

HONG LEONG GLOBAL ESG FUND



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

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

This Prospectus for the **Hong Leong Global ESG Fund** is dated 20 April 2022.
This Fund is constituted on 8 October 2021.

HONG LEONG GLOBAL ESG FUND IS A QUALIFIED SUSTAINABLE AND RESPONSIBLE INVESTMENT (SRI) FUND UNDER THE GUIDELINES ON SUSTAINABLE AND RESPONSIBLE INVESTMENT FUNDS.

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

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON SECTIONS 3.4 AND 3.5.

RESPONSIBILITY STATEMENTS

This Prospectus has been reviewed and approved by the directors of Hong Leong Asset Management Bhd and they collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, they confirm to the best of their knowledge and belief, that there are no false or misleading statements, or omission of other facts which would make any statement in this Prospectus false or misleading.

STATEMENTS OF DISCLAIMER

The Securities Commission Malaysia has authorised the Hong Leong Global ESG Fund and a copy of this Prospectus has been registered with the Securities Commission Malaysia.

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

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

INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IF INVESTORS ARE UNABLE TO MAKE THEIR OWN EVALUATION, THEY ARE ADVISED TO CONSULT PROFESSIONAL ADVISERS.

ADDITIONAL STATEMENTS

Investors should note that they may seek recourse under the *Capital Markets and Services Act 2007* for breaches of securities laws including any statement in the Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the Prospectus or the conduct of any other person in relation to the Fund.

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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	<p>A day (other than Saturday, Sunday and public holidays) on which the Manager is open for business and Bursa Malaysia is open for trading.</p> <p><i>Note: The Manager may declare certain Business Day to be a non-Business Day, although the Manager and Bursa Malaysia are open for business, if some of the foreign markets in which the Fund is invested therein are closed for business. This is to ensure that Unit holders will be given a fair valuation at all times, be it when buying or redeeming Units. Unit holders may contact the Manager for more information on the Fund's non-Business Day(s).</i></p>
CCTB or Trustee	CIMB Commerce Trustee Berhad [199401027349 (313031-A)].
CIS	Collective Investment Schemes.
CMSA	Capital Markets and Services Act 2007 and any amendments made thereto.
Cooling-Off Period	Grace period for investors to reconsider their investments. The Cooling-Off Period for the Fund is six (6) Business Days commencing from the date the Manager accepts the application to purchase Units.
Deed	The deed in respect of the Hong Leong Global ESG Fund dated 8 October 2021 entered into between the Manager and the Trustee for the Unit holders of the Fund, including any supplementary deeds thereto.
deposits	Refer to fixed deposits.
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 purpose of the Fund.
ESG	Environmental, Social and Governance.
FiMM	Federation of Investment Managers Malaysia.
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 Unit Trust Funds issued by the SC including any amendments made thereto.
HLAM or the Manager	Hong Leong Asset Management Bhd [199401033034 (318717-M)].
HLGESGF or the Fund	Hong Leong Global ESG Fund.
IOP	Refers to the initial offer period, during which Units will be sold at the initial offer price.
Investment Committee	The investment committee of the Fund who is responsible for formulating, implementing and monitoring the investment management policies of the Fund to achieve the investment objective of the Fund.
IUTA(s)	Institutional Unit Trust Adviser(s).
Latest Practicable Date (LPD)	Refers to 1 October 2021 and is the latest practicable date whereby the information disclosed in this Prospectus shall remain relevant and current as at the date of issue of this Prospectus.
medium- to long-term	3 to 5 years.
MSCI ACWI ESG Universal Index	Morgan Stanley Capital International All Country World Index ESG Universal Index.
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 same valuation point.

NID	Negotiable instruments of deposits.
OTC	Over-the-counter.
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	Ringgit Malaysia.
SC	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.
Special Resolution	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.
SRI	Sustainable and Responsible Investment.
UIC	Units in circulation.
UK	United Kingdom.
Unit(s)	Is an undivided share in the beneficial interest and/or rights in the Fund and a measurement of the interest and/or right of a Unit holder in the Fund and means a Unit of the Fund.

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

Means the person for the time being who is registered pursuant to the Deed of the Fund as a holder of Units, including the persons jointly registered.

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

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

Registered address:

Level 13, Menara CIMB
Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50470 Kuala Lumpur
Tel : +603-2261 8888
Fax : +603-2261 0099
Website : <http://www.cimb.com>

Business address:

Level 21, Menara CIMB
Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50470 Kuala Lumpur
Tel : +603-2261 8888
Fax : +603-2261 9894
Email : ss.corptrust@cimb.com

3. FUND INFORMATION

3.1 General information of the Fund

Fund name	Hong Leong Global ESG Fund.
Base currency	Ringgit Malaysia.
Fund category	Equity.
Fund type	Growth.
Launch date	20 April 2022.
Initial offer price	RM1.0000 per Unit.
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 April 2022 to 10 May 2022.
Commencement date	Refers to 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 medium- to long-term capital growth by investing in a globally diversified portfolio of companies with a focus on ESG criteria in the investment process.

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

3.3 Investment Policy, Strategy and Asset Allocation

Investment Policy and Principal Strategy

The Fund seeks to achieve its investment objective by investing a minimum of 70% and a maximum of 98% of its NAV in equities and equity-related securities globally in order to gain medium- to long-term capital growth. The balance of the Fund's NAV may be invested in money market instruments and deposits with financial institutions. The Fund does not incorporate ESG factors for money market instruments and deposits as the said instruments are used for liquidity purposes.

The Fund follows a rule-based strategy and will only invest in securities of companies with a strong ESG scoring. The Fund will incorporate the principles of ESG in security selection through MSCI ESG Ratings. MSCI is one of the world's largest ESG research providers. MSCI ESG Ratings is designed to measure a company's resilience medium- to long-term,

industry material ESG risks. Key ESG factors used in the rating process include among others climate change, usage of natural capital, pollution and waste management, environmental opportunities, human capital management, product liability, stakeholder opposition, social opportunities, corporate governance and corporate behaviour. MSCI ESG Ratings are derived by applying weighted averages on ESG factors based on MSCI's mapping framework and companies' scores are normalised by their industries. These assessments are not absolute but are explicitly intended to be interpreted relative to a company's industry peers. Through MSCI ESG Ratings, companies with poor performance on ESG factors would be excluded in the investable universe.

The fund will only invest in securities with an ESG rating that indicates that the company has a good track record of managing the most significant ESG risks and opportunities relative to industry peers. As such, the investable universe of the Fund comprises all equities with a minimum of BBB ESG rating by MSCI. BBB rating is the mid-point in MSCI's ESG rating scale. This threshold would exclude all companies that are lagging its industry based on its high exposure and failure to manage significant ESG risks.

The Manager has the discretion in selecting and managing the Fund's asset from the refined investment universe above. The Manager will review the ESG aspects of the Fund's portfolio periodically to ensure the investments of the Fund are consistent with the ESG considerations adopted by the Fund and the overall impact of the investments is consistent with any other sustainability considerations. If the Fund's investments become inconsistent with the ESG considerations of the Fund in the event of a downgrade in the ESG rating of a company below the minimum requirement, the Manager shall dispose of the said investments as soon as practicable.

The Fund emphasises on responsible investing and as such will ensure a minimum of 70% of its NAV is invested in accordance with ESG criteria.

The Fund's investments will be limited to markets where the regulatory authority is an ordinary or associate member of the International Organization of Securities Commissions ("IOSCO").

The Fund will adopt an active asset allocation and portfolio diversification to generate returns and manage market volatility.

The Fund will also have the flexibility to invest in ESG CIS with equities underlying which are compliant with the principles of the United Nations Global Compact or ESG that is in line with the Fund's investment objective. The Fund will rely on the ESG methodology of the said CIS. In the event the CIS in which the Fund invests shows persistent deterioration in its capacity or desire to meet the principles of United Nations Global Compact or ESG, the Manager will dispose the holdings in the CIS.

The Fund may use derivatives for currency hedging purposes only.

Temporary defensive strategy

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

3.4 General Risks of the Fund

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

- **Market risk**

Market risk refers to the potential losses that may arise from adverse changes in the market prices of the investments of the Fund. Prices of securities that 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.

- **Interest rate risk**

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

- **Non-compliance risk**

This is the risk where the Manager does not comply with the provisions as set out in the Deed; or the laws/guidelines that govern the Fund; or its internal procedures and policies. The non-compliance could be due to several factors such as a result of human errors and oversight system failures or fraudulent acts by the Manager. Any non-compliance may adversely affect the Fund's NAV per Unit, especially in situations where the Manager is forced to sell the investments of the Fund at unfavorable prices to resolve the non-compliance. The Manager has imposed stringent internal compliance controls to mitigate this risk.

- **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 instalments 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.

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

- **Inflation/Purchasing power risk**

This refers to the likelihood that a Unit holder's investments are not growing at a rate equal or greater than the inflation rate, thus resulting in the Unit holder's decreasing purchasing power.

3.5 Specific Risks of the Fund

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

- **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 prior to its investments.

- **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 investments undertaken by the Fund in those affected countries. This in turn may cause the NAV of the Fund or prices of Units to fall. However, this risk may be mitigated by conducting thorough research on the respective markets, their economies, companies, politics and social conditions as well as minimising or omitting investments in such markets.

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

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

- **Sustainable investment risk**

Exclusion or disposal of securities of issuers that do not meet certain ESG criteria from the Fund's investment universe may cause the Fund to perform differently compared to similar indices and funds that do not have such a SRI policy or ESG component in their index methodology and that do not apply ESG screening criteria when selecting investments. The selection of assets may rely on a proprietary ESG scoring process (such as the index provider's) that relies partially or totally on third party data. Data

provided by third parties may be incomplete, inaccurate or unavailable and as a result, there is a risk that the Manager may incorrectly assess a security or issuer.

- **Sustainability risk**

An ESG event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment, including but not limited to, risks stemming from climate change, natural resource depletion, environmental degradation, human rights abuses, bribery, corruption and social and employee matters.

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

- **Collective Investment Scheme risk**

Investing in collective investment schemes may be more costly to the Fund than if the Fund had invested in the underlying investments directly as the Fund will indirectly be paying the fees and expenses of the collective investment schemes in addition to the Fund's direct fees and expenses. Investing in other collective investment schemes may be subject to the risk that (i) the valuations of the Fund may not reflect the true value of the underlying collective investment schemes at a specific time which could result in significant losses or inaccurate pricing for the Fund and/or (ii) the valuation may not be available as at the relevant valuation point for the Fund. The Fund's investments in collective investment schemes may subject the Fund to additional risks (such as risk associated with the investment manager of the collective investment scheme) than if the Fund would have invested directly in the underlying investments of the collective investment schemes. The risk associated with the investment manager of the collective investment schemes includes but are not limited to the risk of non-adherence to the investment objective, strategy and policies of the collective investment schemes, the risk of direct or indirect losses resulting from inadequate or failed operational and administrative processes and systems of the investment manager of the collective investment schemes, and the risk that the collective investment schemes may underperform due to poor investment decisions by the investment manager of the collective investment schemes as well as poor market conditions.

- **Liquidity risk**

Liquidity risk comprises two broad risk types; Market Liquidity Risk and Funding Liquidity Risk. Market Liquidity Risk is defined as the ease with which a security can be sold at or near its fair value depending on the trading volume of that security in

the market. If the Fund holds a large portfolio of securities that are less liquid, the securities may have to be sold at unfavourable prices and/or withdraw deposits placed with financial institutions prior to maturity which would expose the Fund to a higher degree of market liquidity risk. As such any premature withdrawal of deposits where interest income may be forfeited or forced sale of the Fund's investment to meet any shortfall will have adverse impact on the Fund's NAV per Unit.

Funding Liquidity Risk is defined as the risk that the Fund will not be able to meet efficiently both the expected and unexpected current and future cash outflow. The risk primarily involves the Fund's inability to meet redemption requests without major distortion to the portfolio allocation.

To mitigate this risk, the Manager will employ prudent liquidity management such as cash flow and redemption monitoring to ensure that the Fund maintains reasonable levels of liquidity to meet any redemption request supplemented by a temporary defensive strategy should adverse conditions prevail. The Manager will apply Liquidity Risk Management tools inclusive of liquidity Stress Test to assess the Fund's viability to meet expected and unexpected redemptions under adverse scenarios.

The Manager in consultation with the Fund's Trustee may suspend dealing in Units under exceptional circumstances where there is sufficient reason to do so having regard to the interests of the Unit holders in an effort to further curtail the liquidity risk experienced by the Fund.

- **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.

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.

3.6 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 Prospectus, Deed and/or Guidelines;
- Monitoring and evaluating the market and economic conditions of the global markets;
- Determining and monitoring effective diversification of securities across sectors and companies;

- Constant monitoring of relevant markets and effective diversification of securities across sectors and companies;
- Practice prudent liquidity management to ensure that the Fund maintains reasonable levels of liquidity to meet any redemptions request;
- Regular review of the Fund's performance; and
- Escalating and reporting investment matters to the Investment Committee.

3.7 Distribution Policy*

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

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

3.8 Performance Benchmark

The performance benchmark of the Fund is MSCI ACWI ESG Universal Index. Bloomberg ticker for the fund – MXWDESU.

Information on the MSCI ACWI ESG Universal Index is available from www.msci.com on a subscription basis or from the Manager upon request. The performance of the Fund against the benchmark is published in the Manager's monthly fund performance review publication and is available from the Manager's website at www.hlam.com.my.

3.9 Permitted Investments

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

- Listed securities traded in or under the rules of an Eligible Market;
- Unlisted securities including securities that are not listed or quoted on an exchange of an Eligible Market but have been approved by the relevant regulatory authority for such listing and quotation, and are offered directly to the Fund by the issuer;
- Money market instruments and deposits with licensed financial institutions;
- Derivatives for currency risk hedging purposes only;
- Units/shares of 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.

3.10 Investment Limits and Restrictions of the Fund

The Fund shall be subject to the following investment limits and restrictions:

- a) The value of the Fund's investments in ordinary shares issued by any single issuer must not exceed 10% of the Fund's NAV;
- b) The value of the Fund's investment in transferable securities and money market instruments issued by any single issuer must not exceed 15% of the Fund's NAV;
- c) The value of the Fund's placements in deposits with any single institution must not exceed 20% of the Fund's NAV;
- d) The aggregate value of the Fund's investments in transferable securities, money market instruments and deposits issued by or placed with (as the case may be) any single issuer/institution must not exceed 25% of the Fund's NAV;
- e) The Fund will invest in money market instruments and placements of deposits with any financial institutions in Malaysia;
- f) The Fund's investments in transferable securities (other than debentures) must not exceed 10% of the securities issued by any single issuer;
- g) The Fund's investments in money market instruments must not exceed 10% of the instruments issued by any single issuer;
Note: The above limit does not apply to money market instruments that do not have a pre-determined issue size.
- h) The Fund's investments in collective investment schemes must not exceed 25% of the units/shares in any collective investment scheme;
- i) The value of the Fund's investments in units/shares of any collective investment scheme must not exceed 20% of the Fund's NAV;
- j) The value of the Fund's investments in transferable securities and money market instruments issued by any group of companies must not exceed 20% of the Fund's NAV; and
- k) The value of the Fund's investments in unlisted securities must not exceed 10% of the Fund's NAV. However, this exposure limit does not apply to "unlisted securities" that are:
 - Equities not listed or quoted on a stock exchange but have been approved by the relevant regulatory authority for such listing and quotation, and are offered directly to the Fund by the issuer; and
 - Debentures traded on an organized OTC market.

The above investment limits and restriction must be complied with at all times based on the most up-to-date value of the Fund and the value of the investments. However, under the Guidelines, a 5% allowance in excess of any limit or restriction is permitted where the limit or restriction is breached through the appreciation or depreciation of the Fund's NAV (whether as a result of an appreciation or depreciation in value of the investments or as a result of redemption of Units or payment made out of the Fund).

The Manager should not make any further acquisition to which the relevant limit is breached and should within reasonable period of not more than three (3) months from the date of the breach, take all necessary steps and actions to rectify the breach.

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

3.11 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 decision are in the best interest of both funds or portfolios;
- b) transactions are executed through a dealer or a financial institution on an arm's length and fair value basis;
- c) reason for such transactions is documented before execution of the trades; and
- d) cross trades are identified to both funds or portfolios in their respective periodic transaction report or statement.

Cross trade between:

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

are prohibited.

3.12 Investor Profile

The Fund is suitable for investors who:

- have a medium- to long-term investment horizon;
- are seeking potential capital growth in their investments;
- are seeking foreign exposure; 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 6.00% 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 an investor makes an investment of RM10,000 on 15 November 2021 and that the NAV per Unit for the Fund at the end of the Business Day on 15 November 2021 is RM1.0000. If the sales charge is 6.00%, then the computation of the sales charge is as follows:

$$\begin{aligned}\text{Sales charge} &= \text{Sales charge} \times \text{amount invested} \\ &= 6.00\% \times \text{RM}10,000 \\ &= \text{RM}600\end{aligned}$$

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.

Illustration on how redemption charge is calculated:

Assuming an investor wants to redeem 20,000 Units of his investment in HLGESGF, and the NAV per Unit for the Fund at the end of the Business Day on 15 November 2021 is RM1.0000. Since there is no redemption charge imposed by the Manager for the Fund, then the computation of the redemption charge is as follows:

$$\begin{aligned}\text{Redemption proceeds} &= \text{Units redeemed} \times \text{NAV per Unit} \\ &= 20,000 \text{ Units} \times \text{RM1.0000} \\ &= \text{RM20,000}\end{aligned}$$

$$\begin{aligned}\text{Redemption charge} &= \text{Redemption charge} \times \text{redemption proceeds} \\ &= 0\% \times \text{RM20,000} \\ &= \text{RM0.00}\end{aligned}$$

$$\begin{aligned}\text{Net redemption proceeds} &= \text{RM20,000} - \text{RM0.00} \\ &= \text{RM20,000}\end{aligned}$$

4.2 Fees Indirectly Incurred On Sale and Redemption of Units

4.2.1 Annual Management Fee[^]

The annual management fee is up to 2.00% 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.

Illustration on how annual management fee is calculated:

Assuming the daily NAV at the valuation point for one particular valuation day is RM90,000,000, then the management fee for that particular valuation day is calculated as below:-

$$\frac{\text{RM90,000,000} \times 2.00\%}{365 \text{ days}^*} = \text{RM4,931.51 (daily)}$$

Therefore, total management fee for that particular valuation day will be:

$$= \text{RM4,931.51}$$

^{*} Note: In the event of a leap year, the annual management fee will be divided by 366 days.

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 0.05% per annum of the Fund's NAV, subject to a minimum of RM15,000 per annum (excluding foreign custodian fees and charges).

Illustration on how annual trustee fee is calculated:

Assuming the daily NAV at the valuation point for one particular valuation day is RM90,000,000, then the trustee fee for that particular valuation day is calculated as below:-

$$\frac{\text{RM90,000,000} \times 0.05\%}{365 \text{ days}^*} = \text{RM123.30 (daily)}$$

Therefore, total trustee fee for that particular valuation day will be:

$$= \text{RM123.30}$$

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

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 5.8 for further details on transfer of Units.

4.3 Fund Expenses[^]

There are other fees 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, interim and annual reports, tax vouchers, distribution warrants and other notices to Unit holders as well as expenses that are directly related and necessary to the business of the Fund as set out in the Deed. The fund expenses shall 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 Prospectus payable to the Manager/Trustee are subject to any applicable taxes and/or duties and at such rate as may be imposed by the government from time to time. The Manager/Trustee (where applicable) shall have the right to charge and recover from the Fund any applicable taxes and/or duties now or hereafter imposed by law or required to be paid in connection with the products or services provided by the Manager/Trustee (where applicable).

THERE ARE FEES AND CHARGES INVOLVED AND INVESTORS ARE ADVISED TO CONSIDER THE FEES AND CHARGES BEFORE INVESTING IN THE FUND.

5. TRANSACTION INFORMATION

5.1 Bases of Valuation of Investments

Listed 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.

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

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

Money market instruments - The value of any money market instruments will be performed on daily basis by reference to the value of such investment as provided by the licensed financial institution that issues the investment. Investments in commercial papers are valued on a daily basis using the fair value prices quoted by a bond pricing agency (BPA) registered with the SC.

Deposits - The value of any deposits placed with licensed financial institutions shall be determined each day by reference to their nominal values/principal sum and the accrued profit, if any, thereon for the relevant period.

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.

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.

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 same time, the last rate available before 4.00 pm (UK time) will be used, it is also subject to change based on such a time prescribed by FiMM or any other relevant authority from time to time.

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/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 with the underlying traded in the global markets, due to the time zone differences in these markets, the valuation point can only be carried out after the close of all foreign markets but not later than 5.00 p.m. on next Business Day in which the portfolio of the Fund is invested. Thus, the NAV per Unit of the Fund with foreign markets exposures 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
15 November 2021	
During business hours	Unit holders purchase the Units of 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.
16 November 2021	
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 15 November 2021 is available.
Latest by 5.00 p.m.	The prices will be ready for dissemination to the media.
17 November 2021	
Early morning	Prices 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 or Section 13 Directory of Sales Offices for our contact details.

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

5.3 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 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 on NAV per Unit

The following illustration is based on the assumption that the Fund invests in equities, fixed income securities, money market instruments, deposits and the balance are in the form of other assets. It is also assumed that the UIC are 100,000,000 Units.

Figures and examples are meant for illustration purposes only.

Assets	RM
Equities	90,000,000
Fixed income securities, money market instruments and deposits	8,000,000
Other assets	5,000,000

	103,000,000
<i>Less : Liabilities</i>	<i>(3,000,000)</i>

NAV	100,000,000

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

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 to purchase 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 6.00% of the Fund's NAV per unit.

Illustration: Calculation on sales charge and Units

Assuming the NAV per Unit at the end of the Business Day of 15 November 2021 is RM1.0000 and the sales charge is 6%, when an investor makes an investment of RM10,000 in HLGESGF, then the total amount to be paid by an investor is illustrated as follows:

Investment amount	=	RM10,000.00
Sales charge	=	Sales charge rate x amount invested
	=	6% x RM10,000.00
	=	RM600.00
Total amount to be paid by investor	=	Amount invested + sales charge
	=	RM10,000.00 + RM600.00
	=	RM10,600.00

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

$$\frac{\text{Amount invested}}{\text{NAV per Unit}} = \frac{\text{RM10,000.00}}{\text{RM1.0000}} = 10,000.00 \text{ Units}$$

(b) Minimum initial and additional investment

The minimum initial investment amount is RM1,000 or such other lower amount as the Manager may in its sole discretion allow. The minimum additional investment amount is RM100 or such other 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 or participating IUTAs before their respective cut-off times:

1. Completed application of account opening form (if the investor is a new Unit holder);
2. 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.

5.6 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	
	=	RM10,000.00	
Redemption proceeds			RM 10,000.00
Less redemption charge			NIL

Net redemption proceeds to be paid to investor			RM 10,000.00

(b) Minimum redemption of Units

The minimum redemption of Units is 100 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. For further information, please refer to Section 5.9 – Minimum Account Balance.

In the case of where Units are in the names of more than one Unit holder, the mode of holding will be specified as "Joint Application" and redemption requests will have to be signed by all the 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 requests 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.

(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 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. Switching request is subject to a minimum amount of 1,000 Units or such other lower amount as the Manager may in its sole discretion allow.

- There is no switching fee imposed on any switching application within any of the fund(s) managed by the Manager.
- The Manager reserves the right to reject the switching request under the following conditions:
 - 1) If the net switched out proceeds does not meet the minimum initial investment amount or minimum additional investment amount of the fund that the Unit holder intends to switch into. In this event, Unit holder shall be given the option to either:-
 - a) remain invested in the fund that they were invested in; or
 - b) redeem the units in the fund that they intended to switch out.

- 2) If deemed disruptive to fund management or contrary to the best interest of the fund and/or the Unit holders.
- If following the switching, the account of the Fund which the Unit holder has switched out from does not maintain a minimum account balance of 1,000 Units or such other lower amount as the Manager may in its sole discretion allow, then full switching will be effected or the Manager reserves the right to reject the switching request. In the event this switching request is rejected, the Unit holder shall be given the option to either:
 - a) remain invested in the fund that they were invested in; or
 - b) redeem the entire holding of units in the fund that they intended to switch out.
 - Unit holders are not allowed to switch in or out of a new fund during the first three (3) months after the new fund's launch date.
 - Switching from an Islamic fund to a conventional fund is discourage especially for Muslim Unit holders.
 - Switching application should be made before the cut-off time of 4.00 p.m. on any Business Day except for funds with cut-off time of 11.00 a.m. When switching application is received after the cut-off time, the switching application shall be deemed to have been received on the next Business Day.
 - The Manager may at its absolute discretion waive or reduce the sales charge (if any) from time to time on the switching application. Alternatively, investor may negotiate with their preferred distributor for lower fees and charges, subject to the distributor's decision.
 - Switching from any unit trust fund to a wholesale fund or between wholesale funds are permissible if the investor meets the requirements of a Sophisticated Investor as defined herein.
 - The Manager reserves the right to vary the terms and conditions of the switching facility from time to time.

Please refer to the following table for a detailed switching illustration:-

Switching Illustration

Switch to Switch from	Intended Fund	
Current Fund	FUND WITH 0% SALES CHARGE	FUND WITH SALES CHARGE
FUND WITH 0% SALES CHARGE	<ul style="list-style-type: none"> Reinvest into the intended fund(s) at net asset value per unit. 	<ul style="list-style-type: none"> Reinvest into the intended fund(s) at net asset value per unit and the difference of the sales charge between the current fund and the intended fund(s).
FUND WITH SALES CHARGE	<ul style="list-style-type: none"> Reinvest into the intended fund(s) at net asset value per unit. 	<ul style="list-style-type: none"> Reinvest into the intended fund(s) at net asset value per unit and the difference of the sales charge between the current fund and the intended fund(s). If a switch is made from a fund with higher sales charge into a fund with lower sales charge, NO sales charge will be imposed on the Unit holder.

Illustration : Calculation on switching of units

Assuming a Unit holder switches 20,000 units of fund A (which imposes 0% sales charge) at the NAV per Unit of RM1.0000 and wishes to invest into HLGESGF (which imposes a sales charge of 6%) at the NAV per Unit of RM1.0200:

The computation of the net switching out amount from fund A is as follows:

Net switching out amount from fund A	=	Switching units X NAV per Unit
	=	20,000 X RM1.0000
	=	RM20,000
Difference in sales charge	=	Sales charge of fund A - sales charge of HLGESGF
	=	6% - 0%
	=	6%
Amount invested in HLGESGF	=	$\frac{\text{Net switching amount of Fund A}}{1 + \text{Difference in sales charge rate}}$
	=	$\frac{\text{RM20,000}}{(1+0.06)}$
		RM18,867.92

Therefore, the Units credited to the above Unit holder's investment account for HLGESGF are (expressed in 2 decimal places):

Amount invested in HLGESGF	=	RM18,867.92
NAV per Unit of HLGESGF		RM1.0200
	=	18,497.96 Units

5.8 Transfer of Units

A Unit holder (the transferor) may transfer Units held in the Fund to another person (the transferee), 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 1,000 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 holding* of Units. In the event the minimum holdings* of Units is not met by either the transferor or transferee, the Manager reserve 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.

5.9 Minimum Account balance

The minimum balance of Units that must be retained in a Unit holder's account is 1,000 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 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 FiMM; and/or
- Other approved IUTAs (as and when appointed by the Manager).

Please refer to Section 13 – Directory of Sales offices for further information.

5.11 Cooling-Off Right

The cooling-off right allows investors an opportunity to reverse an investment decision, which could have been unduly influenced by certain external elements or factors.

The Cooling-Off Period for the Fund is six (6) Business Days commencing from the date the Manager receives the application for purchase of Units.

A cooling-off right is only given to an individual investor who is investing in any of the Manager's funds for the first time. However, the following persons and/or institutions are not entitled to the cooling-off right (as stipulated under the Guidelines):-

- (a) A staff of the Manager; and
- (b) A person registered with a body approved by the SC to deal in unit trusts.

The refund for every Unit held by the investor pursuant to the exercise of a cooling-off right shall be the sum of:

- 1) the NAV per Unit on the day the Units were first purchased; and
- 2) the sales charge per Unit originally imposed on the day the Units were purchased.

Payment will be made to the investor within ten (10) calendar days. For investments made through cheque, the payment for the cooling-off will only be made to the investor after the cheque has been cleared.

Within the Cooling-Off Period, if the investor decides to withdraw his investment by exercising his cooling-off right, the total amount invested (i.e. Initial amount) will be refunded.

5.12 Distribution Mode

In the event the Fund declares any distributions, Unit holders will receive distribution in the form of additional Units. The distribution amount will be reinvested based on the Fund's NAV per Unit computed at the close of the reinvestment date (i.e. the first Business Day following the date of declaration for distributions). There is no charge imposed on distribution reinvestments. Should a public holiday fall on the distribution date, reinvestment will be made on the following Business Day.

If a Unit holder opts for the distribution to be paid out, the said income distribution proceed will be credited into their Malaysian bank account. In the absence of a registered bank account, the distribution (if any) will be re-invested.

5.13 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.

5.14 Cut-Off Time for Purchase, Redemption, Switching and Cooling-Off Requests

The cut-off time for purchase, redemption, switching of Units, and cooling-off 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, switching of Units and cooling-off requests.

5.15 Incorrect Pricing

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

- (a) If there is an over pricing in relation to the purchase and creation of Units, the Fund shall reimburse the Unit holder;

- (b) If there is an over pricing in relation to the redemption of Units, the Manager shall reimburse the Fund;
- (c) If there is an under pricing in relation to the purchase and creation of Units, the Manager shall reimburse the Fund; and
- (d) If there is an under pricing in relation to the redemption of Units, the Fund shall reimburse the Unit holder or former Unit holder.

The Manager retains the discretion whether or not to reimburse if the error is below 0.5% of the NAV per Unit 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.

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

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

6. THE MANAGEMENT COMPANY

6.1 The Manager

The Manager was incorporated as a private limited company under the Companies Act 1965 on 5 October 1994 under the name of HLB Unit Trust Management Sdn Bhd. On 3 January 1995, it was converted into a public limited company. It was renamed to HLG Unit Trust Bhd on 15 July 2002 when it became a wholly-owned subsidiary of Hong Leong Capital Berhad (formerly known as HLG Capital Berhad) ("HLGCB"). The Manager acquired the business activities, assets and liabilities of HLG Asset Management Sdn Bhd, a related company on 1 June 2010.

For more information on the Manager please visit HLAM's website at www.hlam.com.my

6.2 The Board of Directors

Ms Lee Jim Leng (non-independent, non-executive/Chairman)

Mr Hoo See Kheng (non-independent, Executive Director)

YBhg Dato' Abdul Majit bin Ahmad Khan (independent, non-executive)

YM Tunku Dato' Mahmood Fawzy Bin Tunku Muhiyiddin (independent, non-executive)

6.3 The Roles, Duties and Responsibilities of the Manager

The Manager is responsible for the daily sales, management and administration of the Fund in accordance with the provisions of the Deed, this Prospectus and the Manager's internal policies. In fulfilling its responsibility, the Manager undertakes, among others the following functions:

- Implementation of appropriate investment strategies to achieve 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.

6.5 The Investment Committee

6.5.1 Functions of the Investment Committee

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

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

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

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

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

6.6 The Key Personnel of the Investment Team

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

The key personnel of the Investment team of Manager are as follows:

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 SC on 22 October 1998.

Mr Hoo joined HLAM on 1 March 2014. He was appointed as an Executive Director of HLAM on 27 March 2014 and subsequently on 12 May 2014, appointed as Chief Executive Officer. He was also appointed as an Investment Committee member with effect from 14 April 2014.

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

Fund Manager, Equity

Mr Yu Junqiang is a CFA Charterholder and Association of Chartered Certified Accountants (ACCA). Mr Yu joined HLAM in July 2014. He began his career as an equity research analyst for both local and regional markets. He has more than 9 years of experience covering the Malaysia, South East Asia, Hong Kong and China markets. Mr Yu obtained his Capital Markets Services Representative's license from the SC since 8 April 2016.

Mr Yu is the designated fund manager for the Fund.

Fund Manager, Equity

Mr Simon Lim Jiing Liang, holds a Bachelor of Science (Honours) in Accounting and Finance from London School of Economics. He is also a CFA Charterholder. He began his career in Singapore at KPMG as an auditor before joining Mirae Asset Global Investments in Singapore as an equity analyst. Prior to joining HLAM, he was a fund manager at UOB Asset Management in Malaysia for almost 5 years. Mr Simon Lim obtained his Capital Markets Services Representative's license from the SC since 23 December 2010.

Mr Simon 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 CIMB Commerce Trustee Berhad

CIMB Commerce Trustee Berhad (“CCTB”) was incorporated on 25 August 1994 and registered as a trust company under the Trust Companies Act, 1949 and having its registered office at Level 13, Menara CIMB, Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia. The Trustee is qualified to act as a trustee for collective investment schemes approved under the Capital Markets and Services Act 2007.

7.2 Experience in trustee business

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

7.3 Duties and Responsibilities of the Trustee

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

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

(f) Require that the accounts be audited at least annually.

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

7.4 Material Litigation and Arbitration

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

7.5 Delegate of the Trustee

CCTB has delegated its custodian function to CIMB Bank Berhad ("CIMB Bank"). CIMB Bank's ultimate holding company is CIMB Group Holdings Berhad a listed company on Bursa Malaysia. CIMB Bank provides full-fledged custodial services, typically clearing, settlement and safekeeping of all types of investment assets and classes, to a cross section of investors and intermediaries client base, both locally and overseas.

For the local Ringgit assets, they are held through its wholly owned nominee subsidiary "CIMB Group Nominees (Tempatan) Sdn Bhd". For foreign non-Ringgit assets, CIMB Bank appoints global custodian as its agent bank to clear, settle and safekeep on its behalf and to its order.

All investments are automatically registered in the name of the custodian to the order of the Trustee. CIMB Bank acts only in accordance with instructions from the Trustee.

8. SALIENT TERMS OF DEED

8.1 Right and Liabilities of Unit Holder

8.1.1 Unit holder's Rights

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

You shall be entitled to a Cooling-Off Period stated in this Prospectus. Please refer to section 5.11 for more information on the Cooling-Off Right.

You will also receive the annual and interim 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 the Trustee behalf, of the rights of the Trustee as the registered owner of such assets.

8.1.2 Unit holders' Liabilities

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

A Unit holder shall not be under any obligation to indemnify the Manager and/or the Trustee in the event that the liabilities incurred by the Manager and/or the Trustee in the name of or on behalf of the Fund pursuant to and/or in the performance of the provisions of the Deed exceed the value of the Fund's assets, and any right of indemnity of the Manager and/or the Trustee shall be limited to recourse to the Fund.

8.2 Maximum Fees and Charges Permitted by the Deed

Sales charge	Redemption charge	Annual management fee	Annual trustee fee
Up to 6.00% of the Fund's NAV per Unit.	Up to 3.00% of the Fund's NAV per Unit.	Up to 3.00% per annum of the Fund's NAV.	Up to 0.05% per annum of the Fund's NAV, and calculated on daily basis. Annual trustee fee is subject to a minimum of RM15,000 (excluding foreign custodian fee and charges).

A higher sales charge and/or redemption charge than disclosed in this Prospectus may only be imposed if:

- (a) the Manager has notified the Trustee in writing of and the effective date for the higher charge;
- (b) a supplemental Prospectus or replacement Prospectus in respect of the Fund setting out the higher charge is registered, lodged and issued; and
- (c) such time as may be prescribed by any relevant law has elapsed since the effective date of the supplemental Prospectus or replacement Prospectus.

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 Prospectus unless:

- The Manager has come to an agreement with the Trustee on the higher rate;
- The Manager has notified the Unit holders of the higher rate and the date on which such higher rate is to become effective; such time as may be prescribed by any relevant law shall have elapsed since the notice is sent;
- A supplemental Prospectus or replacement Prospectus stating the higher rate is registered, lodged and issued thereafter; and
- Such time as may be prescribed by any relevant law shall have elapsed since the date of the supplemental Prospectus or replacement Prospectus.

The Trustee may not charge an annual trustee fee at a rate higher than that disclosed in this Prospectus unless:

- The Manager has come to an agreement with the Trustee on the higher rate;
- The Manager has notified the Unit holders of the higher rate and the date on which such higher rate is to become effective; such time as may be prescribed by any relevant law shall have elapsed since the notice is sent;
- A supplemental Prospectus or replacement Prospectus stating the higher rate is registered, lodged and issued thereafter; and
- Such time as may be prescribed by any relevant law shall have elapsed since the date of the supplemental Prospectus or replacement Prospectus.

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;
- (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) fees 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 management company;

Note:

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

- (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) remuneration and out of pocket expenses of the independent members of the Investment Committee, unless the Manager decides otherwise;
- (n) 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;
- (o) (where the custodial function is delegated by the Trustee) charges and fees paid to sub-custodians taking into custody any foreign assets or investments of the Fund;
- (p) fees, charges or costs and expenses relating to the preparation, printing, posting, registration and lodgement of documents and reports which the Manager and/or the Trustee may be obliged to prepare, print, post, register and/or lodge in relation to the Fund by virtue of any relevant law; and
- (q) any tax now or hereafter imposed by law or required to be paid in connection with any costs, fees and expenses incurred under sub-paragraphs (a) to (p) above.

8.5 Retirement, Removal and Replacement of the Manager

The Manager shall have the power to retire in favour of some other corporation and as necessary under any relevant law upon giving to the Trustee six (6) months' notice in writing of its desire so to do, or such other period as the Manager and the Trustee may agree upon, and subject to the fulfillment of the following conditions:

- (a) the retiring Manager shall appoint such corporation by writing under the seal of the retiring Manager as the management company of the Fund in its stead and assign and transfer to such corporation all its rights and duties as management company of the Fund;
- (b) such corporation shall enter into such deed or deeds as are referred to in the 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 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 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 so to do, or such other period as the Manager and the Trustee shall agree, and may by deed appoint in its stead a new trustee approved by the relevant authorities and under any relevant law.

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 established under the relevant laws and approved by the relevant authorities 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.

Notwithstanding the above, the Manager may, in its sole discretion and without first obtaining the consent of the Unit holders terminate the trust created and wind up the Fund if the Fund size is below such amount as the Manager and the Trustee may jointly deem it to be uneconomical for the Manager to continue managing the Fund.

8.8 Unit holders' Meeting

A Unit holders' meeting may be called by the Manager, Trustee and/or Unit holders. Any such meeting must be convened in accordance with the Deed and/or the Guidelines.

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

- (a) sending by post to each Unit holder at his last known address or, in the case of jointholders, to the jointholder whose name stands first in the records of the Manager to the jointholder's last known address at least seven (7) days before the date of the proposed meeting a notice of the proposed meeting to all the Unit holders;
- (b) publishing at least fourteen (14) days before the date of the proposed meeting an advertisement giving notice of the proposed meeting in a national language newspaper published daily and another newspaper approved by the relevant authorities; and
- (c) 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 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), whichever is less of all the Unit holders of the Fund.

9. RELATED-PARTY TRANSACTIONS/CONFLICT OF INTEREST

The directors, Investment Committee members and employees of the Manager should avoid any conflict of interest arising, or if conflicts arise, should ensure that the Fund is not disadvantaged by the transaction concerned.

All transactions carried out for or on behalf of the Fund should be executed on terms that are best available to the Fund and which are no less favourable than arm's length transactions between independent parties. All transactions with related parties should only be allowed when the transactions are carried out on arm's length terms, is consistent with best execution standards and is at commission rate no higher than customary institutional rates.

Investment Committee members and directors are required to make periodic declarations as to their personal interests. Where a conflict of interest arises due to the Investment Committee member or director holding a substantial shareholding or directorship in a company, the said Investment Committee member or director shall abstain from any discussion or decision making relating to the company.

The Manager has in place a policy which regulates its employees' securities dealings. All employees of the Manager are required to obtain prior written approval and declare their dealings periodically to ensure that there is no potential conflict of interest between the employees' dealings and the execution of the employees' duties to the Manager and Unit holders.

RELATED-PARTY TRANSACTIONS

	Name of Related Party and Nature of Relationship	Existing/Potential Related Party Transaction
1.	Hong Leong Investment Bank Berhad - company associated with the Manager	<ul style="list-style-type: none"> • Broker for the Fund. • Outsourcing party for administration and finance (financial group reporting) functions, legal, human resources, compliance, risk management, internal audit and information technology (back office support) functions.
2.	Hong Leong Bank Berhad - company associated with the Manager	<ul style="list-style-type: none"> • Distributor for the Fund. • Deposits and placement of Fund's asset at the market rate. • Broker for purchase of bond, government and other fixed income securities.
3.	Hong Leong Islamic Bank Berhad - company associated with the Manager	<ul style="list-style-type: none"> • Deposit and placement of the Fund's asset at the market rate.
4.	Listed companies in Malaysia and	<ul style="list-style-type: none"> • The Fund may invest in related

	Name of Related Party and Nature of Relationship	Existing/Potential Related Party Transaction
	abroad related to Hong Leong Group Companies	companies at the discretion of the fund manager independently based on merit of each stock.
5.	Custodian of Fund's asset	<ul style="list-style-type: none"> • The Fund has engaged CIMB Group Nominess (Tempatan) Sdn Bhd as the custodian for the assets of the Fund. • CIMB Bank may also act as distributor for the Fund.
6.	Trustee of Fund	<ul style="list-style-type: none"> • The Fund has engaged CIMB Commerce Trustees Berhad as the trustee for the Fund.
7.	Tower REITs -managed by company associated with the Manager.	<ul style="list-style-type: none"> • The Manager is renting premises belonging to Tower REITs.

As at the date of this Prospectus, the directors and substantial shareholders of the Manager do not have any direct or indirect interest in other companies carrying on a similar business.

10. TAXATION ADVISER'S LETTER ON TAXATION OF THE FUND AND UNIT HOLDERS

(Prepared for inclusion in this Prospectus)

PricewaterhouseCoopers Taxation Services Sdn Bhd

Level 10, 1 Sentral,
Jalan Rakyat
Kuala Lumpur Sentral
P.O.Box 10192
50706 Kuala Lumpur

The Board of Directors

Hong Leong Asset Management Bhd
Level 30, Menara Hong Leong
No 6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur

8 October 2021

TAXATION OF HONG LEONG GLOBAL ESG FUND AND UNIT HOLDERS

Dear Sirs,

This letter has been prepared for inclusion in the Prospectus ("hereinafter referred to as "the Prospectus") in connection with the offer of Units in Hong Leong Global ESG Fund ("the Fund").

The taxation of income for both the Fund and the Unit holders are subject to the provisions of the Malaysian Income Tax Act 1967 ("the Act"). The applicable provisions are contained in Section 61 of the Act, which deals specifically with the taxation of trust bodies in Malaysia.

TAXATION OF THE FUND

The Fund will be regarded as resident for Malaysian tax purposes since the Trustee of the Fund is resident in Malaysia.

(1) Foreign Investments

Income of the Fund in respect of overseas investment is exempt from Malaysian tax by virtue of Paragraph 28 of Schedule 6 of the Act and distributions from such income will be tax exempt in the hands of the Unit holders. Such income from foreign investments may

be subject to taxes or withholding taxes in the specific foreign country. However, any foreign tax suffered on the income in respect of overseas investment is not tax refundable to the Fund in Malaysia.

The foreign income exempted from Malaysian tax at the Fund level will also be exempted from tax upon distribution to the Unit holders.

(2) Domestic Investments

(i) General Taxation

Subject to certain exemptions, the income of the Fund consisting of dividends or interest income (other than interest income which is exempt from tax) and other investment income derived from or accruing in Malaysia, after deducting tax allowable expenses, is liable to Malaysian income tax at the rate of 24 per cent.

Gains on disposal of investments in Malaysia by the Fund will not be subject to Malaysian income tax.

(ii) Dividends and Other Exempt Income

Effective 1 January 2014, all companies would adopt the single-tier system. Hence, dividends received would be exempted from tax and the deductibility of expenses incurred against such dividend income would be disregarded. There will no longer be any tax refund available for single-tier dividends received. Dividends received from companies under the single-tier system would be exempted.

The Fund may receive Malaysian dividends which are tax exempt. The exempt dividends may be received from investments in companies which had previously enjoyed or are currently enjoying the various tax incentives provided under the law. The Fund will not be taxable on such exempt income.

Interest or discount income derived from the following investments is exempt from tax:

- (a) Securities or bonds issued or guaranteed by the government of Malaysia;
- (b) Debenture¹ other than convertible loan stocks, approved or authorized by, or lodged with, the Securities Commission Malaysia; and
- (c) Bon Simpanan Malaysia issued by Bank Negara Malaysia.

Interest income derived from the following investments is exempt from tax:

¹ Structured products approved by the Securities Commission Malaysia are deemed to be “debenture” under the Capital Markets and Services Act, 2007 and fall within the scope of exemption.

- (a) Interest income paid or credited by any bank or financial institution licensed under the Financial Services Act 2013 and Islamic Financial Services Act 2013;
- (b) Interest income paid or credited by any development financial institution regulated under the Development Financial Institutions Act 2002;
- (c) Bonds, other than convertible loan stocks, paid or credited by any company listed in Bursa Malaysia Securities Berhad ACE Market; and
- (d) Interest income paid or credited by Malaysia Building Society Berhad².

The interest income or discount income exempted from tax at the Fund's level will also be exempted from tax upon distribution to the Unit holders.

Exception: -

i. Wholesale money market fund

With effect from 1 January 2019, the exemption shall not apply to interest income paid or credited to a unit trust that is a wholesale money market fund.

ii. Retail money market fund

The Ministry of Finance has communicated to the Securities Commission that with effect from 1 January 2022, income tax exemption available to retail money market funds on interest earned from deposits will no longer apply to corporate investors. The amendment is proposed to be effected in the Act through Finance Bill 2021. It is also proposed that the interest income attributable to corporate investors will be taxed at the Fund level.

(3) Hedging Instruments

The tax treatment of hedging instruments would depend on the particular hedging instruments entered into.

Generally, any gain / loss relating to the principal portion will be treated as capital gain / loss. Gains / losses relating to the income portion would normally be treated as revenue gains / losses. The gain / loss on revaluation will only be taxed or claimed upon realisation. Any gain / loss on foreign exchange is treated as capital gain / loss if it arises from the revaluation of the principal portion of the investment.

² Exemption granted through letters from Ministry of Finance Malaysia dated 11 June 2015 and 16 June 2015 and it is with effect year of assessment ("YA") 2015.

(4) Tax Deductible Expenses

Expenses wholly and exclusively incurred in the production of gross income are allowable as deductions under Section 33(1) of the Act. In addition, Section 63B of the Act provides for tax deduction in respect of managers' remuneration, expenses on maintenance of the register of Unit Holders, share registration expenses, secretarial, audit and accounting fees, telephone charges, printing and stationery costs and postages based on a formula subject to a minimum of 10 per cent and a maximum of 25 per cent of the expenses.

(5) Real Property Gains Tax ("RPGT")

With effect from 1 January 2019, any gains on disposal of real properties or shares in real property companies³ ("chargeable asset") would be subject to RPGT as follows:-

Disposal time frame	RPGT rates (Companies incorporated in Malaysia and Trustee of a trust)
Within 3 years	30%
In the 4th year	20%
In the 5th year	15%
In the 6th year and subsequent years	10%

(6) Sales and Service Tax ("SST")

Effective from 1 September 2018, SST has been reintroduced to replace the Goods and Services Tax ("GST"). Both the Sales Tax Act 2018 and Services Tax Act 2018 have been gazetted on 28 August 2018. The rates for sales tax are nil, 5 per cent, 10 per cent or a specific rate whereas the rate for service tax is at 6 per cent.

Sales tax will be chargeable on taxable goods manufactured in or imported into Malaysia, unless specifically exempted by the Minister. Whereas, only specific taxable services provided by specific taxable persons will be subject to service tax. Sales tax and service tax are single stage taxes. As such, SST incurred would generally form an irrecoverable costs to the business.

In general, the Fund, being collective investment vehicle, will not be caught under the service tax regime.

³ A real property company is a controlled company which owns or acquires real property or shares in real property companies with a market value of not less than 75 per cent of its total tangible assets. A controlled company is a company which does not have more than 50 members and is controlled by not more than 5 persons.

Certain brokerage, professional, consultancy or management services obtained by the Fund may be subject to service tax at 6 percent. However, fund management services and trust services are excluded from service tax. With effect from 1 January 2019, service tax will apply to any taxable service that is acquired by any business in Malaysia from a non-Malaysian service provider. In this connection, the Fund, being non-taxable person who acquire imported taxable services (if any) will need to declare its imported taxable services through the submission of prescribed declaration, i.e. Form SST-02A to the Royal Malaysian Customs Department (“RMCD”).

With effect from 1 January 2020, service tax on digital services was implemented at the rate of 6 per cent. Under the service tax on digital services, foreign service providers selling digital services to Malaysian consumers are required to register for and charge service tax. Digital services are defined as services which are delivered or subscribed over the internet or other electronic network, cannot be delivered without the use of IT and the delivery of the service is substantially automated.

Furthermore, the provision of digital services has also been prescribed as a taxable service when provided by a local service provider with effect from 1 January 2020. Hence, where the Fund obtains any of the prescribed digital services, those services may be subject to service tax at 6 percent.

TAXATION OF UNIT HOLDERS

Unit holders will be taxed on an amount equivalent to their share of the total taxable income of the Fund to the extent of the distributions received from the Fund. The income distribution from the Fund will carry a tax credit in respect of the Malaysian tax paid by the Fund. Unit holders will be entitled to utilise the tax credit against the tax payable on the income distribution received by them. No additional withholding tax will be imposed on the income distribution from the Fund.

Non-resident Unit holders may also be subject to tax in their respective jurisdictions. Depending on the provisions of the relevant country’s tax legislation and any double tax treaty with Malaysia, the Malaysian tax suffered may be creditable against the relevant foreign tax.

Corporate Unit holders, resident⁴ and non-resident, will generally be liable to income tax at 24 per cent on distribution of income received from the Fund. The tax credits

⁴ Resident companies with paid up capital in respect of ordinary shares of RM2.5 million and below will pay tax at 17 per cent for the first RM600,000 of chargeable income with the balance taxed at 24 per cent, effective from YA 2020.

With effect from YA 2009, the above shall not apply if more than –

- (a) 50 per cent of the paid up capital in respect of ordinary shares of the company is directly or indirectly owned by a related company;
- (b) 50 per cent of the paid up capital in respect of ordinary shares of the related company is directly or indirectly owned by the first mentioned company;
- (c) 50 per cent of the paid up capital in respect of ordinary shares of the first mentioned company and the related company is directly or indirectly owned by another company.

attributable to the distribution of income can be utilised against the tax liabilities of these Unit holders.

Individuals and other non-corporate Unit holders who are tax resident in Malaysia will be subject to income tax at graduated rates ranging from 1⁵ per cent to 30⁶ per cent. Individuals and other non-corporate Unit holders who are not resident in Malaysia will be subject to income tax at 30 per cent. The tax credits attributable to the distribution of income can be utilised against the tax liabilities of these Unit holders.

The distribution of exempt income and gains arising from the disposal of investments by the Fund will be exempted from tax in the hands of the Unit holders.

Any gains realised by Unit holders (other than dealers in securities, insurance companies or financial institutions) on the sale or redemption of the units are treated as capital gains and will not be subject to income tax. This tax treatment will include gains in the form of cash or residual distribution in the event of the winding up of the Fund.

Unit holders electing to receive their income distribution by way of investment in the form of new Units will be regarded as having purchased the new Units out of their income distribution after tax.

Unit splits issued by the Fund are not taxable in the hands of Unit holders.

We hereby confirm that the statements made in this report correctly reflect our understanding of the tax position under current Malaysian tax legislation. Our comments above are general in nature and cover taxation in the context of Malaysian tax legislation only and do not cover foreign tax legislation. The comments do not represent specific tax advice to any investors and we recommend that investors obtain independent advice on the tax issues associated with their investments in the Fund.

Yours faithfully,
for and on behalf of
PRICEWATERHOUSECOOPERS TAXATION SERVICES SDN BHD

Lim Phaik Hoon
Partner

PricewaterhouseCoopers Taxation Services Sdn Bhd have given their written consent to the inclusion of their report as taxation adviser in the form and context in which they appear in this Prospectus and have not, before the date of issue of the Prospectus, withdrawn such consent.

⁵ "Related company" means a company which has a paid up capital in respect of ordinary shares of more than RM2.5 million at the beginning of the basis period for a YA.

⁵ Effective from YA 2021, the resident individuals tax rate was reduced by 1% (from 14% to 13%) for the chargeable income band RM50,001 to RM70,000.

⁶ Effective from YA 2021, the resident individuals tax rate was increased to 30% for the chargeable income exceeding RM2,000,000.

11. ADDITIONAL INFORMATION

11.1 Availability of Information on Investment

Who do I contact for clarification or further information?

You may contact the below for assistance on enquiring the Fund's NAV and/or 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 following sources on any Business Days from Monday to Friday (9.00 a.m. to 6.00 p.m.).

11.2 Avenues for advice

If you have any questions about the information in this Prospectus 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 13 – Directory of sales offices for our contact details.

11.3 Deed

The Fund's deed is dated 8 October 2021.

11.4 Financial Year-End

The Fund's financial period is a 12-month period ending on the 31 March each year, save and except that the first financial period shall commence from the date of this Prospectus and end on 31 March 2023.

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:-

- Unaudited interim report for the half year of the Fund's financial period; and
- Annual audited report for the Fund's financial year-end.

11.5 Consent

The Trustee and the Auditor have given their consent in writing for the inclusion of their name in this Prospectus in the form and context in which their name appears in this Prospectus, and they have not subsequently withdrawn their written consent.

The Fund's annual report is available upon request.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the Manager's registered office or such other place as the SC may determine:

- The Deed and supplementary deed (if any) of the Fund;
- The Prospectus and supplementary Prospectus (if any) of the Fund;
- The latest annual and interim reports of the Fund;
- Each material contracts or documents referred to in this Prospectus (if any), in the case of contracts not reduced into writing, a memorandum which gives full particulars of the contracts;
- The audited financial statements of the Manager and the Fund for the current financial year and for the last 3 financial years or if less than three (3) years, from the date of incorporation or commencement;
- All reports, letters or other documents, valuations and statements by any expert, referred to in this Prospectus. Where a summary expert's report is included in the Prospectus, the corresponding full expert's report should be made available for inspections;
- Writ and relevant cause papers for all current material litigation and arbitration disclosed in this Prospectus; and
- All consent given by experts disclosed in this Prospectus.

13. DIRECTORY OF SALES OFFICES

HONG LEONG ASSET MANAGEMENT BHD

Head Office

Level 18, Block B, Plaza Zurich
No. 12 Jalan Gelenggang
Bukit Damansara
50490 Kuala Lumpur
Tel : +603 – 2081 8600
Fax : +603 – 2081 8500
Website : www.hlam.com.my
E-mail : inquiry@hlam.hongleong.com.my
Customer Experience Personnel : +603-2081 8600 ext 18611/18612

Branch Offices

Ipoh

2nd Floor,
Lot 3 Persiaran Greentown 4
Greentown Business Centre
30450 Ipoh
Perak
Tel : +605-255 8388
+605-255 9388
+605-253 4388
Fax: +605-255 8389

Pulau Pinang

No. 441-1-3
Pulau Tikus Plaza
Jalan Burmah
Pulau Tikus
10350 Pulau Pinang
Tel : +604-228 8112
+604-228 9112
Fax : +604-228 3112

Authorised Distributor

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.

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