

HONG LEONG WHOLESALE EQUITY FUND 2

MANAGER:

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

TRUSTEE:

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

THIS INFORMATION MEMORANDUM FOR THE **HONG LEONG WHOLESALE EQUITY FUND 2** IS DATED 28 September 2020.

This Fund is constituted on 24 July 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 all information. Having made all reasonable enquiries, they confirm to the best of their knowledge and belief, that there are no false or misleading statements, or omission of other facts which would make any statement in 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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TABLE OF CONTENTS

1.	DEFINITIONS	6
2.	CORPORATE DIRECTORY	11
3.	FUND INFORMATION	12
3.1	General information of the Fund	12
3.2	Investment Objective	12
3.3	Investment Policy, Strategy and Asset Allocation.....	12
3.4	Risks Factors.....	14
3.4.1	General Risks	14
3.4.2	Specific Risks.....	15
3.5	Risk Management Strategies	17
3.6	Distribution Policy.....	17
3.7	Performance Benchmark.....	17
3.8	Permitted Investments.....	18
3.9	Investment Limits and Restrictions	18
3.10	Investor Profile.....	18
4.	FEES, CHARGES AND EXPENSES	19
4.1	Charges Directly Incurred On Sale and Redemption of Units.....	19
4.1.1.	Sales Charge.....	19
4.1.2.	Redemption Charge	19
4.2	Fees Indirectly Incurred On Sale and Redemption of Units	19
4.2.1.	Annual Management Fee	19
4.2.2.	Annual Trustee Fee	19
4.2.3	Switching Fee.....	20
4.2.4	Transfer Fee	20
4.3	Fund Expenses	20
4.4	Rebates and Soft Commissions.....	20
5.	TRANSACTION INFORMATION	21
5.1	Bases of Valuation of Investments.....	21
5.2	Cross Trades	21
5.3	Fund Valuation and Publication of Prices.....	22
5.4	Pricing Policy.....	23
5.5	Unit Pricing.....	23
5.6	Purchase of Units	24
5.7	Redemption of Units.....	25
5.8	Transfer of Units.....	27
5.9	Fund Switching	27
5.10	Minimum Account Balance	27
5.11	Incorrect Pricing	28
5.12	Who is eligible to invest?.....	28
5.13	How and Where Units Can Be Bought and Sold	29
5.14	Cut-Off Time for Purchase and Redemption Requests	29

5.15	Distribution Mode	29
5.16	Unclaimed Moneys	29
6.	THE MANAGEMENT COMPANY	30
6.1	The Manager	30
6.2	The Board of Directors.....	30
6.3	The Roles, Duties and Responsibilities of the Manager	30
6.4	Material Litigation and Arbitration	31
6.5	The Investment Committee	31
6.5.1	Functions of the Investment Committee	31
6.6	The Key Personnel of the Investment Team	32
7.	THE TRUSTEE OF THE FUND	33
7.1	Profile of Deutsche Trustee Malaysia Berhad	33
7.2	Experience in trustee business	33
7.3	Roles, Duties and Responsibilities of the Trustee	33
7.4	Material Litigation and Arbitration	33
7.5	Delegate of the Trustee	34
8.	SALIENT TERMS OF DEED	35
8.1	Right and Liabilities of Unit Holder	35
8.1.1	Unit holder's Rights	35
8.1.2	Unit holder's Liabilities	35
8.2	Maximum Fees and Charges Permitted by the Deed.....	35
8.3	Increase In Fees and Charges	36
8.4	Permitted Expenses Payable by the Fund.....	36
8.5	Retirement, Removal and Replacement of the Manager	38
8.6	Retirement, Removal and Replacement of the Trustee.....	39
8.7	Termination of the Fund.....	39
8.8	Unit holders' Meeting	40
9.	ADDITIONAL INFORMATION	41
9.1	Availability of Information on Investment.....	41
9.2	Avenues for advice	41
9.3	Deed	41
9.4	Financial Year-End.....	41
10.	DOCUMENTS AVAILABLE FOR INSPECTION.....	42
11.	DIRECTORY OF SALES OFFICES.....	43

1. DEFINITIONS

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 Wholesale Equity Fund 2 dated 24 July 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)].
Eligible Market	Refers to a market that: (i) is regulated by a regulatory authority; (ii) operates regularly; (iii) is open to the public; and (iv) has adequate liquidity for the purposes of the Fund.
financial institution	(a) if the institution is in Malaysia- (i) licensed bank* (ii) licensed investment bank*; or (iii) licensed Islamic bank#; (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; 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.

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.
Guidelines	Guidelines on Unlisted Capital Market Products Under the Lodge and Launch Framework issued by the Securities Commission Malaysia as may be amended from time to time.
HLAM or the Manager	Hong Leong Asset Management Bhd [199401033034 (318717-M)].
HLWEF2 or the Fund	Hong Leong Wholesale Equity Fund 2.
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 five (5) 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 15 September 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.
NID	Negotiable Instrument of Deposit.
OTC	Over-the-counter.

RAM	RAM Rating Services Berhad [200701005589 (763588-T)].
Redemption Price	The price payable to an investor (before deducting the redemption charge, if any) for a Unit pursuant to a redemption request. The Redemption Price shall be the NAV per Unit 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: <ul style="list-style-type: none"> ▪ 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

	<p>exceeding ten million ringgit or its equivalent in foreign currencies;</p> <ul style="list-style-type: none"> ▪ 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	<p>Means a resolution passed by a majority of not less than three-fourth of the Unit holders voting at the meeting of Unit holders. For the purposes of terminating the fund, a special resolution is passed by a majority in number representing at least three-fourths of the value of the Unit held by Unit holders voting at the meeting in person or by proxy.</p>
UIC	<p>Units in circulation.</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), investor(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@hla.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 Wholesale Equity Fund 2.
Base currency	Ringgit Malaysia.
Fund category	Equity Wholesale (open-ended).
Fund type	Growth.
Launch date	28 September 2020.
Initial offer price	RM1.0000 per Unit.
Initial Offer Period (IOP)	The IOP for the Fund will be five (5) calendar days from the launch date of the Fund, i.e. commencing from 28 September 2020 to 2 October 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 achieve medium- to long-term capital growth by investing primarily in equities and equity-related securities.

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

3.3 Investment Policy, Strategy and Asset Allocation

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

To achieve the Fund's investment objective, the Fund will invest primarily in equities and equity-related securities of growth companies operating in Eligible Markets, which are able to achieve a positive absolute return of 8% per annum over the medium- to long-term regardless of market conditions. Investments in foreign equity markets are limited to countries where the regulatory authority is an ordinary or associate member of the International Organization of Securities Commissions (IOSCO). The Fund will be investing a minimum of 70% and a maximum of 98% of the Fund's NAV into equities and equity-related securities. The Fund may invest a minimum of 2% and a maximum of 30% of the Fund's NAV in deposits, money market instruments and unlisted money market collective investment schemes.

The Fund will employ a “top down” asset and sector allocation with a “bottom up” stock selection process. The Manager uses economic research to evaluate the impact of current macroeconomic factors to identify the potential sectors for the Fund’s investment.

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 liquid assets as a defensive strategy.

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. 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.
- **Fund Management risk**
The performance of the Fund is dependent on the experience, knowledge, expertise and investment strategies adopted by the personnel of the Manager. Lack of experience, knowledge and expertise, as well as poor execution of the investment strategy or general management of the Fund may jeopardise the Unit holders' capital and returns. In view of this, proper training and stringent selection of personnel to manage the Fund is crucial towards mitigating this risk.
- **Non-compliance risk**
This is the risk where the Manager does not comply with the provisions as set out in the Deed; or the laws/guidelines that govern the Fund; or its internal procedures and policies. The non-compliance could be due to several factors such as a result of human errors and oversight, system failures or fraudulent acts by the Manager. Any non-compliance may adversely affect the Fund's NAV per Unit, especially in situations where the Manager is forced to sell the investments of the Fund at unfavourable prices to resolve the non-compliance. The Manager has imposed stringent internal compliance controls to mitigate this risk.
- **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.
- **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.

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:

- **Credit/default risk**

The Fund's investments in fixed income instruments such as money market instruments, deposits and NID of financial institutions are subject to the risk of the financial institutions/counterparties 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 of interest and/or principal amount and ultimately, affect the NAV per Unit of the Fund.

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

- **Interest rate risk**

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

- **Counterparty risk**

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

- **Reinvestment risk**

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

- **Liquidity risk**

This risk may arise during period of unexpected high redemptions by Unit holders. The Manager may be forced to withdraw its deposits and/or sell the money market instruments at unfavourable prices prior to their maturity. Such premature withdrawal or sale of the Fund's investments will have an impact on the Fund's NAV per Unit. This risk can be mitigated by managing the relationship with its Unit holders to help anticipate for significant redemptions and adjust the Fund's investment accordingly.

- **Currency risk**

This risk is associated when the Fund has investments that are denominated in foreign currency. Any fluctuations in the currency exchange rates can affect the Fund's foreign investments when it is converted back to the Fund's base currency in RM, and subsequently affect the Fund's NAV per Unit. Investors should be aware that if the currencies in which the investments are denominated depreciate against the base currency, this will have an adverse effect on the NAV of the Fund in the base currency and vice versa. Investors should note that any gains or losses arising from the fluctuation in the exchange rate may further increase or decrease the returns of the investment. This risk may be mitigated through investing in a wide range of foreign currency denominated assets, thus reducing the risk of single currency exposure. Alternatively hedging may be applied to mitigate the currency risk, where necessary. While currency hedging has the potential to mitigate adverse currency fluctuations, any potential gains from currency appreciation will be capped. Therefore Unit holders will not benefit from any currency appreciation.

- **Country risk**

The foreign investments made by the Fund may be affected by changes in the economic, social and/or political conditions of the countries in which the investments are made. These changes may in turn, influence the growth and development of businesses and have an adverse impact on market sentiment. For example, the deteriorating economic condition of such countries may adversely affect the value of the investment undertaken by the Fund in those affected countries. This in turn may cause the NAV of the Fund or prices of Units to fall. However, this risk may be mitigated by conducting thorough research on the respective markets, their economies, companies, politics and social conditions as well as minimizing or omitting investments in such markets.

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

- **Emerging markets risk**

This risk is associated with the Fund's investment in emerging markets. Emerging markets such as China, Indonesia, Thailand, Korea, India, Philippines and Vietnam are still at a relatively early stage of development and are not well established. Investments in securities of these markets would generally entail a higher risk than

investment in securities of developed markets. This is because investment in emerging markets are more susceptible to the risk that the government may discriminately impose or fail to enforce the laws, regulations, policies or contracts governing an investment. The effect of such changes can have an adverse impact of the Fund's NAV per Unit and affect the Unit holder's capital returns. To mitigate this risk, the Manager will monitor more closely the Fund's investments in such companies.

- **Repatriation risk**

Investments in some emerging markets could be adversely affected by delays in, or refusal to grant relevant approvals for the repatriation of funds or by any official intervention affecting the process of settlement of transactions. This could arise due to the imposition of new exchange control policies.

<p>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.</p>

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

3.7 Performance Benchmark

The performance benchmark of the Fund is FTSE Bursa Malaysia KLCI.

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, including but not limited to:

- Listed securities traded in or under the rules of Eligible Markets;
- Unlisted securities including securities that are not listed or quoted on an exchange of an Eligible Market but have been approved by the relevant regulatory for such listing and quotations, and are offered directly to the Fund by the issuer;
- Deposits and money market instruments with financial institutions of an Eligible Market;
- Unit/shares of money market collective investment scheme; and
- Any other kind of investment(s), which are in line with the objective of the Fund, as may be agreed upon by the Trustee and Manager from time to time.

3.9 Investment Limits and Restrictions

The Fund shall be subjected to the following restrictions/limits:-

- The Fund's investment in transferable securities must not exceed 10% of the securities issued by any single issuer; and
- The Fund will invest in money market instruments and placements of deposits with any financial institutions in Malaysia that has a long-term rating of at least "A3" or short-term rating of at least "P2" as rated by RAM at the point of investment, or its equivalent ratings by another registered rating agency.

3.10 Investor Profile

The Fund is suitable for Sophisticated Investors who:

- are seeking potential capital growth in their investments;
- are seeking foreign exposure/regional exposure;
- have a medium- to long-term investment horizon; and
- are willing to assume a higher risk in their investments to obtain potentially higher returns.

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 2.00% 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 19 October 2020 and that the NAV per Unit for the Fund at the end of the Business Day on 19 October 2020 is RM1.0000. If the sales charge is 2.00%, then the computation of the sales charge will be as follows:-

$$\begin{aligned}\text{Sales charge} &= \text{Sales charge} \times \text{amount invested} \\ &= 2.00\% \times \text{RM}100,000 \\ &= \text{RM}2,000\end{aligned}$$

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 1.50% 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.

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 0.035% per annum of the Fund's NAV, subject to a minimum of RM12,000 per annum (excluding foreign custodian fee and charges) and capped at RM500,000 per annum.

4.2.3 Switching Fee[^]

There is no switching fee imposed on switching-in or switching-out of the Fund.

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 person. However, the Manager has waived the transfer fee for the Fund.

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).

<p>There are fees and charges involved and Sophisticated Investors are advised to consider the fees and charges before investing in the Fund.</p>
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5. TRANSACTION INFORMATION

5.1 Bases of Valuation of Investments

Listed equity securities - Investments in listed equity securities are marked to market based on the last done market price or such other basis as may be prescribed by the relevant laws from time to time including approved accounting standards. However, if:-

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

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

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

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.

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.

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.

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
19 October 2020	
During business hours	Unit holder purchases Units of the Fund.
4.00 p.m.	Cut-off time to report sales to the Manager.
5.00 p.m.	Cut-off time for the Manager to report daily sales to Trustee.
20 October 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 19 October 2020 is available.
Latest by 5.00 p.m.	The price will be ready for dissemination to the media.
21 October 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.

5.4 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 is 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 equities and equity-related securities, money market instruments and unlisted money market collective investment schemes. It is also assume that the UIC are 200,000,000 Units.

Figures and examples are meant for illustration purposes only.

Assets	RM
Equities and equity-related securities	190,000,000
Money market instruments	8,000,000
Other assets	5,000,000
	<hr/>
	203,000,000
Less: Liabilities	(3,000,000)
NAV	<hr/>
	200,000,000

$$\begin{aligned}\text{NAV per Unit} &= \text{NAV/UIC} \\ &= \frac{200,000,000}{200,000,000} \\ &= \text{RM1.0000 (rounded to 4 decimal places)}\end{aligned}$$

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 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 2.00% 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 19 October 2020 is RM1.0000 and the sales charge is 2%, when an investor makes an investment of RM100,000 in HLWEF2, then the total amount to be paid by an investor is illustrated as follows:

Investment amount	=	RM100,000
Sales charge	=	Sales charge rate x amount invested
	=	2% x RM100,000
	=	RM2,000
Total amount to be paid by investor	=	Amount invested + Sales charge
	=	RM100,000 + RM2,000
	=	RM102,000

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 is RM100,000 or such other lower amount as the Manager may in its sole discretion allow. The minimum additional investment amount by the same investor is RM10,000 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 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 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
Redemption proceeds	=	RM100,000
Less redemption charge	=	NIL
Net redemption proceeds to be paid to investor	=	RM100,000

(b) Minimum redemption of Units

The minimum redemption of Units is 10,000 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 agent. 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 5.10 – 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 only be paid to the first-named joint holder in the Fund's register (unless the Unit holder specifies otherwise in the "Form of Request for Redemption"). Payment cannot be made to bank accounts in the name of third parties.

(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 circumstances where a longer time is required to pay the Unit holder due to illiquidity of investments, the Unit holder will be duly informed of the timeline for the said payment.

(d) Suspension of Redemptions

Where the Trustee considers that it is not in the interest 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 an 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 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.

5.8 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 and 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 invest, the "Account Opening Form" must be completed.

*Please refer to section 5.10 – Minimum Account Balance for more information.

5.9 Fund Switching

Switching is a facility offered by the Manager to its existing Unit holders. Switching request is subject to a minimum amount of 10,000 Units or such other lower amount as the Manager may in its sole discretion allow. 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.

5.10 Minimum Account Balance

The minimum balance of Units that must be retained in a Unit holder's account is 50,000 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 holders thereafter.

5.11 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 reimbursements of money as follows if the error is at or above the significant threshold of 0.5% of the Fund's NAV per Unit:

- (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 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.

5.12 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.

5.13 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; and
- Branch offices of HLAM.

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.

5.14 Cut-Off Time for Purchase and Redemption Requests

The cut-off time for purchase and redemption requests 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.

5.15 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.

5.16 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 manager responsible for the Fund is:

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.

<p>FURTHER INFORMATION ON THE MANAGER, INVESTMENT COMMITTEE AND FUND MANAGER IS PROVIDED IN THE MANAGER'S WEBSITE AT WWW.HLAM.COM.MY.</p>

7. THE TRUSTEE OF THE FUND

7.1 Profile of Deutsche Trustee 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 190 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 Securities Commission 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 0.035% per annum of Fund's NAV, subject to a minimum of 12,000 per annum (excluding foreign custodian fee and charges) and capped at RM500,000 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 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 Fund¹

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;

¹ 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 office for our contact details.

9.3 Deed

The Fund's deed is dated 24 July 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 2021.

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

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