

HONG LEONG ASSET MANAGEMENT BHD

HONG LEONG ASEAN-5 EQUITY FUND (FORMERLY KNOWN AS HONG LEONG SEA-5 EQUITY FUND)

RESPONSIBILITY STATEMENT

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

STATEMENTS OF DISCLAIMER

The Securities Commission Malaysia has authorised the issuance of Hong Leong ASEAN-5 Equity Fund and a copy of this Product Highlights Sheet has been lodged with the Securities Commission Malaysia.

The authorisation of the Hong Leong ASEAN-5 Equity Fund and lodgement of this Product Highlights Sheet, should not be taken to indicate that the Securities Commission of Malaysia recommends the Hong Leong ASEAN-5 Equity Fund or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Product Highlights Sheet.

The Securities Commission Malaysia is not liable for any non-disclosure on the part of Hong Leong Asset Management Bhd who is responsible for the Hong Leong ASEAN-5 Equity Fund and takes no responsibility for the contents of this Product Highlights Sheet. The Securities Commission Malaysia makes no representation on the accuracy or completeness of this Product Highlights Sheet, and expressly disclaims any liability whatsoever arising from, or in reliance upon, the whole or any part of its contents.

This Product Highlights Sheet only highlights the key features and risks of the Hong Leong ASEAN-5 Equity Fund. Investors are advised to request, read and understand the disclosure documents before deciding to invest.

PRODUCT HIGHLIGHTS SHEET

HONG LEONG ASEAN-5 EQUITY FUND

BRIEF INFORMATION ON THE FUND

1. What is this fund about?

Hong Leong ASEAN-5 Equity Fund (“HLA5EF” or the “Fund”) is an equity fund managed by Hong Leong Asset Management Bhd (the “Manager”) that aims to achieve medium to long-term¹ capital growth by investing in a portfolio of investments in 5 South-East Asia markets, namely Malaysia, Singapore, Indonesia, Thailand and Philippines.

FUND SUITABILITY

2. Who is this fund suitable for?

HLA5EF is suitable for investors who:

- have a medium to long-term¹ investment horizon;
- want to participate in the 5 South-East Asia markets, namely Malaysia, Singapore, Indonesia, Thailand and Philippines;
- seek capital appreciation over a medium to long-term¹; and
- are willing to assume higher risk in their investments to obtain potentially higher returns.

KEY FUND FEATURES

3. What am I investing in?

Category of fund	Equity
Type of fund	Growth
Investment objective	The Fund aims to achieve a medium to long-term ¹ capital growth by investing in a portfolio of investments in 5 South-East Asia markets, namely Malaysia, Singapore, Indonesia, Thailand and Philippines.
Asset allocation (% of the Fund’s net asset value (“NAV”))	<ul style="list-style-type: none"> • Equities: Minimum 70% and Maximum 98% • Liquid assets: Minimum 2% <p><i>Note: The Fund will hold sufficient cash for liquidity purposes.</i></p>
Performance benchmark	FTSE/ASEAN 40 Index.
Investment process and strategy	<p>The Fund seeks to achieve its investment objective by investing in a diversified portfolio of equities comprising blue chip stocks and index stocks listed in 5 South-East Asia markets, namely Malaysia, Singapore, Indonesia, Thailand and Philippines.</p> <p>The Fund’s investments may include derivatives such as futures, options, forwards and swaps to hedge against investment risks such as market risk, interest rate risk and currency risk. The Fund’s exposure from derivatives position will not exceed the Fund’s NAV at all times.</p>
Distribution policy	<p>Income distributions will be incidental to the overall capital growth objective*. A substantial portion of the income returns from investments will be reinvested. Any distribution is subject to the availability of realised income and/or gains.</p> <p>The Fund may declare distribution in the form of additional units to its unit holders. Income distributed will be reinvested into additional units unless unit holders opt for the distribution to be paid out.</p> <p>The Manager’s intention is to declare distributions out of the income and/or capital** of the Fund after deducting fees and expenses incurred by the Fund. The Manager has the right to distribute all or parts of its distributable income and it may vary from time to time depending on the market condition. In the event the Fund does not have sufficient realised gains or income to declare distribution from the current financial year, the Manager may distribute out of capital** to return a portion of capital growth to unit holders. The rationale is to maintain the consistency in distribution that has been the practice of the Manager. Distribution out of capital** carries the risk of eroding the capital of the Fund and as a result the value of future returns may be diminished. The Manager will distribute out of capital after taking into consideration the risk of capital erosion and the risk that the investment objective of capital growth might not be met.</p> <p><i>Notes:</i> * In relation to distribution policy, the focus of the Fund is to secure medium and long-term capital growth. ** Capital refers to unrealised income or unrealised gain.</p>

Note:

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

Launch date	Class A: 9 January 2017 Class B: 27 February 2023
Initial Offer Price	Class A: RM0.5000 per unit* Class B: RM0.5000 per unit *The IOP of Class A has ended.
Initial Offer Period (IOP)	Class A: The IOP of Class A has ended. Class B: The IOP will be one (1) calendar day which is on the date of the Master Prospectus.

4. Who am I investing with?

Manager	Hong Leong Asset Management Bhd [199401033034 (318717-M)].
Trustee	Maybank Trustees Berhad [196301000109 (5004-P)].

5. What are the possible outcomes of my investment?

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

KEY RISKS

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

General risks

Market risk	Market risk refers to the potential losses that may arise from adverse changes in the market prices of the investments of the Fund. Prices of securities that a Fund has invested in may fluctuate in response to market developments (such as adverse changes in government regulations and policies, economic developments, investor sentiment, inflation, interest rates and exchange rates), which would then affect the Fund's NAV per unit.
Liquidity risk	<p>Liquidity risk comprises two broad risk types; Market Liquidity Risk and Funding Liquidity Risk. Market Liquidity Risk is defined as the ease with which a security can be sold at or near its fair value depending on the trading volume of that security in the market. If the Fund holds a large portfolio of securities that are less liquid, the securities may have to be sold at unfavourable prices and/or withdraw deposits placed with financial institutions prior to maturity which would expose the Fund to a higher degree of market liquidity risk. As such any premature withdrawal of deposits where interest income may be forfeited or forced sale of the Fund's investment to meet any shortfall will have adverse impact on the Fund's NAV per unit and subsequently the value of unit holders' investments in the Fund.</p> <p>Funding Liquidity Risk is defined as the risk that the Fund will not be able to meet efficiently both the expected and unexpected current and future cash outflow. The risk primarily involves the Fund's inability to meet redemption requests without major distortion to the portfolio allocation.</p> <p>To mitigate this risk, the Manager will employ prudent liquidity management such as cash flow and redemption monitoring to ensure that the Fund maintains reasonable levels of liquidity to meet any redemption request supplemented by a temporary defensive strategy should adverse conditions prevail. The Manager will apply Liquidity Risk Management tools inclusive of liquidity Stress Test to assess the Fund's viability to meet expected and unexpected redemptions under adverse scenarios. Additionally, the Manager will employ liquidity risk scoring. The liquidity risk scoring is part of the calculation of the risk profile of the fund. It measures the liquidity profile of the investments and is able to trigger the Manager on the investments that have a worsened liquidity positions.</p> <p>The Manager may, in consultation with the Trustee, suspend dealing in units under exceptional circumstances where there is sufficient reason to do so having regard to the interests of the unit holders in an effort to further curtail the liquidity risk experienced by the Fund. Exceptional circumstances can be considered where the market value or fair value of a material portion of the fund's assets cannot be determined.</p>
Fund management risk	The performance of the Fund is dependent on the experience, knowledge, expertise and investment strategies adopted by the personnel of the Manager. Lack of experience, knowledge and expertise, as well as poor execution of the investment strategy or general management of the Fund may jeopardise the unit holders' capital and returns. In view of this, proper training and stringent selection of personnel to manage the Fund is crucial towards mitigating this risk.

Non-compliance risk	This is the risk where the Manager does not comply with the provisions as set out in the Fund's deed; or the laws/guidelines that govern the Fund; or its internal procedures and policies. The non-compliance could be due to several factors such as a result of human errors and oversight system failures or fraudulent acts by the Manager. Any non-compliance may adversely affect the Fund's NAV per unit, especially in situations where the Manager is forced to sell the investments of the Fund at unfavourable prices to resolve the non-compliance. The Manager has imposed stringent internal compliance controls to mitigate this risk.
Warrant risk	Warrants have a limited life, as denoted by the expiry date of each issue. After this date, warrants can no longer be traded or exercised. Hence, the warrants are worthless after their expiry date. It must also be noted that warrants experience time decay (erosion of their time value) throughout their life, and that the rate of this decay accelerates as warrants near expiry.
Loan financing risk	The risk occurs when investors take a loan to finance their investment. The inherent risk of investing with borrowed money includes investors being unable to service the loan repayments. In the event units are used as collateral, an investor may be required to top-up the investors existing instalment if the prices of units fall below a certain level due to market conditions. Failing which, the units may be sold at a lower NAV per unit as compared to the NAV per unit at the point of purchase towards settling the loan. <i>Please see unit trust loan financing risk disclosure statement in the account opening form (individual) section.</i>
Inflation/purchasing power risk	This refers to the likelihood that a unit holder's investments are not growing at a rate equal or greater than the inflation rate, thus resulting in the unit holder's decreasing purchasing power.
Suspension of repurchase request risk	Having considered the best interest of unit holders, the repurchase requests by the unit holders may be subject to suspension due to exceptional circumstances, where the market value or fair value of a material portion of the fund's assets cannot be determined. In such case, unit holders will not be able to redeem their units and will be compelled to remain invested in the Fund for a longer period of time than original timeline. Hence, their investments will continue to be subject to the risk inherent to the Fund.

Specific risks

Particular security risk	The performance of each individual security that the Fund invests in will affect the price of units. The performance of each security is dependent on factors which include but are not limited to the management quality of the particular company, its growth potential, changes in consumer tastes and preferences, and conditions specific to the industry of the security that the Fund has invested in. Valued collectively, the performance of individual securities will cause the Fund's NAV per unit to rise or fall accordingly. The Fund's NAV per unit is also dependent on the weightage of the individual securities within the Fund's portfolio. This risk is managed by adherence to a strict investment decision-making process which is applied in the security selection process and involves conducting primary and secondary research on factors relevant to each individual security issuer. For each security, emphasis will be on the company's industry and business outlook, management track record, financial health, earnings quality, growth potential and other financial valuations.
Single issuer risk	The Fund may invest a greater portion of its assets in a single issuer, and as such, the Fund is susceptible to any adverse developments affecting the single issuer held in its portfolio. Any changes in the financial condition of the single issuer may cause fluctuations in the Fund's NAV. The Manager seeks to mitigate this risk by conducting fundamental research prior to its investments, where the Manager will conduct thorough analysis of the issuer's financial statements by assessing its potential earnings growth, cash flow sustainability, debt manageability as well as historical financial performance.
Currency risk	This risk is associated when the Fund has investments that are denominated in foreign currency. Any fluctuations in the currency exchange rates can affect the Fund's foreign investments when it is converted back to the Fund's base currency in RM, and subsequently affect the Fund's NAV per unit. Investors should be aware that if the currencies in which the investments are denominated depreciate against the base currency, this will have an adverse effect on the NAV of the Fund in the base currency and vice versa. Investors should note that any 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 also ensure all the necessary licenses/permits for investments are applied for in countries that require such licenses/permits. The Manager will seek to invest in other accessible markets if the Manager is unable to obtain the necessary licenses/permits in those countries, or that such licenses/permits are revoked or not renewed.

Emerging markets risk	This risk is associated with the Fund's investments in emerging markets. Emerging markets such as Malaysia, Indonesia, Thailand and Philippines 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.
Repatriation risk	Investments in some emerging markets could be adversely affected by delays in, or refusal to grant relevant approvals for the repatriation of funds or by any official intervention affecting the process of settlement of transactions. This could arise due to the imposition of new exchange control policies.

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

FEES & CHARGES

7. What are the fees and charges involved?

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

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

	Class A	Class B
Sales charge¹	There is no sales charge imposed for this Fund.	Up to 6.00%
Redemption charge/Exit fee¹	2% of the NAV per unit at the point of redemption.	No redemption charge is imposed upon redemption of units.
Switching fee¹	There is no switching fee imposed for switching-in to the Fund. Switching-out is treated as a withdrawal and an Exit fee of 2% will be imposed.	There is no switching fee imposed on switching of units.
Transfer fee¹	No transfer fee imposed on the transfer of units to a transferee.	

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

	Class A	Class B
Annual management fee¹	Up to 1.80% per annum of the Fund's NAV, calculated and accrued on a daily basis.	
Annual trustee fee¹	Up to 0.08% per annum of the Fund's NAV subject to a minimum of RM9,000 per annum.	

VALUATIONS AND EXITING FROM INVESTMENT

8. How often are valuations available?

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

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

Cooling-off right

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

The cooling-off period for the Fund is six (6) Business Days² commencing from the date the Manager receives the application for purchase of units.

A cooling-off right is only given to individual investors, who are investing in any of the Manager's fund(s) for the first time. However, the following persons and/or institutions are not entitled to the cooling-off right (as stipulated under the Guidelines on Unit Trust Funds issued by the Securities Commission Malaysia):-

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

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

- if the original price of a unit is higher than the price of a unit at the point of exercise of the cooling-off right ("market price"), the market price at the point of cooling-off; or
- if the market price is higher than the original price, the original price at the point of cooling-off; and
- the sales charge per unit originally imposed on the day the units were purchased.

Notes:

¹ The fees and charges stated are subject to any applicable taxes and/or duties and at such rate as may be imposed by the government from time to time. The Manager/Trustee (where applicable) shall have the right to charge and recover from the Fund any applicable taxes and/or duties now or hereafter imposed by law or required to be paid in connection with the products or services provided by the Manager/Trustee (where applicable).

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

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

Redemption of Units

- An Exit fee of 2% is imposed upon redemption of units for Class A only.
- Minimum redemption of units is 1,000 units.
- No restriction on the frequency of redemption.
- Cut-off time for any redemption requests is at 4.00 p.m. on every Business Day¹.
- For partial redemption, you must maintain a minimum balance of 1,000 units in the Fund. Otherwise, the Manager will automatically effect a full redemption and inform the unit holder thereafter.
- Payment will be made to you within seven (7) Business Days¹.
- Payment can be made either via cheque, telegraphic transfer to Hong Leong Bank Berhad or participating banks' Giro account.

Transfer of Units

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

Switching of Units

- Switching out is treated as a withdrawal from the Fund and investment into another fund.

FUND PERFORMANCE

10. Information on Fund Performance

(a) Average total return for the following periods ended 30 November 2023 – Class A

	1-year	3-year	5-year	Since launch[#]
HLA5EF Class A (%)	-2.81	-0.23	3.29	1.80
FTSE ASEAN 40 (%)	-0.12	6.69	0.89	1.98

[#]The figure shown is for the period since launch of the Fund (9 January 2017)

Total return for the following period ended 30 November 2023 – Class B

	Since launch[#]
HLA5EF Class B (%)	-2.08
FTSE ASEAN 40 (%)	1.12

[#]The figure shown is for the period since launch of the Fund (27 February 2023)

Average total return for periods more than one (1) year are not available as the period since the Fund's launch is less than one (1) year.

(b) Annual total return for the financial years ended 30 November – Class A

	2023	2022	2021	2020	2019	2018	2017[#]
HLA5EF Class A (%)	-2.81	-0.76	2.95	20.82	-2.92	-10.10	7.34
FTSE ASEAN 40 (%)	-0.12	12.78	6.59	-13.25	0.29	-1.48	10.40

[#]The figure shown is for the period since launch of the Fund (9 January 2017)

Annual total return for the financial period ended 30 November – Class B

	2023[#]
HLA5EF Class B (%)	-2.08
FTSE ASEAN 40 (%)	1.12

[#]The figure shown is for the period since launch of the Fund (27 February 2023)

Source: Lipper for Investment Management.

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

1-Year fund performance review

HLA5EF Class A posted a return of -2.81% for the financial year ended 30 November 2023 while its benchmark the FTSE ASEAN 40 Index registered a return of -0.12%.

Fund performance review

HLA5EF Class B posted a return of -2.08% for the financial period ended 30 November 2023 while its benchmark the FTSE ASEAN 40 Index registered a return of 1.12%.

(c) Basis of calculation

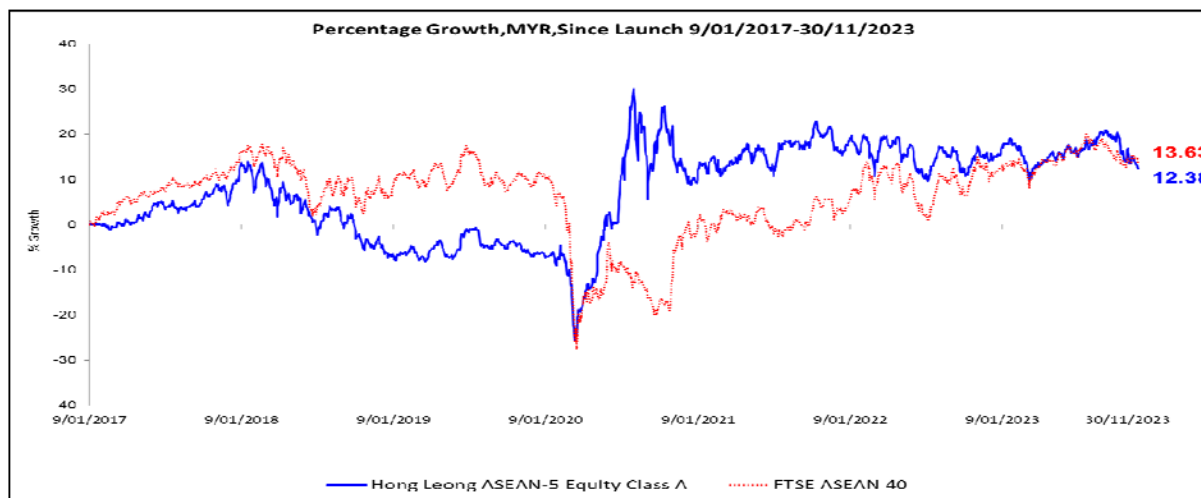
Percentage Growth, NAV Per Unit-to-NAV Per Unit basis with gross income (if any) from HLA5EF reinvested and in MYR terms.

Note:

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

(d) Performance in Chart

HLA5EF Class A

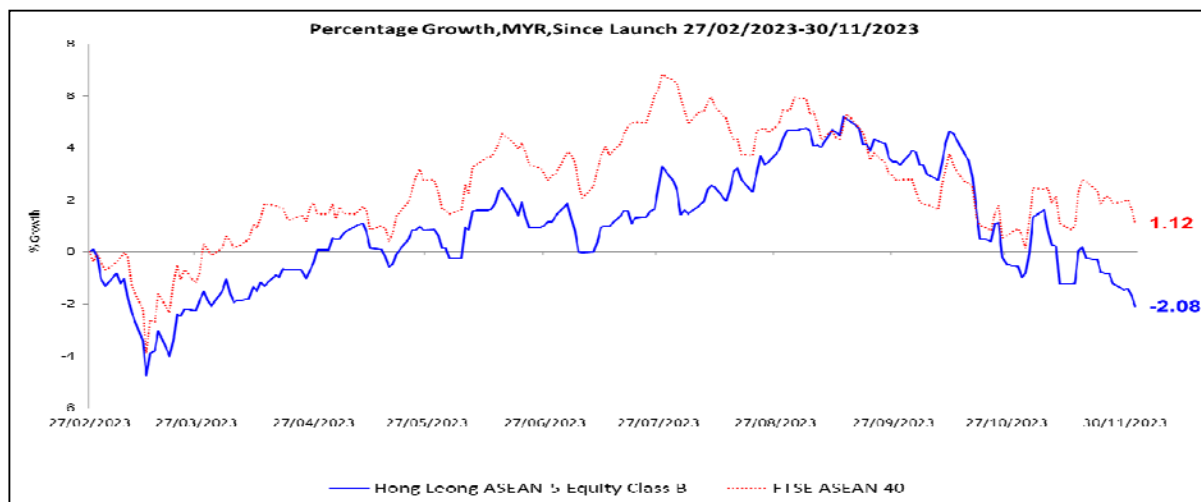


Source: Lipper for Investment Management.

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

Since launch, HLA5EF Class A has posted a return of 12.38% while its benchmark the FTSE ASEAN 40 Index has registered a return of 13.63%.

HLA5EF Class B



Source: Lipper for Investment Management.

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

Since launch, HLA5EF Class B has posted a return of -2.08% while its benchmark the FTSE ASEAN 40 Index has registered a return of 1.12%.

(e) Portfolio turnover ratio (PTR)

	Financial year ended 30 November		
	2023	2022	2021
PTR of the Fund (times)	0.72	0.92	0.93

The Fund recorded a lower PTR of 0.72 times during the financial year ended 2023 from 0.92 times during the financial year ended 2022 on account of lower level of rebalancing activities performed by the Fund.

(f) Distribution – Class A

Financial year	Additional units	Cash distribution
2021	-	-
2022	-	Gross 3.5000 sen/unit Net 3.5000 sen/unit
2023	-	Gross 3.5000 sen/unit Net 3.3850 sen/unit

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

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

CONTACT INFORMATION

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

- For internal dispute resolution, you may contact:

Hong Leong Asset Management Bhd
Level 18, Block B, Plaza Zurich
No. 12, Jalan Gelenggang
Bukit Damansara
50490 Kuala Lumpur
Tel : 03-2081 8600
Fax : 03-2081 8500
Website : www.hlam.com.my
E-mail : inquiry@hlam.hongleong.com.my
- If you are dissatisfied with the outcome of the internal dispute resolution process, please refer your dispute to the Securities Industry Dispute Resolution Center (SIDREC):

(a) via phone to : 03-2282 2280
(b) via fax to : 03-2282 3855
(c) via e-mail to : info@sidrec.com.my
(d) via letter to : Securities Industry Dispute Resolution Center (SIDREC)
Unit A-9-1, Level 9, Tower A
Menara UOA Bangsar
No. 5, Jalan Bangsar Utama 1
59000 Kuala Lumpur
- You can also direct your complaint to the Securities Commission Malaysia (SC) even if you have initiated a dispute resolution process with SIDREC. To make a complaint, please contact the SC's Consumer & Investor Office:

(a) via phone to the Aduan Hotline at : 03-6204 8999
(b) via fax to : 03-6204 8991
(c) via e-mail to : aduan@seccom.com.my
(d) via online complaint form available at : www.sc.com.my
(e) via letter to : Consumer & Investor Office
Securities Commission Malaysia
3 Persiaran Bukit Kiara
Bukit Kiara
50490 Kuala Lumpur
- Federation of Investment Managers Malaysia (FIMM)'s Complaints Bureau:

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