

# HONG LEONG ISLAMIC ASSET MANAGEMENT SDN BHD

## HONG LEONG DANA ABADI

### RESPONSIBILITY STATEMENT

This Product Highlights Sheet has been reviewed and approved by the directors of Hong Leong Islamic Asset Management Sdn 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 relevant information and document in relation to the Hong Leong Dana Abadi, including a copy of this Product Highlights Sheet has been lodged with the Securities Commission Malaysia under the Lodge and Launch Framework.

The lodgment of the relevant information and document in relation to the Hong Leong Dana Abadi, including this Product Highlights Sheet, should not be taken to indicate that the Securities Commission Malaysia recommends the Hong Leong Dana Abadi or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Product Highlights Sheet.

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### ADDITIONAL STATEMENT

Hong Leong Dana Abadi has been certified as being Shariah-compliant by the Shariah adviser appointed for the Fund.

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

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## PRODUCT HIGHLIGHTS SHEET

# HONG LEONG DANA ABADI

## BRIEF INFORMATION ON THE FUND

### 1. What is this fund about?

Hong Leong Dana Abadi (“HLDA” or the “Fund”) is an Islamic fixed income wholesale fund managed by Hong Leong Islamic Asset Management Sdn Bhd (the “Manager”) that aims to provide investors with a low risk investment portfolio by offering a regular stream of income while adhering to Shariah requirements.

## FUND SUITABILITY

### 2. Who is this fund suitable for?

HLDA is suitable for sophisticated investors who:

- are looking for Islamic investments;
- are generally conservative and risk averse;
- prefer a short to medium-term investment horizon; and
- desire a regular stream of income.

The Fund has a Product Risk Rating of ‘Low Risk’.

## KEY FUND FEATURES

### 3. What am I investing in?

<b>Category of fund</b>	Islamic fixed income (Wholesale)
<b>Type of fund</b>	Income
<b>Investment objective</b>	<p>The Fund aims to provide investors with a low risk investment portfolio by offering a regular stream of income<sup>1</sup> while adhering to Shariah requirements.</p> <p><i>Note:</i>  <sup>1</sup> Income distributed will be automatically reinvested based on the Fund's net asset value per unit, computed at the close of the reinvestment date (i.e. first Business day following the date of declaration for distributions).</p>
<b>Asset allocation (% of the Fund's net asset value (“NAV”))</b>	<ul style="list-style-type: none"> <li>• Sukuk issued or guaranteed by the Government of Malaysia: Minimum of 30%</li> <li>• Islamic money market instruments, Islamic deposits and Islamic Investment Account products: Maximum of 70%</li> </ul>
<b>Performance benchmark</b>	Malayan Banking Berhad 12-month Islamic Fixed Deposit - i
<b>Investment process and strategy</b>	<p>To achieve the Fund's investment objective, the Fund intends to invest a minimum of 30% of its NAV in sukuk issued or guaranteed by the Government of Malaysia and a maximum of 70% of its NAV in Islamic money market instruments, Islamic deposits and Restricted/Unrestricted Investment Account (“RIA/URIA”) products classified as Islamic investment account based on profit sharing contract.</p> <p>The sukuk asset class will inherently experience mark-to-market volatility whenever there is a change in interest rates. To minimise mark-to-market volatility, the Fund intends to maintain a low portfolio duration by focusing short to medium tenured sukuk (e.g. maturities of up to 10 years) issued or guaranteed by the Government of Malaysia. The Fund may also invest up to 70% of the Fund's NAV in Islamic money market instruments, Islamic deposits and RIA/URIA to further reduce mark-to-market volatility and provide regular and stable income. In the event a sukuk guaranteed by the Government of Malaysia loses its guarantee, the Manager shall take steps to replace the said sukuk within six (6) months.</p> <p>The Manager will adopt a prudent selection process and rigorous credit assessment to ensure that the Fund will only place Islamic deposits or Islamic money market instruments or invest in RIA/URIA products with credit-worthy Islamic financial institutions in Malaysia.</p> <p>The Fund's investment with any Islamic financial institutions must have a credit rating of at least “A3” or “P2” as rated by RAM, or its equivalent ratings by another registered rating agency, at the point of investment. In the event of a downgrade in the rating of an Islamic financial institution below the minimum requirement with which the Fund has investments with, the Manager shall withdraw the investment in Islamic deposits or RIA/URIA products and/or sell the Islamic money market instruments within a reasonable time frame.</p>

<b>Distribution policy</b>	<p>The Fund intends to provide unit holders with regular distribution of income. As such, distribution of income will be declared on a monthly basis, subject to the availability of income. Income distributed will be reinvested into additional units unless unit holders opt for the distribution to be paid out.</p> <p>The Manager's current intention is to declare distributions out of the income and/or capital* of the Fund after deducting fees and expenses incurred by the Fund. Income distribution may be declared out of capital* if the Fund does not have sufficient net realized gains or net realized income from the current financial year. The rationale for providing for payment of distribution out of capital* is to allow for the ability to provide a stable and consistent level of distribution to unit holders. 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.</p> <p><i>Note:</i> * Capital refers to unrealised income or unrealised gain.</p>
<b>Launch date</b>	30 November 2023

#### 4. Who am I investing with?

<b>Manager</b>	Hong Leong Islamic Asset Management Sdn Bhd [198501008000 (140445-U)]
<b>Trustee</b>	CIMB Islamic Trustee Berhad [198801000556 (167913-M)]
<b>Shariah Adviser</b>	Masryef Advisory Sdn Bhd [201901030636 (1339966-H)]

#### 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 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, the unit holder 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

<b>Market risk</b>	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 instruments 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.
<b>Fund management risk</b>	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 jeopardize 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.
<b>Non-compliance risk</b>	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.
<b>Financing risk</b>	The risk occurs when unit holders take a financing to finance their investment. The inherent risk of investing with financing includes unit holders being unable to service the financing payments. In the event units are used as collateral, unit holders may be required to top-up the 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 financing.
<b>Shariah Non-Compliance Risk</b>	This risk refers to the risk that the currently held Shariah-compliant instruments in the Fund may be reclassified as Shariah non-compliant in the periodic review by the Shariah Adviser. If this occurs, the Manager will take the necessary steps to dispose such securities. There may be opportunity loss to the Fund due to the Fund not being allowed to retain the excess capital gains or profit derived from the disposal of the Shariah non-compliant investment from the date of the reclassification to the date of the disposal.
<b>Inflation/Purchasing power risk</b>	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.

## **Specific risks**

<b>Credit/default risk</b>	<p>Credit risk relates to the creditworthiness of the issuer of the sukuk/Islamic money market instruments and the issuer's ability to make timely payments of profit and/or principal. If the issuer fails to meet its sukuk/Islamic money market instruments payment obligation in a timely manner, it will lead to a loss in principal and/or profit and result in a default on the payment of principal and/or profit accrued and cause a decline in the value of the defaulted sukuk/Islamic money market instruments and subsequently affect the Fund's NAV per unit. The Fund's credit/default risk can be mitigated through a rigorous and disciplined credit research and analysis to ascertain the creditworthiness of the issuer of sukuk/Islamic money market instruments prior to the investments. In addition, the Manager may also mitigate this risk by diversifying its investments in sukuk/Islamic money market instruments across many issuers. The Manager reserves the right to deal with rating downgrade of an investment in the best interest of the unit holders including to dispose the invested sukuk/Islamic money market instrument within a reasonable time frame if the downgrade is below the stipulated minimum rating.</p>
<b>Interest rate risk</b>	<p>This risk refers to the effect of interest rate changes on the market value of the Fund's investments in sukuk/Islamic money market instruments. In the event of rising interest rates, prices/valuation of sukuk/Islamic money market instruments tend to move inversely. Meanwhile, sukuk/Islamic money market instruments with longer maturities and lower profit rates are more sensitive to interest rate changes. This risk can be mitigated via the management of the duration structure of the sukuk/Islamic money market instruments portfolio by diversifying the investments in sukuk/Islamic money market instruments across different maturities (e.g. one year, three years and five years) and investing in short-term (i.e. less than three years) sukuk/Islamic money market instruments.</p>
<b>Single issuer risk</b>	<p>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.</p>
<b>Counterparty risk</b>	<p>The Fund's placements of Islamic deposits, investments in Islamic money market instruments and RIA/URIA products with Islamic financial institutions are subject to the risk of the counterparty. Counterparty risk also refers to the possibility that the counterparty being unable to make timely payments of profit and/or principal payment on the maturity date. This may then lead to a default in the payment and/or profit and ultimately, affect the NAV per Unit of the Fund. To mitigate this risk, the Manager will ascertain the creditworthiness of the Islamic financial institutions/counterparties of the Islamic money market instruments and Islamic deposits through a rigorous and disciplined credit research and analysis prior to its investments.</p>
<b>Liquidity risk</b>	<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 Shariah-compliant 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 Shariah-compliant securities that are less liquid, the Shariah-compliant securities may have to be sold at unfavourable prices and/or withdraw Islamic 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 Islamic deposits where profit 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.</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>
<b>Reinvestment risk</b>	<p>This risk is more prevalent during times of declining profit rates when the Fund has received its principal and profit earned from a maturing Islamic deposits and/or Islamic money market instruments. As a result, the Fund has to reinvest the above proceeds in new Islamic deposits or Islamic money market instruments offering a lower return than the previous Islamic deposits or Islamic money market instruments.</p>

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

## FEE & CHARGES

### 7. What are the fees and charges involved?

**There are fees and charges involved and sophisticated 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:

<b>Sales charge</b>	Up to 3.00% of the Fund's NAV per unit.
<b>Redemption charge</b>	There is no redemption charge imposed by the Manager.
<b>Switching fee</b>	There is no switching fee imposed on switching of units.
<b>Transfer fee</b>	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:

<b>Annual management fee<sup>1</sup></b>	Up to 2.00% per annum of the Fund's NAV, calculated on a daily basis.
<b>Annual trustee fee<sup>1</sup></b>	Up to 0.05% per annum of the Fund's NAV, subject to a minimum of RM12,000 per annum and capped at a maximum of RM500,000 per annum.

## VALUATIONS AND EXITING FROM INVESTMENT

### 8. How often are valuations available?

The NAV per unit of the Fund is determined on each Business Day<sup>2</sup>. The daily NAV per unit of the Fund can be obtained from the Manager's website at [www.hlam.com.my/hlisam/home](http://www.hlam.com.my/hlisam/home) or our branch offices. Alternatively, investors 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

A cooling-off right refers to the right of a unit holder to obtain a refund of the unit holder's investment in the Fund, if the unit holder so requests within the cooling-off period. However, the cooling-off right is not applicable for this Fund.

#### Redemption of Units

- There is no redemption charge for redeeming units of the Fund. The minimum redemption of units is 1,000 units for each request on any Business Day<sup>2</sup>, subject to a minimum account balance.
- Units can be redeemed during normal business or banking hours at the Manager's head office or branches no restriction on the frequency for redemption.
- All applications must be accompanied with the relevant documents.
- Any application for redemption of units that are received by the Manager after 4.00 p.m. on a Business Day<sup>2</sup> will be deemed as transacted on the next Business Day<sup>1</sup> and would only be processed at the next Business Day<sup>2</sup>.
- Generally, unit holders will be paid within 7 (seven) business days from the date the redemption request is received by the Manager.
- The Manager reserves the right to reject any application that is not complete and/or not accompanied by the required documents.

#### Transfer of Units

- Transfer of units is allowed for this Fund either fully or partially. The minimum transfer is 10,000 units.
- A Unit holder (the transferor) may transfer units held in the Fund to another person (the transferee), who must qualify as a Sophisticated Investor and satisfy the entry requirements of the Manager.
- The transfer must be made in terms of Units and not in terms of RM value.

#### Switching of Units

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

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

Note:

<sup>1</sup> All fees and charges and/or sum set out 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).

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

## CONTACT INFORMATION

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

1. *For internal dispute resolution, you may contact:*  
**Hong Leong Islamic Asset Management Sdn 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/hlisam/home](http://www.hlam.com.my/hlisam/home)  
E-mail : [inquiry@hlisam.hongleong.com.my](mailto:inquiry@hlisam.hongleong.com.my)
2. *If you are dissatisfied with the outcome of the internal dispute resolution process, please refer your dispute to the Securities Industries 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](mailto: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
3. *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](mailto:aduan@seccom.com.my)  
(d) *via online complaint form available at* : [www.sc.com.my](http://www.sc.com.my)  
(e) *via letter to* : Consumer & Investor Office  
Securities Commission Malaysia  
3 Persiaran Bukit Kiara  
Bukit Kiara  
50490 Kuala Lumpur
4. *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](mailto:complaints@fimm.com.my)  
(c) *via online complaint form available at* : [www.fimm.com.my](http://www.fimm.com.my)  
(e) *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