

HONG LEONG ISLAMIC ASSET MANAGEMENT SDN BHD

HONG LEONG ISLAMIC CASH MANAGEMENT FUND

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 Islamic Cash Management Fund, 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 Islamic Cash Management Fund, including this Product Highlights Sheet, should not be taken to indicate that the Securities Commission Malaysia recommends the Hong Leong Islamic Cash Management Fund or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Product Highlights Sheet.

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

ADDITIONAL STATEMENT

Hong Leong Islamic Cash Management Fund 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 Islamic Cash Management Fund. Investors are advised to request, read and understand the disclosure documents of the Fund before deciding to invest.

Hong Leong Islamic Cash Management Fund has been certified as being Shariah-compliant by the Shariah adviser appointed for the Fund.

PRODUCT HIGHLIGHTS SHEET

HONG LEONG ISLAMIC CASH MANAGEMENT FUND

BRIEF INFORMATION ON THE FUND

1. What is this fund about?

Hong Leong Islamic Cash Management Fund (“HLICMF” 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 regular income¹ while maintaining capital stability² by investing in Islamic deposits and/or Islamic money market instruments.

FUND SUITABILITY

2. Who is this fund suitable for?

HLICMF is suitable for sophisticated investors who:

- have low risk tolerance;
- are seeking regular income¹;
- require a high level of liquidity³; and
- wish to park their excess funds in a stable² Shariah-compliant investment vehicle.

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

KEY FUND FEATURES

3. What am I investing in?

Category of fund	Islamic money market (Wholesale)
Type of fund	Income
Investment objective	The Fund aims to provide regular income ¹ while maintaining capital stability ² by investing in Islamic deposits and/or Islamic money market instruments.
Asset allocation (% of the Fund’s net asset value (“NAV”))	Islamic deposits and/or Islamic money market instruments: 100% of the Fund’s NAV.
Performance benchmark	Bank Negara Malaysia Islamic Interbank Overnight Rate.
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> <p>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 Rating Services Berhad (RAM), or its equivalent ratings by Malaysian Rating Corporation Berhad (MARC). If the rating of the 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.</p>

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.

³ 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.

Distribution policy	<p>Distribution of income* will be on a quarterly basis, subject to the availability of income.</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 unitholders. 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>Notes:</i> *Income (if any) may be distributed in the form of cash and/or additional units. **Capital refers to unrealised income or unrealised gain.</p>
Launch date	4 December 2013.

4. Who am I investing with?

Manager	Hong Leong Islamic Asset Management Sdn Bhd [198501008000 (140445-U)].
Trustee	Deutsche Trustees Malaysia Berhad [200701005591 (763590-H)].
Shariah Adviser	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. Unitholders can potentially make profit either (i) when the Fund declares and pays out distributions; or (ii) when the unitholder 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 unitholder may lose part of its capital. Unitholders 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. Unitholders should also take note that investment in the Fund involves some degree of risk and that the value of their investment is at risk depending on the underlying investments of the Fund.

KEY RISKS

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

General risks

Market risk	Market risk refers to the potential losses that may arise from 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 Fund's deed; or the laws/guidelines that govern the Fund; or its internal procedures and policies. The non-compliance could be due to several factors such as a result of human errors and oversight 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.
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.
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.
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.

Specific risks

Reinvestment risk	<p>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.</p> <p>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.</p>
Counterparty risk	<p>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.</p>
Liquidity risk	<p>Liquidity risk comprises two broad risk types; Market Liquidity Risk and Funding Liquidity Risk. Market Liquidity Risk is defined as the ease with which a 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 unitholders in an effort to further curtail the liquidity risk experienced by the Fund.</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:

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

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

Annual management fee¹	0.20% per annum of the Fund's NAV, calculated on a daily basis.
Annual trustee fee¹	Up to 0.01% per annum of the Fund's NAV, subject to a minimum of RM10,000 per annum.

Note:

¹ 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).

VALUATIONS AND EXITING FROM INVESTMENT

8. How often are valuations available?

The NAV per unit of the Fund is determined on each Business Day¹. The daily NAV per unit of the Fund can be obtained from the Manager's website at 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 unitholder to obtain a refund of the unitholder's investment in the Fund, if the unitholder 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 100,000 units for each request on any Business Day¹, subject to a minimum account balance.

Units can be redeemed during normal business or banking hours at the Manager's head office or its branches on each Business Day¹. The net redemption proceeds will generally be paid out to the unitholder on the following Business Day¹ if the redemption request is received by the Manager at its cut-off time of 11.00 a.m. on a Business Day¹. Any redemption requests received after this cut-off time will be deemed as transacted on the next Business Day¹.

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.

FUND PERFORMANCE

10. Information on Fund Performance

a) Average total return for the following periods ended 28 February 2022

	1-year	3-year	5-year	Since launch [#]
HLICMF (%)	1.59	2.33	2.81	2.73
BNM Islamic Interbank Overnight Rate (%)	1.74	2.28	2.74	3.12

b) Annual total return for the financial years/period ended 28/29 February

	2022	2021	2020	2019	2018	2017	2016	2015 [#]
HLICMF (%)	1.59	2.05	3.20	3.33	3.18	3.12	1.25	2.85
BNM Islamic Interbank Overnight Rate (%)	1.74	1.92	3.05	3.26	3.05	3.11	3.26	3.83

#The figure shown is for the period since launch of the Fund (4 December 2013)

Source: Lipper for Investment Management.

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

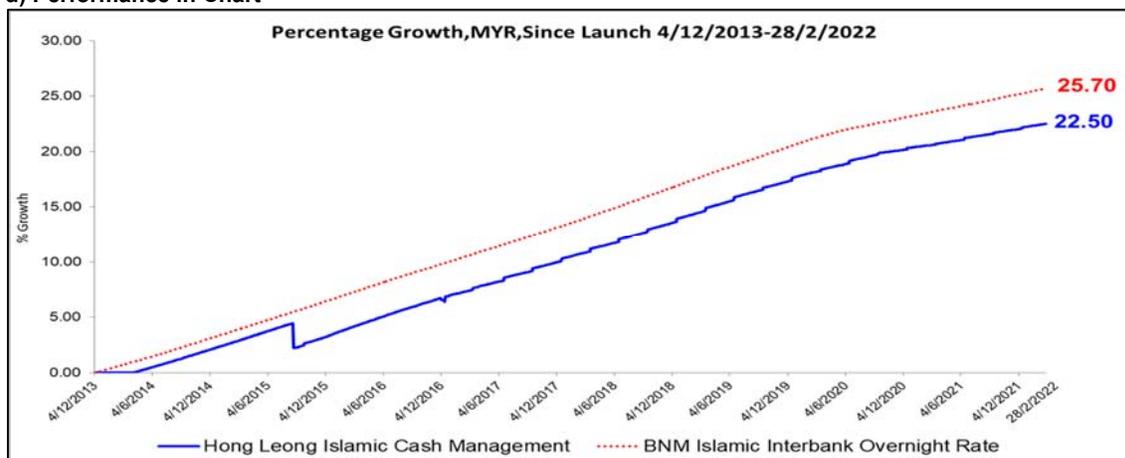
1-Year performance review

The Fund posted a return of 1.59% for the financial year ended 28 February 2022 while its benchmark the BNM Islamic Interbank Overnight Rate registered a return of 1.74%.

c) Basis of calculation

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

d) Performance in Chart



¹ '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.

Source: Lipper for Investment Management.

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up. Since launch, the Fund has posted a return of 22.50% while its benchmark the BNM Islamic Interbank Overnight Rate has registered a return of 25.70%.

e) Portfolio turnover ratio (PTR)

	Financial year ended 28/29 February		
	2022	2021	2020
PTR of the Fund (times)	9.31	7.69	5.99

The Fund recorded a higher PTR of 9.31 times during the financial year ended 2022 from 7.69 times during the financial year ended 2021 on account of higher level of rebalancing activities performed by the Fund.

f) Distribution

Financial year	Additional Units	Cash distribution
2020	-	Gross 3.2120 sen/unit Net 2.4450 sen/unit
2021	-	Gross 2.2650 sen/unit Net 1.7840 sen/unit
2022	-	Gross 1.5440 sen/unit Net 1.2070 sen/unit

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

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

CONTACT INFORMATION

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

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
E-mail : 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 email to* : info@sidrec.com.my
(d) *via letter to* : Securities Industry Dispute Resolution Center (SIDREC)
Unit A-9-1, Level 9, Tower A
Menara UOA Bangsar
No. 5, Jalan Bangsar Utama 1
59000 Kuala Lumpur
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
(d) *via online complaint form available at* : www.sc.com.my
(e) *via letter to* : Consumer & Investor Office
Securities Commission Malaysia
3 Persiaran Bukit Kiara
Bukit Kiara
50490 Kuala Lumpur
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
(c) *via online complaint form available at* : www.fimm.com.my
(e) *via letter to* : Legal & Regulatory Affairs
Federation of Investment Managers Malaysia
19-06-01, 6th Floor Wisma Tune
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