

Hong Leong Global Multi Strategies Fund

Building IDEAs today for an IDEAL tomorrow



Manager:

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

Trustee:

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

THIS INFORMATION MEMORANDUM FOR THE **HONG LEONG GLOBAL MULTI STRATEGIES FUND**
IS DATED 20 MARCH 2020.

This Fund is constituted on 7 February 2020.

**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 the 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 SOPHISTICATED INVESTORS ARE UNABLE TO MAKE THEIR OWN EVALUATION, THEY ARE ADVISED TO CONSULT PROFESSIONAL ADVISERS.

ADDITIONAL STATEMENTS

Sophisticated Investors should note that they may seek recourse under the *Capital Markets and Services Act 2007* for breaches of securities laws including any statement in 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.

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1. DEFINITIONS

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| Auditor | PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146). The appointed auditor for the Fund. |
| Bursa Malaysia | The stock exchange managed and operated by Bursa Malaysia Securities Berhad [200301033577 (635998-W)] and includes any changes to the name or the operator of the Malaysian stock exchange. |
| Business Day | A day (other than Saturday, Sunday and public holidays) on which the Manager is open for business and Bursa Malaysia is open for trading. |
| CMSA or the Act | Capital Markets and Services Act 2007 and any amendments made thereto. |
| Deed | The deed in respect of the Hong Leong Global Multi Strategies Fund dated 7 February 2020 entered into between the Manager and the Trustee for the Unit holders of the Fund, including any supplementary deeds thereto. |
| deposits | Refers to fixed deposits. |
| DTMB or Trustee | Refers to Deutsche Trustees Malaysia Berhad [200701005591 (763590-H)]. |
| financial institution | <p>(a) if the institution is in Malaysia-</p> <ul style="list-style-type: none">(i) licensed bank*;(ii) licensed investment bank*;(iii) licensed Islamic bank#; <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>Notes: * 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> |
| Forward Price | 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 an application to purchase or redeem Units is received by the Manager. |

| | |
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| Guidelines | Guidelines on Unlisted Capital Market Products Under the Lodge and Launch Framework issued by the Securities Commission on 9 March 2015 and revised on 16 January 2017, 8 November 2017, 11 October 2018 and 26 November 2019. It includes any amendments made thereto. |
| HLAM or the Manager | Hong Leong Asset Management Bhd [199401033034 (318717-M)]. |
| HLGMSF or the Fund | Hong Leong Global Multi Strategies Fund. |
| Information Memorandum | Refers to this Information Memorandum of the Fund and any supplementary or replacement Information Memorandum thereto. |
| Initial Offer Period (IOP) | Refers to the period when the Units are created, cancelled, sold and redeemed which shall not exceed twenty one (21) calendar days. |
| Investment Committee | 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 the investment objective of the Fund. |
| Latest Practicable Date (LPD) | Refers to 13 February 2020 and is the latest 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. |
| medium-to-long term | Refers to a period of 3 to 5 years. |
| Net Asset Value (NAV) | The NAV is determined by deducting the value of all the Fund's liabilities from the value of all the Fund's assets, at a valuation point. |
| NAV per Unit | The NAV per Unit is the NAV of the Fund divided by the number of Units in circulation at the valuation point. |
| Redemption Price | The price payable to an investor (before deducting the redemption charge, if any) for a Unit pursuant to a redemption request. The Redemption Price shall be the NAV per Unit as at the next valuation point of the Fund after a redemption request is received and accepted by the Manager. |
| RM | Refers to Ringgit Malaysia. |

Securities Commission

Refers to Securities Commission Malaysia.

Selling Price

The price payable by an investor (before including the sales charge) for the purchase of a Unit pursuant to a request for purchase of Units. The Selling Price shall be the NAV per Unit as at the next valuation point of the Fund after a request for purchase of Units is received and accepted by the Manager.

Single Pricing

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

Sophisticated Investor(s)

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 Securities Commission;
- 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

| | |
|--|---|
| | <p>Revenue under section 150 of the Income Tax Act 1967;</p> <ul style="list-style-type: none"> ▪ 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 | <p>Means a resolution passed by a majority of not less than three-fourth of Unit holders voting at the 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 Unit held by the Unit holders voting at the meeting in person or by proxy.</p> |
| UIC | <p>Units in circulation.</p> |
| Underlying Funds | <p>Means collective investment schemes that the Fund invests in.</p> |
| Unit(s) | <p>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.</p> |
| Unit holder(s)/ applicant(s)/ you | <p>Means the Sophisticated Investor for the time being who is registered pursuant to the Deed as a holder of Units, including the persons jointly registered.</p> |

U.S. Person

Refers to a person described in section 7701(a)(30) of the Internal Revenue Code:-

- a citizen or resident of the United States;
- a United States partnership;
- a United States corporation;
- any estate (other than an estate the income of which, from sources without the United States which is not effectively connected with the conduct of a trade or business within the United States, is not includible in gross income under the Internal Revenue Code), and
- any trust if:-
 - (a) A court within the United States is able to exercise primary supervision over the administration of the trust, and
 - (b) One or more United States persons have the authority to control all substantial decisions of the trust.

2. CORPORATE DIRECTORY

MANAGER

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

Registered office:

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

Business address:

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

TRUSTEE

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

Registered address/Place of business:

Level 20, Menara IMC
8 Jalan Sultan Ismail
50250 Kuala Lumpur
Tel : +603-2053 7522
Fax : +603-2053 7526

3. FUND INFORMATION

3.1 General information of the Fund

| | |
|-----------------------------------|--|
| Fund name | Hong Leong Global Multi Strategies Fund. |
| Base currency | Ringgit Malaysia. The Fund will have one class at launch i.e. RM class. |
| Fund category | Mixed Assets (Fund-of-Funds/Wholesale). |
| Fund type | Growth and Income. |
| Launch date | 20 March 2020. |
| Initial offer price | RM1.0000 per Unit. |
| Initial Offer Period (IOP) | The IOP for the Fund will be twenty one (21) calendar days from the launch date of the Fund, i.e. commencing from 20 March 2020 to 9 April 2020. |
| Commencement Date | 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 capital growth and regular income* over the medium-to-long term by investing primarily in a portfolio of collective investment schemes.

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

3.3 Investment Policy, Strategy and Asset Allocation

The investment strategy of the Fund is to invest in listed and/or unlisted collective investment schemes that provide capital growth and regular income through exposure into globally focused strategies across multiple asset classes.

To build a well-diversified portfolio, the selection of collective investment schemes will be based on asset class and geographical focus that perform differently at various market cycles. Dividend yield of the collective investment schemes will also be considered in the selection process.

Note:

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

The Manager will take an active investment strategy in determining the optimal asset and geographical allocation, and will have the flexibility to actively rebalance the asset and geographical allocation should it deem necessary based on the prevailing market conditions and opportunities.

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

Asset allocation

- a maximum of 98% of the Fund's NAV will be invested in collective investment schemes; and
- a maximum of 30% of the Fund's NAV will be held in liquid assets which include money market instruments and deposits with financial institutions.

Temporary defensive strategy

The Manager may take temporary defensive positions that may be inconsistent with the Fund's principal strategy by reducing its investment in collective investment schemes and raise liquidity levels of the Fund to protect the Unit holders' interest during adverse market conditions that could negatively impact the financial markets.

3.4 Risks Factors

3.4.1 General Risks

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

- **Market risk**
Market risk refers to the potential losses that may arise from adverse changes in the market prices of the investments of the Fund. The value of the investments that the Fund invests 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.
- **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.
- **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.
- **Loan financing risk**
The risk occurs when Unit holders take a loan/financing to finance their investment. The inherent risk of investing with borrowed money includes Unit holders being unable to service the loan repayments. In the event Units are used as collateral, Unit holders may be required to top-up their 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.
- **Non-compliance risk**
This is the risk where the Manager does not comply with the provisions as set out in the Deed; or the laws/guidelines that govern the Fund; or its internal procedures and policies. The non-compliance could be due to several factors such as a result of human errors and oversight, system failures or fraudulent acts by the Manager.

Any non-compliance may adversely affect the Fund's NAV per Unit, especially in situations where the Manager is forced to sell the investments of the Fund at unfavourable prices to resolve the non-compliance. The Manager has imposed stringent internal compliance controls to mitigate this risk.

3.4.2 Specific Risks

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:

- **Third Party Managers' risk**

As a fund-of-funds, the Fund invests into collective investment schemes which are managed by third party managers. The Manager has no control over the investment strategies, methodologies, knowledge, operational controls, compliance and management of the collective investment schemes. Poor management or mismanagement by the third party managers will jeopardise the value of the Fund's investment in the collective investment schemes and as a result, the NAV of the Fund will be adversely affected.

- **Collective Investment Scheme risk**

Any adverse effect on the collective investment schemes which the Fund is investing in will impact the NAV of the Fund. For example, the respective collective investment schemes may underperform its benchmarks due to poor market conditions and as a result, the NAV of the Fund will be adversely affected as the performance of the Fund is dependent on the performance of the respective collective investment schemes. The Fund will invest in globally focused strategies across multiple asset classes which will carry the following risks:

- Equity risk

The buying and selling of equity carry a number of risks, especially the general insolvency risk associated with the issuers of equities. The value of equities investment depends on, but not limited to, its earning potential, sound management, treatment of minority shareholders and other factors. Failure to achieve the expected earnings may cause declining equities value.

- Credit risk

Credit risk relates to the creditworthiness of the issuers of the debt securities and their expected ability to make timely payment of interest and/or principal. Any adverse situations faced by the issuer may affect the value as well as liquidity of the debt securities. In the case of rated debt securities, this may lead to a credit rating downgrade.

- Interest Rate risk

This risk refers to the impact of interest rate changes on the valuation of debt securities or money market instruments. When interest rate rise, the prices of debt securities or money market instruments generally decline and this may lower the market value of the debt securities or money market instruments. The reverse may apply when interest rates fall.

- **Counterparty risk**

The Fund's investments in money market instruments or placements of deposits with financial institutions are subject to the risk of the counterparty. Counterparty risk refers to the possibility that the financial institutions 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 through a rigorous and disciplined credit research and analysis before prior to its investments.

- **Currency risk**

The Fund can invest in non-RM denominated share classes of the Underlying Funds, while the base currency of the Fund is RM. Any fluctuations in the currency exchange rates can affect the value of the Fund's investment in the Underlying Funds when it is converted back to the Fund's base currency, and subsequently affect the Fund's NAV per Unit. Unit holders should be aware that if foreign currency depreciates against the base currency, this will have an adverse effect on the NAV of the Fund in the base currency and vice versa. Unit holders should note that any gains or losses arising from the fluctuation in the exchange rate may further increase or decrease the returns of the investment.

- **Liquidity risk**

This is defined as the ease with which the Fund's investment in the Underlying Funds can be sold at or near its fair value depending on the trading volume of that Underlying Funds in the market. This risk may increase when the Fund has unexpected significant redemption by Unit holders.

While the Fund will hold adequate liquid assets under normal circumstances the Fund may need to liquidate a portion of its investment in the Underlying Funds in the event of significant redemptions. Unit holders need to be aware that there is no secondary market for Underlying Funds that are unlisted. Investments in unlisted Underlying Funds can only be liquidated with the manager of the respective Underlying Fund or its appointed agents. The value at which the Fund's investment is liquidated is also dependent on the valuation of the Underlying Funds at the point of liquidation, which could be unfavourable due to market conditions.

Furthermore, it might take longer for the Fund to receive the proceeds from the liquidation of its investment in the Underlying Funds if the payment from the manager of the Underlying Funds or its appointed agents is delayed. Consequently, redemption proceeds to Unit holders who redeemed their Units might be delayed.

- **Country risk**

As the Underlying Funds may be domiciled in foreign countries, the Fund's investment in these Underlying Funds is subject to country risk. It may be adversely affected by political instability as well as exchange controls, changes in taxation, foreign investment policies, restrictions on repatriation of investments and other restrictions and controls which may be imposed by the relevant authorities in those countries. In the event any of such events were to materialise, it may adversely affect the value of the Fund's investment in the Underlying Funds. This in turn may cause the NAV of the Fund to fall.

- **Hedging risk**

The Manager has the flexibility to hedge particularly the foreign currency exposure at the RM class level by using derivatives. Foreign currency hedging has the potential to mitigate adverse foreign currency fluctuations but may not completely eliminate all currency risk. Hedging involves costs, which reduce investment performance of the Fund.

- **Concentration risk**

When the Fund invests a large portion of its assets in a limited number of collective investment schemes or within a limited geographical area or is concentrated in a particular country, region, or sector, its performance may be more affected by any political, economic, environmental or market conditions within that area.

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

3.5 Risk Management Strategies

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

- Adhering to the Fund's investment objective, investment strategies and investment limit and restrictions as stated in the Information Memorandum and/or Deed;
- Monitoring and evaluating the market and economic conditions;
- Determining and monitoring effective diversification of exposures in the Underlying Funds across markets, asset classes and securities;
- Constant monitoring of relevant markets and effective diversification of exposures in the Underlying Funds across markets, asset classes and securities;
- Practice prudent liquidity management to ensure that the Fund maintains reasonable levels of liquidity to meet any redemption request;
- Regular review of the Fund's performance; and
- Escalating and reporting investment matters to the Investment Committee.

3.6 Distribution Policy

The Fund intends to provide regular income. As such, income distribution will be declared on a monthly basis, subject to availability of income. Income distributed will be reinvested into additional Units unless Unit holders opt for the distribution to be paid out.

3.7 Performance Benchmark

The performance benchmark of the Fund is 50% MSCI All Country World Index + 50% Bloomberg Barclays Global Aggregate Total Return Index Hedged USD, in RM terms.

The Fund is managed without reference to the benchmark. The benchmark is used solely as a reference only.

The performance of the Fund against the benchmark is published in the Manager's quarterly fund performance review publication and is available from the Manager's office upon request.

3.8 Permitted Investments

The Fund may invest in any of the following investments:

- Collective investment schemes, including exchange-traded funds (ETFs) and real estate investment trusts (REITs);
- Money market instruments and deposits with financial institutions;
- Derivatives for hedging purposes only; and
- Any other investments as may be agreed upon by the Trustee and Manager from time to time.

3.9 Investor Profile

The Fund is suitable for Sophisticated Investors who:

- are seeking a diversified portfolio that provides exposure globally and across multiple strategies and asset classes;
- are seeking capital growth over a medium-to-long term investment horizon;
- are seeking regular income* stream; and
- are willing to assume a moderate to higher risk in their investments to obtain potentially higher returns.

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

4. FEES, CHARGES AND EXPENSES

4.1 Charges Directly Incurred On Sale and Redemption of Units:

4.1.1 Sales Charge^

A sales charge is a front-end fee incurred by a Unit holder when the Unit holder purchases Units of the Fund. The Manager uses the sales charge to pay marketing, advertising and distribution expenses of the Fund. The Manager imposes a sales charge of up to 5.00% 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 RM10,000 on 10 February 2020 and that the NAV per Unit for the Fund at the end of the Business Day on 10 February 2020 is RM1.0000. If the sales charge is 5.00%, then the computation of the sales charge will be as follows:-

$$\begin{aligned}\text{Sales charge} &= \text{Sales charge} \times \text{amount invested} \\ &= 5.00\% \times \text{RM}10,000 \\ &= \text{RM}500\end{aligned}$$

4.1.2. Redemption Charge^

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 Sale and Redemption of Units:

4.2.1 Annual Management Fee^

The annual management fee is up to 1.80% per annum of the Fund's NAV calculated and accrued on a daily basis before deducting the Manager's fee and Trustee's fee for that day.

There will be no double charging of annual management fees.

4.2.2 Annual Trustee Fee[^]

The annual trustee fee is calculated and accrued on a daily basis based on the NAV of the Fund at the rate of up to 0.04% per annum of the Fund's NAV, subject to a minimum of RM12,000 per annum (excluding foreign custodian fees and charges).

4.2.3 Switching Fee[^]

There is no switching fee imposed on switching of Funds.

4.2.4 Transfer Fee[^]

A transfer fee may be imposed on Unit holders who transfer, either fully or partially, the Units registered in their names to other persons. However, the Manager has waived the transfer fee for this Fund. Please refer to section 5.7 for further details on transfer of units.

4.3 Fund Expenses[^]

There are other expenses involved in the administration of the Fund. The other fund expenses are custodian fee (for funds with foreign investments) (if any), brokerage fee (if any), the Auditor's fees and other relevant professional fees such as validation and regulatory reporting on common reporting standard ("CRS"), foreign account tax compliance act ("FATCA"), distribution of statements of investment, 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. These fund expenses may be paid out of the Fund.

4.4 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/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:

^ 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 Sophisticated Investors are advised to consider the fees and charges before investing in the Fund.

5. TRANSACTION INFORMATION

5.1 Bases of Valuation of Investments

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.

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.

Foreign exchange rate conversion – Foreign securities and assets denominated in foreign currencies are translated at the same day's bid foreign exchange rate at 4.00 p.m. (UK time) as quoted by Bloomberg or any other reliable source. If the rates are not available at the said time, the last rate available before 4.00 p.m. (UK time) will be used.

Money market instruments and deposits – The value of the money market instruments invested with financial institutions and placements of deposits with financial institutions are determined each day by reference to their nominal values/ 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.

Derivatives – The valuation of derivatives is marked to market on a daily basis using valuation prices quoted by the counterparty of derivatives. The Manager will verify the reasonableness of the prices of the derivatives provided by the counterparty via an in-house verification procedure which is in place to ensure reasonable valuation of the derivatives. It shall be valued at fair value, as determined in good faith by the Manager on the methods or bases which have been verified by the Auditor and approved by the Trustee.

5.2 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.

The valuation of the Fund is conducted on each Business Day at the close of the Bursa Malaysia. However, for this Fund with investments in foreign markets, due to time zone differences in these markets, the valuation point can only be carried out after the close of all foreign markets but not later than 5.00 pm on the next Business Day in which the portfolio of the Fund is invested. Thus, the NAV per Unit of this Fund will not be published on the next Business Day but instead will be published on the next following Business Day (i.e. the prices will be two Business Days old).

The following table illustrates the process flow of obtaining prices for the Fund.

| Illustration | Event |
|-----------------------|---|
| 12 May 2020 | |
| During business hours | Unit holder purchases the Fund. |
| 4.00 p.m. | Cut-off time for fund distributors to report sales to the Manager. |
| 5.00 p.m. | Cut-off time for the Manager to report daily sales to Trustee. |
| 13 May 2020 | |
| Before 5.00 p.m. | Valuation will be conducted when the closing prices of all the foreign markets that the Fund has invested in on 12 May 2020 is available. |
| Latest by 5.00 p.m. | The price will be ready for dissemination to the media. |
| 14 May 2020 | |
| Early morning | Price will be published in the newspaper. |

If you would like to know the latest price of Fund, please contact our Customer Experience personnel at 03 - 2081 8600 ext. 18611/18612 or you may refer to our website www.hlam.com.my.

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 Unit holders in reliance upon such publications.

5.3 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.

5.4 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, i.e. Forward Price.

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 of NAV per Unit

The following illustration is based on the assumption that the Fund invests in collective investment schemes, money market instruments and deposits. It is also assumed that the UIC are 100,000,000 Units.

Figures and examples are meant for illustration purposes only.

| Assets | RM |
|-------------------------------|--------------------|
| Collective Investment Schemes | 90,000,000 |
| Money market instruments | 8,000,000 |
| Deposits | 5,000,000 |
| | <hr/> |
| | 103,000,000 |
| <i>Less: Liabilities</i> | <i>(3,000,000)</i> |
| NAV | <hr/> |
| | 100,000,000 |

$$\begin{aligned} \text{NAV per Unit} &= \text{NAV/UIC} \\ &= \frac{100,000,000}{100,000,000} \\ &= \text{RM1.0000 (rounded to 4 decimal places)} \end{aligned}$$

5.5 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 for the purchase of Units is received by the Manager on a Business Day, i.e. Forward Price. The sales charge levied upon the purchase of Units by Unit holders is up to 5.00% 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 10 February 2020 is RM1.0000 and the sales charge is 5%, when an investor makes an investment of RM10,000 in HLGMSF, then the total amount to be paid by an investor is illustrated as follows:

| | | |
|-------------------------------------|---|-------------------------------------|
| Investment amount | = | RM10,000 |
| Sales charge | = | Sales charge rate x amount invested |
| | = | 5% x RM10,000 |
| | = | RM500 |
| Total amount to be paid by investor | = | Amount invested + Sales charge |
| | = | RM10,000 + RM500 |
| | = | RM10,500 |

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

$$\frac{\text{Amount invested}}{\text{NAV per Unit}} = \frac{\text{RM10,000}}{\text{RM1.0000}} = 10,000 \text{ Units}$$

(b) Minimum initial and additional investment

The minimum initial investment amount is RM10,000 or such other lower amount as the Manager may in its sole discretion allow. The minimum additional investment amount is RM1,000 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.

5.6 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, i.e. Forward Price. 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 10,000 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 |
| | = | 10,000 Units x RM1.0000 |
| | = | RM10,000 |
| Redemption proceeds | = | RM10,000 |
| Less redemption charge | = | Nil |
| Net redemption proceeds to be paid to investor | = | RM10,000 |

(b) Minimum redemption of Units

The minimum redemption of Units is 1,000 Units or such other lower amount as the Manager may in its sole discretion allow. The minimum requirement applies unless you are redeeming your entire investments holdings in the Fund.

Partial or full redemption can be made by completing a "Form of Request for Redemption" and by submitting it through the nearest Manager's head office, its branches or sales agents. The Unit holder shall not be entitled to partially redeem his holdings in the Fund if it reduces the remaining account balance of the Fund to an amount which is lower than the Fund's stipulated minimum account balance. In such circumstances, the Manager may 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. Please refer to section 5.9 – Minimum Account Balance for more information.

In the case where Units are in the names of more than one Unit holder, the mode of holding will be specified as a "Joint Application" and redemption requests will have to be signed by all the joint holders. However, in the case where the mode of holdings is specified as "Either Applicant to Sign", it is not necessary for all joint holders to make the redemption request and any person who is registered as a joint holder in the Fund will be allowed to make redemption request for the Fund. In all cases, redemption proceeds will be paid only to the first-named joint holder in the Fund's register (unless

the Unit holder specifies otherwise in the “Form of Request for Redemption”). Payment cannot be made to bank accounts in the name of third parties.

(c) Payment of Redemption Proceeds

Redemption proceeds will be paid within ten (10) calendar days upon receipt of the duly completed redemption request by the Manager. In the event of unforeseen circumstances, the Manager reserves the right to extend the payment of redemption proceeds by an additional ten (10) calendar days.

(d) Suspension of Redemptions

Where the Trustee considers that it is not in the interests of the Unit holders to permit the assets of the Fund to be sold or that the assets cannot be liquidated at an appropriate price or on adequate terms, the Trustee shall suspend the redemption of Units and immediately call a Unit holders' meeting to decide on the next course of action.

The Trustee may also suspend the redemption of Units in exceptional circumstances when there is good and sufficient reason to do so having regard to the interests of the Unit holders.

All suspended requests for redemption shall be deemed to have been received on the first Business Day after the lifting of the suspension provided always that the Manager may permit a withdrawal of such requests at any time after the commencement of suspension and before the lifting of the suspension.

5.7 Transfer of Units

A Unit holder (the transferor) may transfer Units held in the Fund to another person (the transferee), who must qualify as a Sophisticated Investor and satisfy the entry requirements of the Manager.

The transfer must be made in terms of Units and not in terms of RM. The minimum transfer amount is 10,000 units or such other lower amount as the Manager may in its sole discretion allow. Where partial transfer of Units is made, the transferor must maintain and the transferee must meet the minimum holdings* of Units. In the event the minimum holdings* of Units is not met by either the transferor or transferee, the Manager reserves the right to reject any transfer request.

To effect a transfer, both the transferor and transferee are required to complete a “Transfer Form”. Additionally, if the transferee is a new investor, the “Account Opening Form” must be completed.

*Please refer to section 5.9 – Minimum Account Balance for more information.

5.8 Fund Switching

Switching is a facility offered by the Manager to its existing Unit holders. This facility enables Unit holder to switch from units of one fund to units of other fund(s) managed by the Manager. However the Manager has the discretion to allow or to reject any switching-in or switching-out of the Fund if it is deemed disruptive to fund management or contrary to the best interest of the fund and/or Unit holders.

5.9 Minimum Account Balance

The minimum balance of Units that must be retained in a Unit holder's account is 5,000 Units or such other lower amount as the Manager may in its sole discretion allow. If the Units in the Unit holder's account fall below this minimum account balance due to transfer or switching, the Manager reserves the right to reject the transfer or switching request and will notify the Unit holder accordingly.

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

5.10 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 extend to the reimbursement of money as follows if the error is at or above the significant threshold of 0.5% of the Fund's 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; or
- (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 or 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.

5.11 Who is eligible to invest?

You are eligible to invest in this Fund if you are:

- a Sophisticated Investor*;
- not a U.S. Person*;
- an individual investor of at least eighteen (18) years of age at the date of application;
- a corporation such as registered businesses, cooperative society, trusts or pension funds.

*For further information on “Sophisticated Investor” and “U.S. Person”, please refer to the “Definitions” section of this Information Memorandum.

The Manager reserves the right to accept or reject any application without assigning any reason.

5.12 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 of HLAM;
- Hong Leong Bank Berhad;
- Independent tied agents of HLAM, with registration cards issued by the Federation of Investment Managers Malaysia; and/or
- Other approved IUTAs (as and when appointed by the Manager).

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

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

Unit holders are advised not to make payment in cash to any individual agent when purchasing Units of the Fund.

5.13 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, redemption and cooling-off requests.

5.14 Distribution Mode

Distribution declared (if any) will be automatically reinvested into the Unit holder's account in the form of additional Units in the Fund at no cost. Unit holders may also opt for distribution to be pay out by selecting the appropriate option in the application form.

The distribution declared will be reinvested based on the NAV per Unit at the end of the first Business Day following the date of the income declaration date. Unit holders who opt for the payout option will have their income distribution proceeds credited into their Malaysian bank account.

5.15 Unclaimed Moneys

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

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

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 Securities Commission, 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.

Head, Investment

Mr. Lye Thim Loong, CFP, holds a diploma in Banking from the Institute Bank Malaysia. He joined HLAM in May 2014 as a Head of Investment. Prior to joining HLAM, he was the Deputy Chief Investment Officer as well as the Head of Alternative Investments in Libra Invest Berhad, where he accumulated over 19 years of fund management experience. He also has over 15 years of global market treasury experience with various banks in Singapore and Malaysia. Mr. Lye obtained his Capital Markets Services Representative's License from the Securities Commission on 26 April 2004.

Mr. Lye 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 Securities Commission 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.

7. THE TRUSTEE OF THE FUND

7.1 Profile of Deutsche Trustees Malaysia Berhad

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

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

7.2 Experience in trustee business

DTMB is part of Deutsche Bank’s Securities Services, which provides trust, custody and related services on a range of securities and financial structures. As at LPD, DTMB is the trustee for 181 collective investment schemes including unit trust funds, wholesale funds, exchange-traded funds and private retirement schemes.

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

7.3 Roles, Duties and Responsibilities of the Trustee

DTMB’s main functions are to act as trustee and custodian of the assets of the Fund and to safeguard the interests of Unit Holders of the Fund. In performing these functions, the Trustee has to exercise due care and vigilance and is required to act in accordance with the relevant provisions of the Deed, the Capital Markets & Services Act 2007 and all relevant laws.

7.4 Material Litigation and Arbitration

As at LPD, DTMB 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

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

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

Disclosure on Related-Party Transactions/ Conflict of Interests

As the Trustee for the Fund, there may be related party transactions involving or in connection with the Fund in the following events:

- (1) Where the Fund invests in the products offered by Deutsche Bank AG and any of its group companies (e.g. money market placement, etc.);
- (2) Where the Fund has obtained financing from Deutsche Bank AG and any of its group companies, as permitted under the SC Guidelines and other applicable laws; and
- (3) Where the Trustee has delegated its custodian functions for the Fund to Deutsche Bank Malaysia Berhad.

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

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

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 holder's Liabilities

No Unit holder is liable for any amount in excess of the purchase price paid for the Units as determined in accordance with the Deed at the time the Units were purchased. 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

| Sales charge | Redemption charge | Annual management fee | Annual trustee fee |
|-------------------------------|--------------------------|--|--|
| Up to 5.00% of the Fund's NAV | Nil | Up to 3.00% per annum of the Fund's NAV. | Up to 0.04% per annum of Fund's NAV, subject to a minimum of 12,000 per annum. |

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*

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;

** 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).*

- (b) taxes and other duties charged on the Fund by the government and/or other authorities;
- (c) costs, fees and expenses properly incurred by the Auditor;
- (d) costs, fees and expenses incurred for the valuation of any investment of the Fund by independent valuers for the benefit of the Fund;
- (e) costs, fees and expenses incurred for any modification of the Deed save where such modification is for the benefit of the Manager and/or the Trustee;
- (f) costs, fees and expenses incurred for any meeting of the Unit holders save where such meeting is convened for the benefit of the Manager and/or the Trustee;
- (g) costs, commissions, fees and expenses of the sale, purchase, insurance and any other dealing of any asset of the Fund;
- (h) costs, fees and expenses incurred in engaging any specialist approved by the Trustee for investigating or evaluating any proposed investment of the Fund;
- (i) costs, fees and expenses incurred in engaging any 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, 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 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 to do so, or such shorter 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 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 holder 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 any 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; or
- Visit our website at 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 above 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 or section 11 – Directory of sales offices for our contact details.

9.3 Deed

The Fund's deed is dated 7 February 2020.

9.4 Financial Year-End

The Fund's financial period is a 12-month period ending on the 30 November each year, save and except that the first financial period shall commence from the date of this Information Memorandum and end on 30 November 2020.

The Manager shall make available the below mentioned reports within 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 Manager may provide the quarterly report and annual audited report in electronic copy.

The Fund's annual report is available upon request.

10. DOCUMENTS AVAILABLE FOR INSPECTION

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 three (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

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Website : www.hlam.com.my

E-mail : inquiry@hlam.hongleong.com.my

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

Branch offices

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2nd Floor, Lot 3 Persiaran Greentown 4

Greentown Business Centre

30450 Ipoh

Perak

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+605-255 9388

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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@hlam.hongleong.com.my