge is a front-end fee incurred by a Unit holder when the Unit holder purchases Units of the Fund. The Manager use the sales charge to pay marketing, advertising and distribution expenses of the Fund. The Manager imposes a sales charge of up to 3.00% of the Fund's NAV per Unit. Sales charge is rounded to the nearest two (2) decimal places.

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

Assuming a Sophisticated Investor makes an investment of RM100,000 on 1 July 2019 and that the NAV per Unit for the Fund at the end of the Business Day on 1 July 2019 is RM1.0000. If the sales charge is 3.00%, then the computation of the sales charge is as follows:

$$\begin{aligned}\text{Sales charge} &= \text{Sales charge} \times \text{amount invested} \\ &= 3.00\% \times \text{RM}100,000 \\ &= \text{RM}3,000\end{aligned}$$

#### 4.1.2. Redemption Charge<sup>^</sup>

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

There is NO redemption charge imposed by the Manager for redemption of Units for this Fund.

### 4.2. Fees Indirectly Incurred on Sales and Redemption of Units

#### 4.2.1. Annual Management Fee<sup>^</sup>

The annual management fee is calculated and accrued on a daily basis based on the NAV of the Fund at the rate up to 2.00% per annum of the Fund's NAV.

#### 4.2.2. Annual Trustee Fee<sup>^</sup>

The annual trustee fee is calculated and accrued on a daily basis based on the NAV of the Fund at the rate of up to 0.01% per annum of the Fund's NAV, subject to a minimum of RM12,000 per annum and capped at a maximum of RM500,000 per annum.

#### 4.2.3. Switching Fee<sup>^</sup>

Not applicable. Switching of Units is not permitted for the Fund.

#### **4.2.4. Transfer Fee<sup>^</sup>**

A transfer fee may be imposed on 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 Fund. The Manager reserves the right to waive or vary the transfer fee for the Fund from time to time at its absolute discretion.

#### **4.3. Fund Expenses<sup>^</sup>**

There are other expenses involved in the administration of the Fund. The other fund expenses are custodian fee (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, quarterly and annual 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. The Fund's expenses shall be paid out of the Fund.

#### **4.4. Stockbroking Rebates and Soft Commissions**

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

Notwithstanding the aforesaid, the Manager or the fund manager may retain goods or services by way of soft commissions provided always that the goods and services are in the form of research and advisory services that assist in the decision-making process relating to the Fund's investments.

*Note:*

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

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

## 5. TRANSACTION INFORMATION

### 5.1. Bases of Valuation of Investments

**Listed & unlisted fixed income securities** - Listed fixed income securities are valued at the closing market price quoted on Bursa Malaysia or relevant stock exchanges. Investments in unlisted fixed income securities 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 security differs from the "market price" by more than 20 basis points, the Manager may use the "market price", provided that the Manager records its basis for using a non-BPA price, obtains necessary internal approvals to use the non-BPA price and keeps an audit trail of all decisions and basis for adopting the "market yield". Market prices for fixed income security 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.

**Listed collective investment schemes** - Investments in listed 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** - The valuation of each unit or share in any unlisted collective investment scheme will be based on the last published redemption price per unit or share of such collective investment scheme at the valuation point.

**Money market instruments and deposits** - The value of the money market instruments and/or deposits with financial institutions are determined each day by reference to their nominal values or principal sum and the accrued interest, if any.

**Suspended securities** - Suspended 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.

### 5.2. Cross Trades

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

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

Cross trades between:

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

are prohibited.

### 5.3. Fund Valuation and Publication of Prices

The NAV per Unit is quoted on a Forward Price basis and can be obtained via online portal of The Star and New Straits Times and/or the Manager's website at [www.hlam.com.my](http://www.hlam.com.my).

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

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

### 5.4. Pricing Policy

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

### 5.5. Unit Pricing

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

#### **Determination of the NAV per Unit**

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

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

### **Illustration : Computation on NAV per Unit**

The following illustration is based on the assumption that the Fund invests in securities issued or guaranteed by Government of Malaysia, money market instruments, deposits 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>
Securities issued by Government of Malaysia	90,000,000
Money market instruments and deposits	8,000,000
Other assets	5,000,000
	-----
	103,000,000
<i>Less : Liabilities</i>	<i>(3,000,000)</i>
	-----
NAV	100,000.000
	-----

**NAV per Unit** = NAV/UIC  
=  $\frac{100,000,000}{200,000,000}$   
= RM0.5000 (rounded to 4 decimal places)

## **5.6. Purchase of Units**

### **(a) Calculation on sales charge and Units**

The Selling Price of the Fund is calculated based on the NAV per Unit at the next valuation point after the application to purchase Units is received by the Manager on a Business Day ("Forward Price"). The sales charge levied upon the purchase of Units to investors is up to 3.00% of the Fund's NAV per Unit.

**Illustration: Calculation on sales charge and Units**

Assuming the NAV per Unit at the end of the Business Day of 15 August 2019 is RM1.0000 and the sales charge is 3%, when an investor makes an investment of RM100,000 in HLWIF, then the total amount to be paid by an investor is as follows:

Investment amount	=	RM100,000
Sales charge	=	Sales charge rate x amount invested
	=	3% x RM100,000
	=	RM3,000
Total amount to be paid by investor	=	amount invested + sales charge
	=	RM100,000 + RM3,000
	=	RM103,000

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

$$\frac{\text{Amount invested}}{\text{NAV per Unit}} = \frac{\text{RM100,000}}{\text{RM1.0000}} = 100,000 \text{ Units}$$

**(b) Minimum initial and additional investment**

The minimum initial investment amount by an investor is RM100,000 or such other lower amount as the Manager may in its sole discretion allow. The minimum additional investment amount is RM100,000 or such other lower amount as the Manager may in its sole discretion allow. There is no restriction on the frequency of investments into the Fund.

**(c) How to purchase Units of the Fund?**

When you make an investment you must forward the following documents to the Manager's head office, its branches or to any of its sales agents before their respective cut-off times:

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

## 5.7. Redemption of Units

### (a) Calculation and payment of redemption proceeds

The Redemption Price of the Fund is calculated based on the NAV per Unit at the next valuation point after the request for redemption of the Units is received by the Manager on a Business Day ("Forward Price"). However, the Manager does not impose a redemption charge on the redemption of Units for the Fund.

#### **Illustration : Calculation on net redemption proceeds**

Assuming an investor intends to redeem 100,000 Units from the Fund and that the NAV per Unit is RM1.0000, then the redemption proceeds that the investor will receive is as follows:

Redemption proceeds	=	Units redeemed x NAV per Unit	
	=	100,000 units x RM1.0000	
	=	RM100,000.00	
Redemption proceeds			RM 100,000.00
Less redemption charge			NIL
			-----
Net redemption proceeds to be paid to investor			RM 100,000.00
			-----

### (b) Minimum redemption of units

The minimum redemption of Units is 100,000 Units or such other lower amount as the Manager may in its sole discretion allow for each request on each Business Day subject to a minimum account balance requirement.

Partial or full redemption can be made by completing a "Form of Request for Redemption" and by submitting it through the nearest agent or the Manager's head office or its branches. The Unit holder shall not be entitled to partially redeem his holdings in the Fund if it reduces the remaining account balance of the Fund to an amount which is lower than the Fund's stipulated minimum account balance. In such circumstances, the Manager may in its sole discretion effect a full redemption on the entire account and inform the Unit holder thereafter. There is no restriction on the frequency of redemption of Units, subject to the minimum account balance. For further information, please refer to Section 5.10 – 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 joint holders to make the redemption request and any person who is registered as a joint holder in the Fund will be allowed to make redemption requests for the Fund. In all cases, 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").

### **(c) Payment of net redemption proceeds**

Unit holders will be paid within ten (10) calendar days from the date the redemption request is received by the Manager.

### **5.8. Fund Switching**

Switching of Units is not allowed for this Fund.

### **5.9. Transfer of Units**

A Unit holder is allowed to transfer Units (either fully or partially) to other person(s). This facility is offered by the Manager to its existing Unit holders. The minimum transfer is 100,000 Units or such other lower amount as the Manager may in its sole discretion allow.

For partial transfer of Units, 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 transferor and transferee are required to complete a "Transfer Form" and "Account Opening Form" if the transferee is a new Unit holder. You will receive a confirmation letter to confirm the transaction.

### **5.10. Minimum Account Balance**

The minimum balance of Units that must be retained in an investor's account is 100,000 Units 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 fall below the above minimum account balance due to transfer, the Manager will seek prior consent from the Unit holder to effect or reject a full transfer request. If prior consent cannot be obtained from the Unit holder, the Manager will then reject the transfer request and notify the Unit holder accordingly.

If the Units of the investments in the Unit holder's account fall below the above minimum account balance due to redemption, the Manager will effect a full redemption, on the entire account and inform the Unit holder thereafter.

## 5.11. How and Where Units Can Be Bought and Sold

For application or redemption of Units, the Unit holder is required to complete the relevant forms which are readily available from:

- Head office of HLAM;
- Branch offices HLAM; or
- Independent tied agents of HLAM, with registration cards issued by the FiMM

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

<p><b>INVESTORS ARE ADVISED NOT TO MAKE PAYMENT IN CASH TO ANY INDIVIDUAL AGENT WHEN PURCHASING UNITS OF THE FUND.</b></p>
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## 5.12. Distribution Mode

In the event the Fund declares any distributions, Unit holders will receive distribution in the form of cash and/or additional Units. The distribution amount will be 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). There is no charge imposed on distribution reinvestments. Should a public holiday fall on the distribution date, reinvestment will be made on the following Business Day.

If a Unit holder opts for the distribution to be paid out, the said income will be credited to the Unit holder's bank account within seven (7) Business Day after distribution date. In the absence of a registered bank account, the distribution (if any) will be re-invested.

## 5.13. Unclaimed Moneys

Any redemption proceeds and/or distribution payout 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 Unclaimed Moneys Act, 1965.

## 5.14. Cut-Off Time for Purchase and Redemption Requests

The cut-off time for purchase and redemption requests for the Fund 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. The Manager reserves the right to reject any application that is incomplete and/or not accompanied by the required documents.

*Note: Our approved distributors may have an earlier cut-off time for purchase and redemption of Units requests.*

## 5.15. Incorrect Pricing

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

- (a) If there is an over pricing in relation to the purchase and creation of Units, the Fund shall reimburse the Unit holder;
- (b) If there is an over pricing in relation to the redemption of Units, the Manager shall reimburse the Fund;
- (c) If there is an under pricing in relation to the purchase and creation of Units, the Manager shall reimburse the Fund; and
- (d) If there is an under 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 and where the total impact on an individual account is less than RM10.00 in absolute amount. This is because the reprocessing costs may be greater than the amount of the adjustment.

**Unit prices and distributions payable, if any, may go down as well as up.**

## 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.

*For more information on the Manager, please visit HLAM's website at [www.hlam.com.my](http://www.hlam.com.my)*

### 6.2. The Board of Directors

**Mr. Chew Seong Aun** (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 Fund in accordance with the provisions of the Deed, this Information Memorandum and the Manager's internal policies. In fulfilling its responsibility, the Manager undertakes, among others the following functions:

- Implementation of appropriate investment strategies to achieve the Fund's objective;
- Administering the Unit holders' transactions;
- Maintaining proper records and register for the Fund;
- 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.

### 6.4. 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 or any of its delegates.

## 6.5. The Investment Committee

### 6.5.1. Functions of the Investment Committee

The Investment Committee meets once every quarter and is responsible for formulating, implementing and monitoring the investment management policies of the Fund to achieve the objective of the Fund. The Investment Committee also assumes a supervisory and guidance role on the investment decisions made by the Manager.

The Investment Committee will ensure that the investment views of the Manager are reasonable and that the strategies proposed are appropriate. Specifically, the Investment Committee will be required to approve the investment strategy covering the following areas:

- asset allocation for the Fund;
- sector allocation for the Fund;
- portfolio risk guidelines for the Fund;
- broker/dealer selection; and
- investment criteria.

The investment team has been granted full discretion to buy any security so long as it meets the investment strategy. The Investment Committee is not expected to participate in the security selection decision for the Fund on a day-to-day basis.

Any investment which breaches the investment limits set by the SC, the Fund or internally by HLAM requires immediate reporting to the Investment Committee for ratification and remedial course of action.

## 6.6. The Key Personnel of the Investment Team

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

The designated fund managers responsible for the Fund are:

### **Chief Executive Officer /Executive Director**

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

Mr. Hoo joined HLAM on 1 March 2014. He was appointed as Executive Director to the Board of HLAM on 27 March 2014 and Chief Executive Officer on 12 May 2014. He was also appointed as an Investment Committee ("IC") member with effect from 14 April 2014.

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

Mr. Hoo is the designated fund manager for the Fund.

**Fund Manager, Fixed Income**

**Ms. Meghan Ow Lai Wan\***, holds a Bachelor of Arts in Business Administration (Finance and General Business) from Western Michigan University, Michigan, United States of America. Ms. Meghan Ow started her career as a commercial banking executive in RHB Bank Berhad before joining the risk management unit of Arab-Malaysian Merchant Bank Berhad (now known as AmInvestment Bank Berhad), covering market risk management and Asset Liability Committee support function. Prior to joining HLAM in March 2013, she spent over eleven (11) years with the investment team of Great Eastern Life Assurance (Malaysia) Berhad, where her last position held was as a Credit Analyst and Fund Manager, Fixed Income. She holds the Pasaran Kewangan Malaysia Certificate by Persatuan Pasaran Kewangan Malaysia, as well as the Capital Markets Services Representative's License from SC on 9 September 2013.

\*Ms. Meghan Ow is the co-fund manager for the Fund.

**FURTHER INFORMATION ON THE MANAGER, INVESTMENT COMMITTEE AND FUND MANAGER IS PROVIDED IN THE MANAGER'S WEBSITE AT [WWW.HLAM.COM.MY](http://WWW.HLAM.COM.MY).**

## **7. THE TRUSTEE OF THE FUND**

### **7.1. 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 Capital Markets and Services Act 2007.

### **7.2. Experience in trustee business**

CCTB has been involved in unit trust industry as trustee since 1996. It acts as trustee to various unit trust funds, real estate investment trusts, wholesale funds, private retirement schemes and exchange traded funds.

### **7.3. Duties and Responsibilities of the Trustee**

The Trustee’s functions, duties and responsibilities are set out in the Deed. The general functions, duties and responsibilities of the Trustee include, but are not limited to, the following:

- (a) Take into custody the investments of the Fund and hold the investments in trust for the Unit holders;
- (b) Ensure that the Manager, operates and administers the Fund in accordance with the provisions of the Deed, SC guidelines and acceptable business practice within the unit trust industry;
- (c) As soon as practicable, notify the SC of any irregularity or breach of the provisions of the Deed, SC guidelines and any other matters which in the Trustee’s opinion, may indicate that the interests of Unit holders are not served;
- (d) Exercise reasonable diligence in carrying out its functions and duties, actively monitoring the operations and management of the Fund by the Manager to safeguard the interests of Unit holders;
- (e) Maintain, or cause the Manager to maintain, proper accounting records and other records as are necessary to enable a complete and accurate view of the Fund to be formed and to ensure that the Fund is operated and managed in accordance with the Deed of the Fund, Information Memorandum, the SC guidelines and securities law; and
- (f) Require that the accounts be audited at least annually.

The Trustee has covenanted in the Deed that it will exercise all due diligence and vigilance in carrying out its functions and duties, and in safeguarding the rights and interests of Unit holders.

## **7.4. Material Litigation and Arbitration**

As at LPD, CIMB Commerce Trustee Berhad is not engaged in any material litigation and arbitration, including those pending or threatened, and is not aware of any facts likely to give rise to any proceedings which might materially affect the business/financial position of the Trustee or any of its delegates.

## **7.5. Delegate of the Trustee**

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 acts only in accordance with instructions from the Trustee.

## 8. SALIENT TERMS OF DEED

### 8.1. Right and Liabilities of Unit Holder

#### 8.1.1. Unit holder's Rights

You should be entitled to receive distributions of income (if any), participate in any increase in the value of the Units and other rights and privileges as are provided for in the Deed.

You will also receive the annual and quarterly reports of the Fund.

You have the right to call for Unit holders' meetings and to vote for the removal of the Trustee or the Manager through a Special Resolution.

No Unit holder shall be entitled to require the transfer to him of any of the assets of the Fund or be entitled to interfere with or question the exercise by the Trustee, or the Manager on its behalf, of the rights of the Trustee as the registered owner of such assets.

#### 8.1.2. Unit holders' Liabilities

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

### 8.2. Maximum Fees and Charges Permitted by the Deed

Annual management fee	Annual trustee fee	Sales charge	Redemption charge
Up to 3.00% per annum of the Fund's NAV.	Up to 0.01% per annum of the Fund's NAV, subject to a minimum of RM12,000 per annum and capped at a maximum of RM500,000 per annum.	Up to 3% of the Fund's NAV.	NIL

A higher sales charge than disclosed in this Information Memorandum may only be imposed if:

- (a) the Manager has notified the Trustee in writing of and the effective date for the higher charge; and
- (b) a supplemental Information Memorandum or replacement Information Memorandum in respect of the Fund setting out the higher charge is issued.

### **8.3. Increase In Fees and Charges**

Any increase of the fees and/or charges above the maximum stated in the Deed shall require Unit holders' approval.

The Manager may not charge an annual management fee at a rate higher than that disclosed in this Information Memorandum 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; and
- A supplemental Information Memorandum or replacement Information Memorandum stating the higher rate is lodged and issued thereafter

The Trustee may not charge an annual trustee fee at a rate higher than that disclosed in this Information Memorandum 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; ; and
- A supplemental Information Memorandum or replacement Information Memorandum stating the higher rate is lodged and issued thereafter.

### **8.4. Permitted Expenses Payable by the Fund<sup>\*</sup>**

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

- (a) Commissions or fees paid to brokers or dealers in effecting dealings in the investments of the Fund, shown on the contract notes or confirmation notes;
- (b) taxes and other duties charged on the Fund by the government and/or other authorities;
- (c) costs, fees and expenses properly incurred by the Auditor;

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

- (d) costs, fees and expenses incurred for the valuation of any investment of the Fund by independent valuers for the benefit of the Fund;
- (e) costs, fees and expenses incurred for any modification of the Deed save where such modification is for the benefit of the Manager and/or the Trustee;
- (f) costs, fees and expenses incurred for any meeting of the Unit holders save where such meeting is convened for the benefit of the Manager and/or the Trustee;
- (g) costs, commissions, fees and expenses of the sale, purchase, insurance and any other dealing of any asset of the Fund;
- (h) costs, fees and expenses incurred in engaging any specialist approved by the Trustee for investigating or evaluating any proposed investment of the Fund;
- (i) costs, fees and expenses incurred in engaging any adviser for the benefit of the Fund;
- (j) costs, fees and expenses incurred in the preparation and audit of the taxation, returns and accounts of the Fund;
- (k) costs, fees and expenses incurred in the termination of the Fund or the removal of the Trustee or the Manager and the appointment of a new trustee or fund management company;
- (l) costs, fees and expenses incurred in relation to any arbitration or other proceedings concerning the Fund or any asset of the Fund, including proceedings against the Trustee or the Manager by the other for the benefit of the Fund (save to the extent that legal costs incurred for the defence of either of them are not ordered by the court to be reimbursed by the Fund);
- (m) costs, fees and expenses deemed by the Manager to have been incurred in connection with any change or the need to comply with any change or introduction of any law, regulation or requirement (whether or not having the force of law) of any governmental or regulatory authority;
- (n) remuneration and out of pocket expenses of the independent members of the investment committee of the Fund (if any), unless the Manager decides otherwise;
- (o) (where the custodial function is delegated by the Trustee) charges and fees paid to sub-custodians taking into custody any foreign assets or investments of the Fund, if any;
- (p) fees, charges, costs and expenses relating to the preparation, printing, posting, registration and lodgement of documents and reports which the Manager and/or the Trustee may be obliged to prepare, print, post, register and/or lodge in relation to the Fund by virtue of any relevant law; and
- (q) any tax now or hereafter imposed by law or required to be paid in connection with any costs, fees and expenses incurred under sub-paragraphs (a) to (p) above.

## **8.5. 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 six (6) months' notice in writing of its desire so to do, or such other period as the Manager and the Trustee may agree upon, and subject to the fulfillment of the following conditions:

- (a) the retiring Manager shall appoint such corporation by writing under the seal of the retiring Manager as the fund management company of the Fund in its stead and assign and transfer to such corporation all its rights and duties as fund management company of the Fund;

- (b) such corporation shall enter into such deed or deeds as are referred to in the Deed; and
- (c) upon the payment to the Trustee of all sums due from the retiring Manager to the Trustee at the date of such retirement, the retiring Manager shall be absolved and released from all further obligations under the Deed 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 retiring Manager prior to such retirement and the new fund 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 Deed.

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 the Trustee to do so after the Trustee has given notice to the Manager 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 Deed or the relevant laws, or has ceased to be eligible to be a fund management company under the relevant laws; or
- (c) if 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.

## **8.6. Retirement, Removal and Replacement of the Trustee**

The Trustee may retire upon giving six (6) months' notice to the Manager of its desire to do so, or such other period as the Manager and the Trustee shall agree, and may by deed appoint in its stead a new trustee.

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 was 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 Deed or relevant law;
- a receiver has been 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

to be the trustee of the Fund.

## **8.7. Termination of the Fund**

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

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

## **8.8. Unit holders' 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 Deed and/or the Guidelines.

The Manager shall within twenty-one (21) days of receiving a direction from not less than fifty (50) or one-tenth (1/10) of all the Unit holders, whichever is less, summon a meeting of the Unit holders by:

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

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

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

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

## 9. ADDITIONAL INFORMATION

### 9.1. 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 other queries regarding the Fund.

- 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 following sources on any Business Days from Monday to Friday (9.00 a.m. to 6.00 p.m.).

### 9.2. Avenues for advice

If you have any questions about the information in this Information Memorandum or would like to know more about investing in the Fund, you may contact our Customer Experience personnel.

You may refer to our website [www.hlam.com.my](http://www.hlam.com.my) or Section 11 – Directory of sales offices for our contact details.

### 9.3. Deed

The Fund's deed is dated 13 August 2019.

### 9.4. Financial Year-End\*

The Fund's financial period is a 12-month period ending on the 28 February each year, save and except that the first financial period shall commence from the date of this Information Memorandum and end on 28 February 2020.

*\*Note: 29<sup>th</sup> February in the event of a leap year.*

The Manager shall make available the below mentioned reports within the 2 months from the close of each financial year or interim period of the Fund:-

- Quarterly report for the Fund; and
- Annual audited report for the Fund's financial year-end.

**The Fund's annual report is available upon request.**

## **10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the Manager's registered office :

- The Deed and supplementary deed (if any) of the Fund;
- The Information Memorandum and supplementary Information Memorandum or replacement Information Memorandum (if any) of the Fund;
- The latest quarterly and annual reports of the Fund; and
- The audited financial statements of the Manager and the Fund for the current financial year and for the last 3 financial years or if less than three (3) years, from the date of incorporation or commencement;

## 11. 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@hlang.hongleong.com.my](mailto:inquiry@hlang.hongleong.com.my)

Customer Experience Personnel : +603-2081 8600 ext 18611/18612

#### **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

+605-253 4388

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

#### **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@hlang.hongleong.com.my](mailto:inquiry@hlang.hongleong.com.my)