



هونغ ليونغ اسلاميك أسيت مينيجمن

HongLeong Islamic Asset Management

Replacement Information Memorandum

Hong Leong Islamic Cash Management Fund

MANAGER:

**HONG LEONG ISLAMIC ASSET MANAGEMENT SDN BHD
[198501008000 (140445-U)]**

(Formerly known as Hong Leong Fund Management Sdn Bhd)

TRUSTEE:

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

THIS REPLACEMENT INFORMATION MEMORANDUM FOR THE **HONG LEONG ISLAMIC CASH MANAGEMENT FUND** IS DATED 1 MAY 2020.

SOPHISTICATED INVESTORS ARE ADVISED TO READ THE REPLACEMENT INFORMATION MEMORANDUM AND OBTAIN PROFESSIONAL ADVICE BEFORE SUBSCRIBING TO THE FUND.

THIS REPLACEMENT INFORMATION MEMORANDUM DATED 1 MAY 2020 SUPERCEDES THE:

- (a) REPLACEMENT INFORMATION MEMORANDUM FOR THE HONG LEONG ISLAMIC CASH MANAGEMENT FUND DATED 2 NOVEMBER 2015;**
- (b) SUPPLEMENTARY INFORMATION MEMORANDUM FOR THE HONG LEONG ISLAMIC CASH MANAGEMENT FUND DATED 23 JUNE 2016;**
- (c) 2nd SUPPLEMENTARY INFORMATION MEMORANDUM FOR THE HONG LEONG ISLAMIC CASH MANAGEMENT FUND DATED 17 MARCH 2017; AND**
- (d) 3rd SUPPLEMENTARY INFORMATION MEMORANDUM FOR THE HONG LEONG ISLAMIC CASH MANAGEMENT FUND DATED 18 JANUARY 2018**

RESPONSIBILITY STATEMENTS

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

STATEMENTS OF DISCLAIMER

The Securities Commission Malaysia has authorised the Hong Leong Islamic Cash Management Fund, the subject of this Replacement Information Memorandum, and the authorisation shall not be taken to indicate that the Securities Commission Malaysia recommends the investment.

The Securities Commission Malaysia will not be liable for any non-disclosure on the part of Hong Leong Islamic Asset Management Sdn Bhd, the management company responsible for the said Fund and takes no responsibility for the contents in this Replacement Information Memorandum. The Securities Commission Malaysia makes no representation on the accuracy or completeness of this Replacement Information Memorandum, 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 and regulations including any statement in the Replacement Information Memorandum that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the Replacement Information Memorandum or the conduct of any other person in relation to the Fund.

Hong Leong Islamic Cash Management Fund has been certified as Shariah-compliant by the Shariah adviser appointed for 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 of the operator of the Malaysian stock exchange.
Business Day	A day (other than Saturday, Sunday and public holidays) on which the Manager is open for business and Bursa Malaysia is open for trading.
CMSA or the Act	Capital Markets and Services Act 2007 and any amendments made thereto.
Deed	The deed dated 25 November 2013 as amended by the first supplemental deed dated 25 March 2015 and the second supplemental deed dated 27 April 2020 entered into between the Manager and the Trustee for the Unitholders of the Fund, including any supplementary deeds thereto.
DTMB or the Trustee	Deutsche Trustees Malaysia Berhad [200701005591 (763590-H)].
Forward Price	The Selling Price or Redemption Price of the Fund calculated based on the NAV per Unit of that Fund at the next valuation point after the application to purchase or redeem Units is received by the Manager respectively.
Guidelines	Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by the Securities Commission including any amendments made thereto.
HLISAM or the Manager	Hong Leong Islamic Asset Management Sdn Bhd [198501008000 (140445-U)].
HLICMF or the Fund	Hong Leong Islamic Cash Management Fund.
Replacement Information Memorandum	Refers to this information memorandum of the Hong Leong Islamic Cash Management Fund, including any supplementary or replacement information memorandum thereto.

Latest Practicable Date (LPD)	Refers to 16 April 2020 and is the latest practicable date whereby the information disclosed in this Replacement Information Memorandum shall remain relevant and current as at the date of issue of this Replacement Information Memorandum.
MARC	Malaysian Rating Corporation Berhad [199501035601 (364803-V)].
Masryef or Shariah adviser	The Shariah adviser appointed for the Fund.
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 the valuation point.
NAV per Unit	The NAV per Unit is the NAV of the Fund divided by the number of Units in circulation at the valuation point.
RAM	RAM Rating Services Berhad [200701005589 (763588-T)].
Redemption Price	Means 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.
SACSC	The Shariah Advisory Council of the Securities Commission.
Securities Commission	Securities Commission Malaysia.
Selling Price	Means 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.
Shariah adviser	Refers to Masryef Management House Sdn Bhd [201801004689 (1266703-K)] or any Shariah adviser appointed for the Fund which includes its permitted assigns, successors in title and any new or replacement Shariah adviser.

Shariah	Means Islamic Law comprising the whole body of rulings pertaining to human conducts derived from sources of Shariah.
Shariah Requirements	Refers to a phrase or expression which generally means making sure that any human conduct must not involve any prohibition and that in performing that conduct all the essential elements that make up the conduct must be present and each essential element must meet all the necessary conditions required by the Shariah for that element.
Single Pricing	Means 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. Any sales charge and redemption charge would be calculated separately based on your invested amount and redemption proceeds respectively.
Sophisticated Investor(s)	<p>This refers to:-</p> <ol style="list-style-type: none"> a) an individual whose total net personal assets, or total net joint assets with his or her spouse, exceed three million ringgit or its equivalent in foreign currencies, excluding the value of the individual's primary residence; b) an individual who has a gross annual income exceeding three hundred thousand ringgit or its equivalent in foreign currencies per annum in the preceding twelve months; c) an individual who, jointly with his or her spouse, has a gross annual income exceeding four hundred thousand ringgit or its equivalent in foreign currencies in the preceding twelve months; d) a corporation with total net assets exceeding ten million ringgit or its equivalent in foreign currencies based on the last audited accounts; e) a partnership with total net assets exceeding ten million ringgit or its equivalent in foreign currencies; f) a unit trust scheme or prescribed investment scheme; g) a private retirement scheme; h) a closed-end fund approved by the Securities Commission; i) a company that is registered as a trust company under the Trust Companies Act 1949 which has assets under management exceeding ten million ringgit or its equivalent in foreign currencies;

- j) a corporation that is a public company under the Companies Act 2016 which is approved by the Securities Commission to be a trustee under the CMSA and has assets under management exceeding ten million ringgit or its equivalent in foreign currencies;
- k) a statutory body established by an Act of Parliament or an enactment of any state in Malaysia;
- l) a pension fund approved by the Director General of Inland Revenue under section 150 of the Income Tax Act 1967;
- m) Central Bank of Malaysia established under the Central Bank of Malaysia Act 2009;
- n) a holder of a capital markets services license or an executive director or a chief executive officer of a holder of a capital markets services license;
- o) a licensed institution as defined in the Financial Services Act 2013;
- p) an Islamic bank as defined in the Islamic Financial Services Act 2013;
- q) an insurance company registered under the Financial Services Act 2013;
- r) a takaful operator registered under the Islamic Financial Services Act 2013;
- s) a bank licensee or insurance licensee as defined under the Labuan Financial Services and Securities Act 2010;
- t) an Islamic bank licensee or takaful licensee as defined under the Labuan Islamic Financial Services and Securities Act 2010; and
- u) any other investor as may be defined by the Securities Commission from time to time.

Special Resolution

Means a resolution passed at a meeting of Unitholders duly convened in accordance with the Deed and carried by a majority in number representing at least three-fourths of the value of the Units held by the Unitholders voting at the meeting in person or by proxy.

UIC

Refers to the Fund's Units in circulation.

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 Unitholder in the Fund and means a Unit of the Fund.

Unitholder(s)/ applicant(s)/ you

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

U.S. Person

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

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

2. CORPORATE DIRECTORY

MANAGER

HONG LEONG ISLAMIC ASSET MANAGEMENT SDN BHD [198501008000 (140445-U)]

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@hlisam.hongleong.com.my

TRUSTEE

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

Registered address/Place of business:

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

SHARIAH ADVISER

MASRYEF MANAGEMENT HOUSE SDN BHD [201801004689 (1266703-K)]

Registered & Business address:

7-1, Jalan Tasik Utama 6
Medan Niaga Tasik Damai
57100 Sungai Besi
Kuala Lumpur
Tel : +603-2710 9048
Fax : +603-9054 1182
Website : <https://www.masryef.com>

3. FUND INFORMATION

3.1. General Information of the Fund

		Page
Fund name	Hong Leong Islamic Cash Management Fund.	-
Fund category	Islamic fixed income (Wholesale).	-
Fund type	Income.	-
Launch date	4 December 2013.	-
Investment objective	<p>The Fund aims to provide regular income¹ while maintaining capital stability² by investing in Islamic deposits and/or Islamic money market instruments.</p> <p><i>Notes:</i> ¹ Income (if any) may be distributed in the form of cash and/or additional Units. ² Please take note that this Fund is not a capital guaranteed or capital protected fund and returns are not guaranteed.</p>	20
Asset allocation	Islamic deposits and/or Islamic money market instruments: 100% of the Fund's NAV.	21
Investment process and strategy	<p>To meet its investment objective, the Fund will invest in Islamic deposits with Islamic financial institutions and/or Islamic money market instruments. The Fund may invest in Islamic bankers' acceptances, Islamic bills and other Islamic money market instruments that are issued by Islamic financial institutions in Malaysia. The Fund may also invest in Islamic money market instruments that are issued by Bank Negara Malaysia or the Government of Malaysia. The duration of the invested Islamic money market instruments and/or Islamic deposits will vary in accordance with profit rate trends and market conditions.</p> <p>In selecting the Fund's investments in Islamic deposits and/or Islamic money market instruments, the Fund is actively managed and will adopt a prudent selection process and rigorous credit assessment to ensure that only appropriate investments in Islamic deposits and/or Islamic money market instruments are selected in accordance with the investment objective of the Fund.</p>	20

3. FUND INFORMATION

3.1. General Information of the Fund

		Page
	The Fund will only invest in Islamic deposits and/or Islamic money market instruments with any Islamic financial institution in Malaysia that has a credit rating of at least P1 or AA3 as rated by RAM, or its equivalent ratings by MARC. If the rating of the Islamic financial institution with which the Fund has invested its Islamic deposits and/or Islamic money market instruments is downgraded below the abovementioned ratings, the Manager will withdraw the invested Islamic deposits and/or sell the Islamic money market instruments, provided the terms of withdrawal and/or sale are favorable.	
Performance benchmark	<p>Bank Negara Malaysia Islamic Interbank Overnight Rate. Information on the benchmark can be obtained from http://iimm.bnm.gov.my/index.php?ch=7. Information on the benchmark can also be obtained from the Manager upon request, or from Lipper's website at www.lipperweb.com on a subscription basis.</p> <p>However, Unitholders should take note that the risk profile of the Fund is not the same as that of the selected performance benchmark. As the risk profile of the Fund is higher than that of the performance benchmark, the Fund may be expected to outperform the performance benchmark.</p>	21
General risks	Market risk, fund management risk; non-compliance risk; Shariah non-compliance risk; inflation/purchasing risk and financing risk.	17
Specific risks	Reinvestment risk; counterparty risk; and liquidity risk.	18
Investor profile	<p>This Fund is suitable for Sophisticated Investors who:</p> <ul style="list-style-type: none"> (i) have low risk tolerance; (ii) are seeking regular income¹; (iii) require a high level of liquidity²; and (iv) wish to park their excess funds in a stable³ Shariah-compliant investment vehicle. <p><i>Notes:</i></p> <p>¹ Income (if any) may be distributed in the form of cash and/or additional Units.</p> <p>² Redemption monies of this Fund will generally be paid on the following Business Day after receipt of the duly completed redemption request by the Manager. For more information, please refer to Section 6.4. - "Redemption of Units".</p> <p>³ Please take note that this Fund is not a capital guaranteed or capital protected fund and returns are not guaranteed.</p>	-

3. FUND INFORMATION

3.1. General Information of the Fund

		Page
Distribution policy	Distribution of income* will be on a quarterly basis, subject to the availability of income. <i>Note:</i> <i>* Income (if any) may be distributed in the form of cash and/or additional Units.</i>	23
Financial period	The Fund's financial period is a 12-month period ending on 28 February* each year. <i>*Note: 29th of February in the event of a leap year.</i>	-
Date of Deed	Principal deed: 25 November 2013 First supplemental deed: 25 March 2015 Second supplemental deed: 27 April 2020	-

3. FUND INFORMATION

3.2. Fees and Charges

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

		Page
Sales charge	There is no sales charge imposed by the Manager.	34
Redemption charge	There is no redemption charge imposed by the Manager.	34
Switching fee	There is no switching fee imposed on switching of Units.	34
Transfer fee	Not applicable. Transfer of Units is not permitted for the Fund.	34

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

		Page
Annual management fee*	0.20% per annum of the Fund's NAV, calculated on a daily basis.	34
Annual trustee fee*	Up to 0.01% per annum of the Fund's NAV, subject to a minimum of RM10,000 per annum.	34
Other Fund expenses	Brokerage fee (if any), professional fees and direct administration expenses.	34

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

Note:

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

3. FUND INFORMATION

3.3. Transactions

		Page
Investment options	Direct bank transfer Payment must be made payable to Hong Leong Islamic Asset Management Sdn Bhd.	-
Minimum initial and additional investment	RM100,000 or such other amount as the Manager may in its sole discretion allow.	28
Minimum redemption of Units	The minimum redemption of Units is 100,000 Units, subject to the minimum account balance requirement to stay invested in the Fund.	29
Frequency of investment	There is no restriction on the number of times when an application for purchase of Units can be made. <i>Note:</i> <i>The Manager reserves the right to reject any application for purchase of Units that is not complete and/or not accompanied by the required documents and payment.</i>	-
Frequency of redemption	There is no restriction on the number of times when an application for redemption of Units can be made. Redemption monies of this Fund will generally be paid on the following Business Day after receipt of the duly completed redemption request by the Manager. <i>Note:</i> <i>The Manager reserves the right to reject any application for redemption of Units that is not complete and/or not accompanied by the required documents.</i>	-
Minimum account balance	100,000 Units. The minimum account balance should be maintained otherwise full redemption will be effected.	32
Cooling-off right	Not applicable for this Fund.	32

3. FUND INFORMATION

3.3. Transactions

		Page
Switching of Units	Switching is a facility offered by the Manager to its existing Unitholders. This facility enables you to switch from units of one fund to units of other fund(s) managed by the Manager.	30
Transfer of Units	Transfer of Units is not allowed for this Fund.	30

UNIT PRICES AND DISTRIBUTIONS PAYABLE, IF ANY, MAY GO DOWN AS WELL AS UP.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE SOPHISTICATED INVESTORS, SEE SECTION 4 – “RISK FACTORS”.

SOPHISTICATED INVESTORS WHO INTEND TO FINANCE ANY INVESTMENT IN A SHARIAH-COMPLIANT WHOLESALE FUND ARE ADVISED TO SEEK FOR ISLAMIC FINANCING TO FINANCE THEIR INVESTMENT.

4. RISK FACTORS

4.1. General Risks

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

- **Market risk**
Market risk refers to the potential losses that may arise from changes in the value of the investments of the Fund 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.
- **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 Unitholders' capital and returns. In view of this, proper training and stringent selection of personnel to manage the Fund is crucial towards mitigating this risk.
- **Non-compliance risk**
This is the risk where the Manager does not comply with the provisions as set out in the Deed; or the laws/Guidelines that govern the Fund; or its internal procedures and policies. The non-compliance could be due to several factors such as a result of human errors and oversight or system failures. 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 an unfavorable price in order to resolve the non-compliance. In order to mitigate this risk, the Manager has imposed stringent internal compliance controls.
- **Shariah Non-Compliance Risk**
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.

- **Financing risk**
The risk occurs when Unitholders take a financing to finance their investment. The inherent risk of investing with financing includes Unitholders being unable to service the financing payments. In the event Units are used as collateral, Unitholder may be required to top-up the Unitholders 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.
- **Inflation/Purchasing risk**
This refers to the likelihood of a Unitholder's investments are not growing at a rate equal or greater than the inflation rate, thus resulting in the Unitholder's decreasing purchasing power.

4.2. Specific Risks

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

- **Reinvestment risk**
Interest rate changes may not have a direct impact on the Fund's investments in Islamic deposits and/or placements of Islamic money market instruments. However, interest rate changes will affect the Fund's investments when the Fund has received its principal and profit earned from a maturing Islamic deposit placement and/or Islamic money market instrument, and the Fund now wants to reinvest the proceeds in another similar investment. The risk is then that the new Islamic deposit placement and/or Islamic money market instrument may be at a lower return than the previous Islamic deposit placement and/or Islamic money market instrument.

The interest rate will have an impact on the management of the Fund regardless whether it is an Islamic fund or otherwise. It does not in any way suggest that the Fund will invest in conventional financial instruments.

- **Counterparty risk**
Counterparty risk refers to the risk that the counterparty (e.g. a financial institution) of the Islamic deposits and/or Islamic money market instruments with which the Fund has invested in fails to fulfill its obligations such as failing to make timely payments of profit and/or principal on the maturity date. This may then lead to a default in the payment of profit and/or principal and ultimately, affect the NAV per Unit of the Fund. To mitigate the Fund's counterparty risk when investing with a financial institution, the Fund will only invest with a financial institution in Malaysia that has a credit rating of at least P1 or AA3 as rated by RAM, or its equivalent ratings by MARC. In the event the Islamic financial institution which the Fund has invested its Islamic deposits and/or Islamic money market instruments with is

downgraded to below the abovementioned minimum ratings, the Manager will withdraw the invested Islamic deposits and/or sell the Islamic money market instruments, provided the terms of withdrawal and/or sale are favorable.

- **Liquidity risk**

This risk may arise when there are significant redemptions by Unitholders and the Manager could be forced to withdraw the Fund's investments in Islamic deposits and/or sell the Islamic money market instruments prior to the maturity of these investments. Such premature withdrawal of the Fund's investments in Islamic deposits and/or sale of Islamic money market instruments may result in a forfeit of the profit due to the Fund up until the date of the withdrawal and/or sale. Consequently, the Fund's NAV per Unit will be adversely affected. This risk can be mitigated by managing the relationship with its Unitholders to help anticipate for significant redemptions and adjust the Fund's investments accordingly.

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.

5. INFORMATION ON THE FUND

5.1. Investment Objective

The Fund aims to provide regular income¹ while maintaining capital stability² by investing in Islamic deposits and/or Islamic money market instruments.

Notes:

¹ Income (if any) may be distributed in the form of cash and/or additional Units.

² Please take note that this Fund is not a capital guaranteed or capital protected fund and returns are not guaranteed.

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

5.2. Investment Process and Strategy

To meet its investment objective, the Fund will invest in Islamic deposits with Islamic financial institutions and/or Islamic money market instruments. The Fund may invest in Islamic bankers' acceptances, Islamic bills and other Islamic money market instruments that are issued by Islamic financial institutions in Malaysia. The Fund may also invest in Islamic money market instruments that are issued by Bank Negara Malaysia or the Government of Malaysia. The duration of the invested Islamic money market instruments and/or Islamic deposits will vary in accordance with profit rate trends and market conditions.

In selecting the Fund's investments in Islamic deposits and/or Islamic money market instruments, the Fund is actively managed and will adopt a prudent selection process and rigorous credit assessment to ensure that only appropriate investments in Islamic deposits and/or Islamic money market instruments are selected in accordance with the investment objective of the Fund.

The Fund will only invest in Islamic deposits and/or Islamic money market instruments with any Islamic financial institution in Malaysia that has a credit rating of at least P1 or AA3 as rated by RAM, or its equivalent ratings by MARC. If the rating of the Islamic financial institution with which the Fund has invested its Islamic deposits and/or Islamic money market instruments is downgraded below the abovementioned ratings, the Manager will withdraw the invested Islamic deposits and/or sell the Islamic money market instruments, provided the terms of withdrawal and/or sale are favorable.

5.3. Asset Allocation

Islamic deposits and/or Islamic money market instruments: 100% of the Fund's NAV.

5.4. Performance Benchmark

The performance benchmark for the Fund is the Bank Negara Malaysia Islamic Interbank Overnight Rate. Information on the benchmark can be obtained from <http://iimm.bnm.gov.my/index.php?ch=7>. Information on the benchmark can also be obtained from the Manager upon request, or from Lipper's website at www.lipperweb.com on a subscription basis.

However, Unitholders should take note that the risk profile of the Fund is not the same as that of the selected performance benchmark. As the risk profile of the Fund is higher than that of the performance benchmark, the Fund may be expected to outperform the performance benchmark.

5.5. Permitted Investments

The Fund will invest in the following:

- Islamic deposits with Islamic financial institutions in Malaysia;
- Islamic money market instruments with Islamic financial institutions in Malaysia; and
- Islamic money market instruments issued by Bank Negara Malaysia or the Government of Malaysia.

The above investments shall at all times comply with the Shariah and the advice of the Shariah adviser for the time being appointed by the Manager.

5.6. Investment Limits and Restrictions

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

- The Fund's investments in Islamic deposits and/or Islamic money market instruments with any Islamic financial institution in Malaysia must have a credit rating of at least P1 or AA3 as rated by RAM, or its equivalent ratings by MARC;
- The value of the Fund's investments in Islamic deposits and/or Islamic money market instruments with any single Islamic financial institution in Malaysia must not exceed 20% of the Fund's NAV; and
- The above limits do not apply to the Fund's investments in Islamic money market instruments that are issued or guaranteed by Bank Negara Malaysia or the Government of Malaysia.

5.7. 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 restrictions as stated in the Replacement Information Memorandum, Deed and/or Guidelines;
- Monitoring and evaluating the market and economic conditions;
- Constant monitoring of the credit rating of the counterparty with which the Fund has invested its Islamic deposits and/or Islamic money market instruments;
- In the event the Islamic financial institution in Malaysia with which the Fund has invested its Islamic deposits and/or Islamic money market instruments is downgraded to below the minimum rating as stated in Section 5.6 - "Investment Limits and Restrictions", the Manager will withdraw the invested Islamic deposits and/or sell the Islamic money market instruments, provided the terms of withdrawal and/or sale are favorable;
- Regular review of the Fund's performance; and
- Escalating and reporting investment matters to the Investment Committee of the Fund.

5.8. Bases of Valuation

Islamic deposits/ Islamic money market instruments

The value of any Islamic deposits placed with Islamic financial institutions in Malaysia and/or investments in Islamic money market instruments shall be determined each day by reference to their nominal values/principal sum and the accrued profit, if any.

5.9. Cross Trades

The Manager may undertake cross trades, i.e. sale and purchase transactions between funds or portfolios under the management of the Manager where the:

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

Cross trades between:

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

5.10. Distribution Policy and Mode of Distribution

Distribution of income* will be on a quarterly basis, subject to the availability of income.

In the event the Fund declares any distributions, Unitholders may opt to receive the distribution in the form of cash or reinvest the distribution in the form of additional Units by selecting the appropriate option in the application form. For Unitholders who opt to receive the distribution in the form of cash, the said income will be credited to the Unitholder's bank account within ten (10) Business Day after distribution date. In the absence of a registered bank account, the distribution (if any) will be re-invested. Payment will not be made to bank accounts in the name of third parties. Whereas for Unitholders who opt for reinvestment, 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. Distributions amounting to less than RM250.00 will not be paid out but will instead be automatically reinvested on the reinvestment date.

**Note: Income (if any) may be distributed in the form of cash and/or additional Units.*

If the Fund's income available for distribution is too small or insignificant, the Manager may choose not to distribute the income as the distribution may not be beneficial to the Unitholders as the total cost to be incurred in such distribution may be higher than the amount available for distribution. The Manager has the discretion to decide on the amount to be distributed to the Unitholders.

5.11. Shariah Investment Guidelines

The following guidelines are adopted by Masryef ("Shariah adviser") in determining the Shariah status of the Fund.

- i. The Fund shall be end-to-end Shariah-compliant which includes all stages of operations and investments.
- ii. The Manager shall at all time ensure to deal with only Shariah-compliant securities.
 - a) The Fund shall deal with only Islamic deposits from Islamic financial institutions.
 - b) The Fund shall deal with only Islamic money market instruments.
 - c) The Fund may invest in Islamic bankers' acceptances, Islamic bills and other Islamic money market instruments that are issued by Islamic financial institutions in Malaysia.
 - d) The Fund may also invest in Islamic money market instruments that are issued by Bank Negara Malaysia or the Government of Malaysia.
 - e) All securities must be endorsed as Shariah-compliant by the Shariah

Advisory Council of Securities Commission (SACSC) or the Shariah Advisory Council (SAC) of Bank Negara Malaysia (BNM) or the Shariah Board of respective Islamic Financial Institutions licensed by BNM.

- iii. The Fund is prohibited from investing in:
 - a. Conventional securities;
 - b. Conventional money market instruments;
 - c. Interest bearing deposits;
 - d. Any other instruments that are against the teaching of Islam.

The Manager shall provide the Shariah adviser quarterly report on the holdings of the Fund and transactions entered into for the Fund.

5.11.1 Cleansing Process for the Fund

Islamic deposits or Islamic money market instruments which are reclassified to be Shariah non-compliant upon review by the SACSC shall be disposed of by the Fund in consultation with the Shariah adviser. Any profits or dividends or any other form of returns received up to the date of the announcement and capital gains arising from the disposal of the re-classified Shariah non-compliant deposit or money market instrument on the date of the announcement can be kept by the Fund. Any gain (through capital appreciation and/or profits or dividends) after the date of the announcement shall be channelled to charitable bodies as advised by the Shariah adviser. The Fund is allowed to hold the identified Shariah non-compliant deposit or money market instrument if the market price of the said deposit or money market instrument is below the investment cost but to dispose it immediately once the value (market price and profits/dividends received) is back to investment cost.

In the case of wrong investment, which refers to Shariah non-compliant deposit or investment made by the Manager, the said deposit or investment shall be disposed of/withdrawn with immediate effect if possible; or otherwise within one (1) calendar month. Any gain has to be channelled to charitable bodies approved by the Shariah adviser. If the disposal of the deposit or investment resulted in losses to the Fund, the losses are to be borne by the Manager.

5.11.2 Zakat for the Fund

The Fund does not pay zakat on behalf of Muslim individuals and Islamic legal entities who are investors of the Fund. Thus, investors are advised to pay zakat on their own.

6. TRANSACTION INFORMATION

6.1. 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 and redemption charge (if any) will be calculated separately based on your investment or redemption amount respectively.

6.2. Unit Pricing

The Selling Price and Redemption Price of the Fund are calculated based on the NAV per Unit at the next valuation point after the application to purchase and redeem Units is received by the Manager respectively ("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 valuation point.

$$\text{NAV per Unit} = \frac{\text{Assets} - \text{Liabilities}}{\text{UIC}}$$

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

Illustration: Computation of NAV per Unit

Assets	RM
Islamic deposits and Islamic money market instruments	103,000,000
<i>Less: Liabilities</i>	<u>(3,000,000)</u>
NAV	<u>100,000,000</u>
UIC	100,000,000 Units

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

6.3. Purchase of Units

(a) Calculation on sales charge and Units

The Selling Price of the Fund is calculated based on the NAV per Unit at the next valuation point after the application for the purchase of Units is received by the Manager on a Business Day ("Forward Price" basis). The sales charge (if any) that is levied on the purchase of Units by Unitholders will not be incorporated into the NAV per Unit of the Fund and are computed and charged separately.

However, there is NO sales charge for investments into the Fund.

Illustration: Calculation on sales charge and Units

Assuming if a Sophisticated Investor invested RM100,000 in the Fund on 8 May 2020 and the NAV per Unit of the Fund is RM1.0000, then the total amount to be paid by the Sophisticated Investor is as follows:

Investment amount	RM100,000
Add sales charge (RM100,000 x 0%)	<u>NIL</u>
Total amount to be paid by the Sophisticated Investor	<u>RM100,000</u>

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

$$\frac{\text{Investment amount}}{\text{NAV per Unit}} = \frac{\text{RM100,000}}{\text{RM1.0000}} = 100,000.00 \text{ Units}$$

Units can be purchased during normal business or banking hours at the Manager's head office or its branches on each Business Day. However, the cut-off time for the applications to purchase Units shall be at 11.00 a.m. on each Business Day. Any application for Units that are accompanied with the relevant documents and payment received by the Manager after this cut-off time will be deemed as transacted on the next Business Day and would only be processed and subjected to the Manager's pricing on the next Business Day.

The above cut-off time will be determined based on the time and stamping date made by the Manager's head office.

The Manager reserves the right to:-

- reject any application that is not complete and/or not accompanied by the required documents and/or payment; and
- set a different cut-off time under exceptional circumstances.

(b) Minimum initial and additional investment

The minimum initial investment amount by a Sophisticated Investor is RM100,000 or such other amount as the Manager may in its sole discretion allow, whereas the additional investment amounts by the same Sophisticated Investor is RM100,000 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 making an investment, Sophisticated Investors must forward the following documents to the Manager's head office or its branches before their respective cut-off times:

1. Completed pre-qualification declaration and account opening form (if the Sophisticated Investor is a new Unitholder);
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; and
 - memorandum and articles of association or constitution or by-laws, relevant resolutions (for corporate applicants) and any other relevant documents.

6.4. 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 application to redeem Units is received by the Manager on a Business Day ("Forward Price" basis). The redemption charge (if any) that is levied on the redemption of Units by Unitholders will not be incorporated into the NAV per Unit of the Fund and are computed and charged separately.

However, there is NO redemption charge for redeeming Units of the Fund.

Illustration: Calculation of net redemption proceeds

Assuming if a Sophisticated Investor intends to redeem 100,000.00 Units from the Fund and that the NAV per Unit is RM1.0000, then the net redemption proceeds that the Sophisticated Investor will receive is as follows:

Redemption proceeds (100,000.00 Units x RM1.0000)	RM 100,000
Less redemption charge (RM100,000 x 0%)	<u>NIL</u>
Net redemption proceeds to be paid to the Sophisticated Investor	<u>RM 100,000</u>

Units can be redeemed during normal business or banking hours at the Manager's head office or its branches on each Business Day. The net redemption proceeds will generally be paid out to the Unitholder on the following Business Day if the redemption request is received by the Manager at its cut-off time of 11.00 a.m. on a Business Day. Any redemption requests received after this cut-off time will be deemed as transacted on the next Business Day and would be subjected to the Manager's pricing on the next Business Day.

The Manager also reserves the right to:-

- reject any application that is not complete and/or not accompanied by the required documents and/or payment; and
- set a different cut-off time under exceptional circumstances.

(b) Minimum redemption of Units

The minimum redemption of Units is 100,000 Units for each request on any Business Day, subject to a minimum account balance.

A Unitholder may redeem part or all of its Units by completing a "Form of Request for Redemption" and by submitting the form to the Manager's head office or its branches. The Unitholder shall not be entitled to partially redeem his holdings in the Fund if it reduces the remaining account holdings of the Fund to an amount which is lower than the Fund's stipulated minimum account balance. In such circumstances, the Manager will automatically effect a full redemption of his Units and inform the Unitholder thereafter. There is no restriction on the frequency of redemption of Units, subject to the minimum account balance. For more information, please refer to Section 6.8. - "Minimum Account Balance".

In the case where Units are in the names of more than one Unitholder, the mode of holding will be specified as a "Joint Application". Redemption requests under this mode 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 have the authority to make redemption requests. In all cases, redemption

proceeds will only be paid to the first-named joint holder in the Fund's register (unless the Unitholder specifies otherwise in the "Form of Request for Redemption").

6.5. Transfer of Units

Transfer of Units is not allowed for this Fund.

6.6. Fund Switching

Switching is a facility offered by the Manager to its existing Unitholders. This facility enables you to switch from units of one fund to units of other fund(s) managed by the Manager.

The Manager reserves the right to effect full switching or reject the switching request under the following conditions:

- There is no switching fee imposed on any switching application within any of the fund(s) managed by the Manager.
- If the net switched out proceeds does not meet the minimum initial investment amount or minimum additional investment amount of the fund that the Unitholder intends to switch into, then the Manager reserves the right to reject the switching request.
- In the event this switching request is rejected, the Unitholder 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.
- If following the switching, the account of the fund which the Unitholder has switched out from does not maintain a minimum account balance of 100,000 Units, 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 Unitholder 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.
- Unitholders 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 discouraged especially for Muslim Unitholder.
- Switching application should be made before the cut-off time of 11.00 a.m. on any Business Day. 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, investors 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.
- The Manager reserves the right to reject any switching requests that is deemed disruptive to fund management or contrary to the best interest of the funds and/or the Unitholders.

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 Unitholder.

6.7. Cooling-Off Right

Not applicable for this Fund.

6.8. Minimum Account Balance

A minimum balance of 100,000 Units must be retained in the Unitholder's account.

If the Units of the investment in the Unitholder's account fall below 100,000 Units due to redemption, the Manager will effect a full redemption on the entire account, and inform the Unitholder thereafter.

6.9. Periodic Reporting to Unitholders

Cash investment	A confirmation advice will be sent to the Unitholder for each investment.
Change of account details	A letter to confirm the changes will be sent to the Unitholder.
Statement of accounts	A monthly statement of accounts will be sent to the Unitholders, which contains the number of Units, the transactions' date and type, the NAV and the financial year-end of the Fund.
Quarterly and annual reports	The quarterly and annual reports will be sent to the Unitholders within two (2) months of the end of the period they cover. The reports will provide Unitholders with a snapshot of key risk factors, the Fund's investment outlook, financial performance, market outlook, key changes in the investment team (if any), details on the portfolio exposure and information on the Fund's performance and volatility.
Publication of prices	The NAV per Unit is quoted on a Forward Price basis and is published daily at the website at <i>www.hlam.com.my</i> . Alternatively, Unitholders may also contact our Customer Experience personnel at 03-2081 8600 ext 18611/18612.

6.10. Who is eligible to invest?

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

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

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

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

6.11. How and Where Units Can Be Bought and Sold

For application of purchase and redemption of Units, applicants are required to complete the relevant forms which are readily available from the head office of HLISAM.

Please refer to Section 12 – Directory of Sales for further information.

Who do I contact for clarification or further information?

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 Day from Monday to Friday (9.00 a.m. to 6.00 p.m.):-

- Client Servicing personnel at the head office of HLISAM;
- E-mail via inquiry@hlisam.hongleong.com.my; or
- Visit the website at www.hlam.com.my.

7. FEES, CHARGES AND EXPENSES

7.1. Sales Charge

There is no sales charge imposed by the Manager.

7.2. Redemption Charge

There is no redemption charge imposed by the Manager.

7.3. Switching Fee

There is no switching fee imposed on switching of Units.

7.4. Transfer Fee

Not applicable. Transfer of Units is not permitted for the Fund.

7.5. Annual Management Fee[^]

The annual management fee is calculated and accrued on a daily basis based on the NAV of the Fund at 0.20% per annum of the Fund's NAV.

7.6. Annual Trustee Fee[^]

The annual trustee fee is calculated and accrued on a daily basis based on the NAV of the Fund at up to 0.01% per annum of the Fund's NAV, subject to a minimum of RM10,000 per annum.

7.7. Other Fund Expenses[^]

Only the expenses (or parts 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) costs, fees and expenses incurred for the valuation of any investment of the Fund by independent valuers for the benefit of the Fund;
- (e) costs, fees and expenses incurred for any modification of the Deed save where such modification is for the benefit of the Manager and/or the Trustee;
- (f) costs, fees and expenses incurred for any meeting of the Unitholders 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, takaful and any other dealing of any asset of the Fund;
- (h) costs, fees and expenses incurred in engaging any specialist approved by the Trustee for investigating or evaluating any proposed investment of the Fund;
- (i) costs, fees and expenses incurred in engaging any adviser for the benefit of the Fund;
- (j) costs, fees and expenses incurred in the preparation and audit of the taxation, returns and accounts of the Fund;
- (k) costs, fees and expenses incurred in the termination of the Fund or the removal of the Trustee or the Manager and the appointment of a new trustee or fund management company;
- (l) costs, fees and expenses incurred in relation to any arbitration or other proceedings concerning the Fund or any asset of the Fund, including proceedings against the Trustee or the Manager by the other for the benefit of the Fund (save to the extent that legal costs incurred for the defense of either of them are not ordered by the court to be reimbursed by the Fund);
- (m) costs, fees and expenses deemed by the Manager to have been incurred in connection with any change or the need to comply with any change or introduction of any law, regulation or requirement (whether or not having the force of law) of any governmental or regulatory authority; and
- (n) 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 (m) above.

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

UNIT PRICES AND DISTRIBUTIONS PAYABLE, IF ANY, MAY GO DOWN AS WELL AS UP.

THERE ARE FEES AND CHARGES INVOLVE AND SOPHISTICATED INVESTORS ARE ADVISED TO CONSIDER THEM BEFORE INVESTING IN THE FUND.

8. THE MANAGEMENT COMPANY

8.1. The Manager

Hong Leong Islamic Asset Management Sdn Bhd (“HLISAM”) was incorporated in Malaysia under the Companies Act 1965 on 29 May 1985 under the name of Hong Leong Fund Management Sdn Bhd (“HLFM”) and licensed by the Securities Commission Malaysia (“the SC”) for the regulated activity of conventional fund management. Pursuant to an acquisition exercise within the Hong Leong Group on 28 June 2019, HLISAM became a wholly owned subsidiary of Hong Leong Asset Management Bhd. In November 2019, HLISAM was issued an Islamic fund management license by the SC to undertake the regulated activity of Islamic fund management.

For more information on the Manager, please visit the website at www.hlam.com.my

8.2 The Board of Directors

Mr. Hoo See Kheng (non-independent, Non-executive Chairman)

Lye Thim Loong (non-independent, Non-executive)

8.3. 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 Replacement Information Memorandum and the Manager’s internal policies. In fulfilling its responsibility, the Manager undertakes, among others the following functions:

- Implementation of appropriate investment strategies to achieve the Fund’s objective;
- Administering the Unitholders’ transactions;
- Maintaining proper records and register for the Fund;
- Calculating the amount of income for cash distributions/Unit splits to the Unitholders; and
- Providing sales, marketing and customer experience support to Unitholders and fund distributors.

8.4. The Key Personnel of HLISAM

Chief Executive Officer

Puan Noor Aini Shaik Awab holds a Diploma in Business Administration and Diploma in National Computer Studies, Singapore. She joined the Hong Leong Asset Management Bhd (“HLAM”) in April 2014 as Chief Operations Officer and was transferred to Hong Leong Islamic Asset Management Sdn Bhd (“HLISAM”) as the Chief Executive Officer on 1 November 2019. She started her career with Schroders Investment Management (Singapore) Limited; and brings with her more than thirty (30) years of experience in fund management securities administration, unit trust operations, local and regional settlements. She had spearheaded the implementation and integration of various fund management systems for both the Investment and the Operations teams. Puan Noor Aini holds a Unit Trust Consultant license and a certified Islamic Financial Planner.

Fund Manager

En. Suhir Che Selia holds a Master in Engineering Management from Universiti Tenaga Nasional. He began his career as a Market Researcher in Malaysia Transformer Manufacturing Sdn Bhd, a subsidiary of Tenaga Nasional Berhad and subsequently was a Project Engineer in PETRONAS Carigali Sdn Bhd. He joined HLAM as an analyst and co-manages the Shariah funds upon being licensed by the Securities Commission Malaysia (“SC”). En. Suhir obtained his Capital Market Services Representative’s License from the SC on 20 February 2019. En. Suhir was transferred to HLISAM on 1 August 2019.

En. Suhir is the designated fund manager for the Fund.

9. THE SHARIAH ADVISER

9.1. Profile of the Shariah Adviser

Masryef Management House Sdn Bhd has been appointed as the Shariah adviser for HLICMF and will counsel the mechanism of the operations of the Fund activities to ensure that the operations of the Fund comply with Shariah requirements.

9.1.1. General Information of Masryef

Masryef specializes in Islamic Banking, Finance and Asset Management where they develop and conduct training based on industry practice, provide consultancy, advisory services, assist institutions and businesses in areas of governance on Islamic Finance. Masryef is based in Kuala Lumpur, the hub of Global Islamic Economy and is a licensed Shariah adviser under Securities Commission Malaysia. The founders and consultants of Masryef have a combined working experience of over 70 years in various areas of finance and banking of which 50 years were devoted to Islamic Banking and Finance. Their Islamic banking and asset management experience covers the practices of 4 key centres of Islamic finance, namely Kuala Lumpur, Dubai, Riyadh and Abu Dhabi.

9.1.2. Roles and Responsibilities of Masryef as the Shariah Adviser

Masryef Management House Sdn Bhd has been appointed as the Shariah adviser for the Fund. Masryef will advise in making sure the fund is Shariah-compliant at all time by reviewing the fund's report at least quarterly and on a time-to-time basis as needed. Final responsibility for ensuring Shariah compliance of the Fund with Shariah Requirements in all relevant aspects rests solely with the Manager.

The roles of Masryef as the Shariah adviser are:

- a) To advise on all aspects of the Fund in accordance with Shariah principles.
- b) To review and ensure the Fund is in compliance with Shariah requirements and relevant resolutions and rulings including but not limited to the SAC SC, the Shariah Advisory Council of BNM ("SACBNM"), Accounting and Auditing Organization for Islamic Financial Institutions AAOIFI and other acceptable rulings deemed fit by the Shariah adviser.
- c) To analyse the Fund's quarterly investments and any other report deemed necessary to ensure compliance with Shariah principle.
- d) Review and advise any promotional materials of the fund, as necessary.
- e) To review and recommend changes for the Fund in all matters from the perspective of Shariah principles which includes the Deed and this Replacement Information Memorandum and other related documentations in respect of the fund and to

advise whether the terms, conditions and covenants contained in the documents are in compliance with Shariah requirements and relevant resolutions and rulings made by the SACSC and SACBNM.

- f) To meet or communicate with the Manager on a regular basis in order to advise the Manager on the selection of investments that comply with Shariah principles and to advise the Manager as to whether a particular deposit or investment is Shariah-compliant or otherwise.
- g) To prepare a report or statement to be included in the Funds' interim and annual reports certifying whether the Fund have been operated and managed in accordance with Shariah principles.

9.1.3. Profile of the Shariah Team

The Shariah team consists of the following personnel:

Dr. Azman Mohd Noor

Associate Professor Dr. Azman is currently Deputy Dean (Academic and Student Affairs) of Institute of Islamic Banking and Finance, International Islamic University Malaysia.

He completed his degree in Islamic Law in 1997 at Islamic University of Madinah, Saudi Arabia. He did his MA in Islamic Criminal Law in 2000 at University Kebangsaan Malaysia (National University of Malaysia) and another MA in Muamalat (Islamic Law of Transactions) in 2001 at Department of Fiqh and Usul al-Fiqh, International Islamic University Malaysia. He obtained his Ph.D in Islamic Law in 2005 at University of Edinburgh, Scotland.

Currently, he is Shariah Committee Chairman at AmMet Life Takaful, Deputy Chairman of Al Rajhi (M) Bank's Shariah Board and Shariah Committee member of Bank Rakyat.

Dr. Mohammad Mahbubi Ali

Dr. Mohammad Mahbubi Ali is Head of Economics, Finance, Awqaf and Zakat unit cum research fellow at the International Institute of Advanced Islamic Studies (IAIS) Malaysia. Previously, he was a researcher at the International Shari'ah Research Academy for Islamic Finance (ISRA).

During his stint at ISRA, he had contributed to numerous ISRA's research publications, mainly involving in the drafting of BNM Shari'ah Standards. He also served as Shariah committee member and consultant for various advisory and consultancy services including Affin Islamic Bank, IIFIN Sdn Bhd, Dar al-Muraja'ah al-Syar'iyyah, Masryef Management House and ZICO Shariah Advisory Bhd. He was a lecturer at the University of Kuala Lumpur and UNITAR International University.

He received a PhD in Islamic Banking and Finance from the Institute of Islamic Banking and Finance (IIBF), International Islamic University Malaysia (IIUM). He holds a bachelor degree in Shari'ah Business and Financial Management from the Islamic Business School, Tazkia Indonesia and Chartered Islamic Finance Professional (CIFP) from INCEIF, The Global University in Islamic Finance, Malaysia.

Dr. Said Adekunle Mikail

Said Adekunle Mikail, PhD, is currently an ISRA researcher. He is Shariah Committee Member of BNP Paribas (Najmah) Malaysia Berhad and Member of Advisory Committee of Expert (ACE) of TAJ Bank Ltd Nigeria.

He is a Shariah Consultant at ISRA International Consulting (ISRA Consulting) Sdn Bhd and I Consult Africa (PTY) Ltd. Ethical and Responsible Advisory, Cape Town, South Africa. He obtained his Bachelor Degree of Shariah from Islamic University of Madinah Kingdom of Saudi Arabia (KSA) in 2006, followed by Master of Comparative Laws and PhD (Law) from International Islamic University Malaysia (IIUM) in 2009 and 2013 respectively.

His area of specialisation is Shariah and comparative laws and Islamic finance. His publications focus on Islamic commercial laws, Islamic legal theory, Shariah issues in Islamic finance and economic and comparative laws.

FURTHER INFORMATION ON THE MANAGER AND SHARIAH ADVISER IS PROVIDED IN THE MANAGER'S WEBSITE AT WWW.HLAM.COM.MY.

10. THE TRUSTEE OF THE FUND

10.1. About Deutsche Trustees Malaysia Berhad

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

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

Experience in trustee business

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

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

10.2. Roles, Duties and Responsibilities of the Trustee

DTMB’s main functions are to act as trustee and custodian of the assets of the Fund and to safeguard the interests of Unitholders of the Fund. In performing these functions, the Trustee has to exercise due care and vigilance and is required to act in accordance with the relevant provisions of the Deed, the CMSA and all relevant laws.

10.3. Material Litigation and Arbitration

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

10.4. Delegate of the Trustee

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

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

Disclosure on related-party transactions/conflict of interests

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

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

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

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

11. SALIENT TERMS OF DEED

11.1. Unitholder's Rights

- (a) The Unitholder shall have the right to receive distributions of income (if any), participate in any increase in the value of the Units and such other rights and privileges as provided in the Deed.
- (b) No Unitholder shall be entitled to require the transfer to him of any of the assets comprised in the Fund or be entitled to interfere with or question the exercise by the Trustee or the Manager on his behalf of the rights of the Trustee as owner of such assets.
- (c) The Unitholder shall have the right to call for Unitholders' meeting and to vote for the removal of the Trustee through a Special Resolution.
- (d) The Unitholder shall have the right to receive annual and quarterly reports of the Fund.

11.2. Unitholder's Liabilities

No Unitholder is liable for any amount in excess of the purchase price paid for the Units as determined pursuant to the Deed at the time the Units were purchased. A Unitholder 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 assets of the Fund, and any right of indemnity of the Manager and/or the Trustee shall be limited to recourse to the Fund.

11.3. 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 Unitholders' meeting to terminate or wind up the Fund; or
- (b) the Fund has reached its maturity date (if any) as specified in the Deed.

11.4. Unitholders' Meeting

Unless otherwise required or allowed by the relevant laws, the Manager shall within twenty-one (21) days after receipt of direction from not less than fifty (50) or one-tenth (1/10) of all the Unitholders of the Fund, whichever is less, summon a Unitholders' meeting by:

- (a) sending by post/facsimile at least fourteen (14) days before the date of the proposed meeting a notice of the proposed meeting to all the Unitholders; and
- (b) specifying in the notice the place and time of the meeting and the terms of the resolutions to be proposed at the meeting.

The Unitholders may apply to the Manager to summon a Unitholders' meeting, 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) of all the Unitholders, whichever is the lesser number.

12. DIRECTORY OF SALES OFFICE

Hong Leong Islamic Asset Management Sdn Bhd

Head office

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Authorise Distributors:

For more information about our distributors, kindly contact our Customer Experience Personnel at 03-2081 8600 ext 18611/16812 between 9.00 a.m. to 6.00 p.m. on a Business Day. Alternatively, you can email us at inquiry@hlisam.hongleong.com.my.

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