

Information Memorandum

Hong Leong Dana Abadi

Manager

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

Trustee

CIMB ISLAMIC TRUSTEE BERHAD [198801000556 (167913-M)]

THIS INFORMATION MEMORANDUM FOR THE **HONG LEONG DANA ABADI** IS DATED 30 NOVEMBER 2023.

This Fund is constituted on 23 October 2023.

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

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 10.

RESPONSIBILITY STATEMENTS

This 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 the information. Having made all reasonable enquiries, they confirm to the best of their knowledge and belief, that there are no false or misleading statements, or omission of other facts which would make any statement in this Information Memorandum false or misleading.

STATEMENTS OF DISCLAIMER

The Securities Commission Malaysia has not authorised or recognised the Fund and a copy of this Information Memorandum has not been registered with the Securities Commission Malaysia.

The lodgement of this Information Memorandum should not be taken to indicate that the Securities Commission Malaysia recommends the Fund or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Information Memorandum.

The Securities Commission Malaysia is not liable for any non-disclosure on the part of Hong Leong Islamic Asset Management Sdn Bhd, the management company responsible for the Fund and takes no responsibility for the contents in this Information Memorandum. The Securities Commission Malaysia makes no representation on the accuracy or completeness of this 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

Sophisticated Investors should note that they may seek recourse under the *Capital Markets and Services Act 2007* for breaches of securities laws including any statement in this 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 Information Memorandum or the conduct of any other person in relation to the Fund.

IF THE FUND DECLARES DISTRIBUTION OUT OF CAPITAL, THE CAPITAL OF THE FUND MAY BE ERODED IF THE DISTRIBUTION IS ACHIEVED BY FORGOING THE POTENTIAL FOR FUTURE CAPITAL GROWTH AND THIS CYCLE MAY CONTINUE UNTIL ALL CAPITAL IS DEPLETED.

Hong Leong Dana Abadi 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.
BNM	Bank Negara Malaysia.
BOD	Refers to the board of directors of Hong Leong Islamic Asset Management Sdn. Bhd.
Bursa Malaysia	The stock exchange managed and operated by Bursa Malaysia Securities Berhad [200301033577 (635998-W)] and includes any changes to the name or the operator of the Malaysian stock exchange.
Business Day	A day (other than Saturday, Sunday and public holidays) on which the Manager is open for business and Bursa Malaysia is open for trading.
CITB or the Trustee	CIMB Islamic Trustee Berhad [198801000556 (167913-M)].
CMSA	Capital Markets and Services Act 2007 and any amendments made thereto.
Deed	The deed in respect of the Hong Leong Dana Abadi dated 23 October 2023 entered into between the Manager and the Trustee for the Unit holders of the Fund, including any supplementary deeds thereto.
financial institution	Means: (a) if the institution is in Malaysia- (i) licensed bank; (ii) licensed investment bank; or (iii) licensed Islamic bank; or (b) if the institution is outside Malaysia, any institution that is licensed, registered, approved, or authorised by the relevant banking regulator to provide financial services.
Forward Price	The Selling Price or Redemption Price of the Fund calculated based on the NAV per Unit of the Fund at the next valuation point after the application to purchase or redeem Units is received by the Manager.
Guidelines	Guidelines on Unlisted Capital Market Products Under the Lodge and Launch Framework issued by the Securities Commission Malaysia including any amendments made thereto.
HLISAM or the Manager	Hong Leong Islamic Asset Management Sdn Bhd [198501008000 (140445-U)].
HLDA or the Fund	Hong Leong Dana Abadi.
Information Memorandum	Refers to this Information Memorandum of the Fund, including any supplementary or replacement information memorandum thereto.
Initial Offer Period (IOP)	Refers to the period when the Units are created, cancelled, sold and redeemed which shall not exceed twenty-one (21) calendar days.
Islamic deposits	Means a sum of money accepted or paid in accordance with Shariah principles: (a) on terms under which it will be repaid in full, with or without any gains, return or any other consideration in money or money's worth, either on

	<p>demand or at a time or in circumstances agreed by or on behalf of the person making the payment and person accepting it; or</p> <p>(b) under an arrangement, on terms whereby the proceeds under the arrangement to be paid to the person paying the sum of money shall not be less than such sum of money,</p> <p>but excludes money paid <i>bona fide</i>-</p> <p>(i) by way of an advance or a part payment under a contract for the sale, hire or other provision of property or services, and is repayable only if the property or services are not in fact sold, hired or otherwise provided;</p> <p>(ii) by way of security for the performance of a contract or by way of security in respect of any loss which may result from the non-performance of a contract;</p> <p>(iii) without limiting paragraph (ii), by way of security for the deliver up or return of any property, whether in a particular state of repair or otherwise; and</p> <p>(iv) in such other circumstances, or to or by such other person, as set out in schedule 2 of the Islamic Financial Services Act 2013.</p>
NAV per Unit	The NAV per Unit is the NAV of the Fund divided by the number of UIC at the valuation point.
Net Asset Value (NAV)	The NAV is determined by deducting the value of all the Fund's liabilities from the value of all the Fund's assets, at a valuation point.
RAM	RAM Rating Services Berhad [200701005589 (763588-T)].
Redemption Price	The price payable to an investor (before deducting the redemption charge, if any) for a Unit pursuant to a redemption request. The Redemption Price shall be the NAV per Unit as at the next valuation point of the Fund after a redemption request is received and accepted by the Manager.
Restricted Investment Account	Refers to a type of investment account where the investment account holders provide a specific investment mandate to the Islamic financial institution such as purpose, asset class, economic sector and period for investment.
RM	Refers to Ringgit Malaysia.
SACSC	The Shariah Advisory Council of the SC.
SC	The Securities Commission Malaysia.
Selling Price	The price payable by an investor (before including the sales charge) for the purchase of a Unit pursuant to a request for purchase of Units. The Selling Price shall be the NAV per Unit as at the next valuation point of the Fund after a request for purchase of Units is received and accepted by the Manager.
Shariah	Means Islamic law comprising the whole body of rulings pertaining to human conducts derived from sources of the Shariah.
Shariah Adviser	Refers to Masryef Advisory Sdn Bhd [201901030636 (1339966-H)] or any Shariah adviser appointed for the Fund which includes its permitted assigns, successors in title and any new or replacement Shariah adviser.

Shariah requirements	Means 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	It is a method when you purchase Units from the Manager and sell your Units back to the Manager at a single price, i.e. the NAV per Unit. The sales charge and the redemption charge (if any) would be calculated separately based on your invested amount/redemption proceeds.
Sophisticated Investor(s)	Means any person who: (a) falls within any of the categories of investors set out in Part I, Schedules 6 and 7 of the CMSA; or (b) acquires unlisted capital market products where the consideration is not less than two hundred and fifty thousand ringgit or its equivalent in foreign currencies for each transaction whether such amount is paid for in cash or otherwise, or such other category of investor(s) as may be defined by the SC from time to time.
Special Resolution	Means a resolution passed at a meeting of Unit holders of the Fund 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 Unit holders in the Fund voting at the meeting in person or by proxy.
sukuk	Refers to certificates of equal value which evidence undivided ownership or investment in the assets using Shariah principles and concepts endorsed by the SACSC and/or any relevant Shariah Advisory Boards.
UIC	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 Unit holder in the Fund and means a Unit of the Fund.
Unit holder(s)/ applicant(s)/ you	Means the Sophisticated Investor for the time being who is registered pursuant to the Deed as a holder of Units, including the persons jointly registered.
Unrestricted Investment Account	Refers to a type of investment account where the investment account holders provide the Islamic financial institution with the mandate to make the ultimate investment decision without specifying any particular restrictions or conditions.
U.S / United States	Refers to United States of America.
U.S. Person	Refers to a person described in section 7701(a)(30) of the Internal Revenue Code:- <ul style="list-style-type: none"> - 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:- <ol style="list-style-type: none"> (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/hlisam/home
E-mail : inquiry@hlisam.hongleong.com.my

TRUSTEE

CIMB ISLAMIC TRUSTEE BERHAD [198801000556 (167913-M)]

Registered address:

Level 13, Menara CIMB
Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50470 Kuala Lumpur
Tel : +603-2261 8888
Fax : +603-2261 0099

Business address:

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

SHARIAH ADVISER

MASRYEF ADVISORY SDN BHD [201901030636 (1339966-H)]

Registered & Business address

B01-A-09-1, Menara 2 KL Eco City
No. 3 Jalan Bangsar
59200 Kuala Lumpur
Tel : +603-8688 3840
Email : info@masryef.com
Website : www.masryef.com

3. FUND INFORMATION

3.1. General Information of the Fund

Fund name	Hong Leong Dana Abadi
Base currency	Ringgit Malaysia
Fund category	Islamic fixed income (Wholesale)
Fund type	Income
Launch date	30 November 2023
Initial offer price	RM1.0000 per Unit
Financial Year End*	28 February <i>*Note : 29 February in the event of a leap year.</i>
Initial Offer Period (IOP)	The IOP for the Fund will be twenty one (21) calendar days from the launch date of the Fund, i.e. commencing from 30 November 2023 to 20 December 2023.
Commencement Date	The date on which the investments of the Fund are first made and is the date which falls on the next Business Day immediately after the expiry of the IOP.

3.2. Investment Objective

The Fund aims to provide investors with a low risk investment portfolio offering a regular stream of income¹ while adhering to Shariah requirements.

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

3.3. Investment Policy, Strategy and Asset Allocation

To achieve the Fund's investment objective, the Fund intends to invest a minimum of 30% of its NAV in sukuk issued or guaranteed by the Government of Malaysia and a maximum of 70% of its NAV in Islamic money market instruments, Islamic deposits and Restricted/Unrestricted Investment Account ("RIA/URIA") products classified as Islamic investment account based on profit sharing contract.

The sukuk asset class will inherently experience mark-to-market volatility whenever there is a change in interest rates. To minimise mark-to-market volatility, the Fund intends to maintain a low portfolio duration by focusing short to medium tenured sukuk (e.g. maturities of up to 10 years) issued or guaranteed by the Government of Malaysia. The Fund may also invest up to 70% of the Fund's NAV in Islamic money market instruments, Islamic deposits and RIA/URIA products to further reduce mark-to-market volatility and provide regular and stable income¹. In the event a sukuk guaranteed by the Government of Malaysia loses its guarantee, the Manager shall take steps to replace the said sukuk within six (6) months.

Note:

¹ Income distributed will be automatically 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) unless Unit holders opt for the distribution to be paid out. Please refer to Section 3.6 – Distribution Policy for more information on the Fund's distribution policy.

The Manager will adopt a prudent selection process and rigorous credit assessment to ensure that the Fund will only invest in Islamic deposits, Islamic money market instruments or RIA/URIA products with credit-worthy Islamic financial institutions in Malaysia.

The Fund's investment with any Islamic financial institutions must have a credit rating of at least "A3" or "P2" as rated by RAM, or its equivalent ratings by another registered rating agency, at the point of investment. In the event of a downgrade in the rating of an Islamic financial institution below the minimum requirement with which the Fund has investments with, the Manager shall withdraw the investment in Islamic deposits or RIA/URIA products and/or sell the Islamic money market instruments within a reasonable time frame.

Temporary defensive strategy

The Manager may take temporary defensive position that may be inconsistent with the Fund's investment strategy in response to adverse economic, political or any market conditions. In such circumstances, the Fund may hold up to 100% of its NAV in Islamic money market instruments and Islamic deposits as a defensive strategy.

3.4. Risk Factors

3.4.1 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 Information Memorandum:

- **Market risk**
Market risk refers to the potential losses that may arise from adverse changes in the market prices of the investments of the Fund. Prices of instruments that the Fund has invested in may fluctuate in response to market developments (such as adverse changes in government regulations and policies, economic developments, investor sentiment, inflation, interest rates and exchange rates), which would then affect the Fund's NAV per Unit.
- **Non-compliance risk**
This is the risk where the Manager does not comply with the provisions as set out in the Deed; or the laws/guidelines that govern the Fund; or its internal procedures and policies. The non-compliance could be due to several factors such as a result of human errors and oversight system failures or fraudulent acts by the Manager. Any non-compliance may adversely affect the Fund's NAV per Unit, especially in situations where the Manager is forced to sell the investments of the Fund at unfavorable prices to resolve the non-compliance. The Manager has imposed stringent internal compliance controls to mitigate this risk.
- **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 profits derived from the disposal of the Shariah non-compliant investment from the date of the reclassification to the date of the disposal.
- **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 jeopardize the Unit holders' capital and returns. In view of this, proper training and stringent selection of personnel to manage the Fund is crucial towards mitigating this risk.
- **Financing risk**
The risk occurs when Unit holders take a financing to finance their investment. The inherent risk of investing with financing includes Unit holders being unable to service the financing payments. In the event Units are used

as collateral, Unit holders may be required to top-up the existing instalment if the prices of Units fall below a certain level due to market conditions. Failing which, the Units may be sold at a lower NAV per Unit as compared to the NAV per Unit at the point of purchase towards settling the financing.

- **Inflation/Purchasing power risk**

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

3.4.2 Specific Risks

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

- **Credit/default risk**

Credit risk relates to the creditworthiness of the issuer of the sukuk/Islamic money market instruments and the issuer's ability to make timely payments of profit and/or principal. If the issuer fails to meet its sukuk/Islamic money market instruments payment obligation in a timely manner, it will lead to a loss in principal and/or profit and result in a default on the payment of principal and/or profit accrued and cause a decline in the value of the defaulted sukuk/Islamic money market instruments and subsequently affect the Fund's NAV per Unit. The Fund's credit/default risk can be mitigated through a rigorous and disciplined credit research and analysis to ascertain the creditworthiness of the issuer of sukuk/Islamic money market instruments prior to the investments. In addition, the Manager may also mitigate this risk by diversifying its investments in sukuk/Islamic money market instruments across many issuers. The Manager reserves the right to deal with rating downgrade of an investment in the best interest of the Unit holders including to dispose the invested sukuk/Islamic money market instrument within a reasonable time frame if the downgrade is below the stipulated minimum rating.

- **Interest rate risk**

This risk refers to the effect of interest rate changes on the market value of the Fund's investments in sukuk/Islamic money market instruments. In the event of rising interest rates, prices/valuation of sukuk/Islamic money market instruments tend to move inversely. Meanwhile, sukuk/Islamic money market instruments with longer maturities and lower profit rates are more sensitive to interest rate changes. This risk can be mitigated via the management of the duration structure of the sukuk/Islamic money market instruments portfolio by diversifying the investments in sukuk/Islamic money market instruments across different maturities (e.g. one year, three years and five years) and investing in short-term (i.e. less than three years) sukuk/Islamic money market instruments.

- **Single issuer risk**

The Fund may invest a greater portion of its assets in a single issuer, and as such, the Fund is susceptible to any adverse developments affecting the single issuer held in its portfolio. Any changes in the financial condition of the single issuer may cause fluctuations in the Fund's NAV. The Manager seeks to mitigate this risk by conducting fundamental research prior to its investments, where the Manager will conduct thorough analysis of the issuer's financial statements by assessing its potential earnings growth, cash flow sustainability, debt manageability as well as historical financial performance.

- **Counterparty risk**

The Fund's placements of Islamic deposits, investments in Islamic money market instruments and RIA/URIA products with Islamic financial institutions are subject to the risk of the counterparty. Counterparty risk also refers to the possibility that the counterparty being unable to make timely payments of profit and/or principal payment on the maturity date. This may then lead to a default in the payment and/or profit and ultimately, affect the NAV per Unit of the Fund. To mitigate this risk, the Manager will ascertain the creditworthiness of the Islamic financial institutions/counterparties of the Islamic money market instruments and Islamic deposits through a rigorous and disciplined credit research and analysis prior to its investments.

- **Liquidity risk**

Liquidity risk comprises two broad risk types: Market Liquidity Risk and Funding Liquidity Risk. Market Liquidity Risk is defined as the ease with which a 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.

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

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

The Manager may, in consultation with the Trustee, suspend dealing in Units under exceptional circumstances where there is sufficient reason to do so having regard to the interests of the Unit holders in an effort to further curtail the liquidity risk experienced by the Fund. Exceptional circumstances can be considered where the market value or fair value of a material portion of the Fund's assets cannot be determined.

- **Reinvestment risk**

This risk is more prevalent during times of declining profit rates when the Fund has received its principal and profit earned from a maturing Islamic deposits and/or Islamic money market instruments. As a result, the Fund has to reinvest the above proceeds in new Islamic deposits or Islamic money market instruments offering a lower return than the previous Islamic deposits or Islamic money market instruments.

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

3.5. Risk Management Strategies

The risk management strategies undertaken by the Manager include but are not limited to the following:

- monitoring and evaluating the market and economic conditions;
- adhering to the Fund's investment objective, strategies, limits and restrictions as stated in the Information Memorandum and/or the Deed;
- constant monitoring of the Fund's investments to ensure the Fund maintains reasonable levels of liquidity to meet any redemption request; (*Please refer to 'Liquidity Risk' in section 3.4.2 for more details*);
- regular review of the Fund's performance; and
- escalating and reporting investment matters to the BOD.

3.6. Distribution Policy

The Fund intends to provide Unit holders with regular income. As such, income distributions will be on a monthly basis, subject to the availability of income. Income distributed will be reinvested into additional Units unless Unit holders opt for the distribution to be paid out.

The Manager's current intention is to declare distributions out of the income and/or capital* of the Fund after deducting fees and expenses incurred by the Fund. Income distribution may be declared out of capital* if the Fund does not have sufficient net realized gains or net realized income from the current financial year. The rationale for providing for payment of distribution out of capital* is to allow for the ability to provide a stable and consistent level of distribution to Unit holders. Distribution out of capital* carries the risk of eroding the capital of the Fund and as a result the value of future returns may be diminished.

Note:

* *Capital refers to unrealised income or unrealised gain.*

3.7. Performance Benchmark

The performance benchmark of the Fund is the Malayan Banking Berhad 12 month Islamic fixed deposit-i.

Information on the benchmark is available from www.maybank.com. The performance of the Fund against the benchmark is published in the Manager's quarterly report and is available from the Manager's office upon request or Unit holders may refer to the Manager's website at www.hlam.com.my/hlisam/home.

3.8. Permitted Investments

The Fund may invest in any of the following investments:

- sukuk issue or guaranteed by the Government of Malaysia;
- Islamic money market instruments and Islamic deposits with financial institutions;
- RIA/URIA products with financial institutions;
- units/shares of Islamic collective investment scheme with similar investment objective; and
- any other Shariah-compliant investments, which are consistent with the objective of the Fund, as maybe agreed upon by the Trustee and Manager from time to time.

3.9. Investor Profile

The Fund is suitable for investors who:

- are looking for Shariah-compliant investments;
- are generally conservative and risk averse;
- prefer a short- to medium-term investment horizon; and
- desire a regular stream of income¹.

3.10. Shariah Investment Guidelines

The following guidelines are adopted by Masryef Advisory ("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 deal with only Shariah-compliant investments:

Note:

¹ *Income distributed will be automatically 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) unless Unit holders opt for the distribution to be paid out. Please refer to Section 3.6 – Distribution Policy for more information on the Fund's distribution policy.*

- a) The Fund shall only deal with sukuk approved by the SC.
 - b) The Fund shall only deal with Islamic money market instruments which are endorsed as Shariah-compliant by the Shariah Adviser and/or approved by the Shariah Advisory Council of BNM.
 - c) The Fund shall only deal with Islamic deposits, RIA/URIA products and other investments which are endorsed as Shariah-compliant by the SACSC and/or the Shariah Advisory Council of BNM or the Shariah Board of the respective Islamic financial institutions licensed by BNM.
- iii. The Fund is prohibited from investing in:
- a. conventional fixed income instruments;
 - b. conventional money market instruments;
 - c. interest bearing deposits; and
 - d. any other instruments that are against the teaching of Islam.

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

3.11 Cleansing Process

Shariah-compliant investments which are reclassified to be Shariah non-compliant upon review by the SACSC shall be disposed by the Fund upon review with the Shariah Adviser. Any dividends received up to the date of the announcement and capital gains arising from the disposal of the reclassified Shariah non-compliant investments on the date of the announcement can be kept by the Fund. Any gain (through capital appreciation and/or dividends) after the date of announcement shall be channelled to charitable bodies as advised by the Shariah Adviser. The Fund is allowed to hold the identified Shariah non-compliant investments if the market price of the said investments is below the investment cost but to dispose it immediately once the value (market price and dividends received) is back to investment cost.

In the case of wrong investment, which refers to Shariah non-compliant investment/placement made by the Manager, the said investment/placement shall be disposed/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 investment/placement resulted in losses to the Fund, the losses are to be borne by the Manager.

If any of the Islamic deposits and/or RIA/URIA products is reclassified to be Shariah non-compliant, then any gain accrued from the date of the reclassification shall be channelled to charitable bodies as advised by the Shariah Adviser.

The Shariah Adviser confirms that the investment portfolio of the Fund comprises instruments which have been classified as Shariah-compliant by either the SACSC, the Shariah Advisory Council of BNM or the approved Shariah Supervisory Boards of relevant Islamic institutions. As for instruments which have not been classified as Shariah-compliant by the SACSC, the Shariah Advisory Council of BNM or the approved Shariah Supervisory Boards of relevant Islamic institutions, the Shariah status of the instruments has been reviewed and determined by the Shariah Adviser.

3.12 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.

4. FEES, CHARGES AND EXPENSES

4.1. Charges Directly Incurred on Sale and Redemption of Units

4.1.1. Sales Charge[^]

A sales charge is a front-end fee incurred by a Unit holder when the Unit holder purchases Units of the Fund. The Manager uses the sales charge to pay marketing, advertising and distribution expenses of the Fund. The Manager imposes a sales charge of up to 3.00% of the Fund's NAV per Unit. Sales charge is rounded to the nearest two (2) decimal places.

Illustration on how sales charge is calculated:

Assuming an investor makes an investment of RM10,000 and that the NAV per Unit for the Fund at the end of the Business Day is RM1.0000. If the sales charge is 3.00%, then the computation of the sales charge will be as follows:

$$\begin{aligned} \text{Sales charge} &= \text{Sales charge} \times \text{amount invested} \\ &= 3.00\% \times \text{RM}10,000 \\ &= \text{RM}300 \end{aligned}$$

4.1.2. Redemption Charge[^]

A redemption charge may be incurred by a Unit holder when the Unit holder redeems Units in the Fund. A redemption charge (if any) is levied upon the redemption proceeds and rounded to the nearest two (2) decimal places.

There is NO redemption charge imposed by the Manager for redemption of Units for this Fund.

4.2. Fees Indirectly Incurred on Sales and Redemption of Units

4.2.1. Annual Management Fee[^]

The annual management fee is calculated and accrued on a daily basis based on the NAV of the Fund at the rate of up to 2.00% per annum of the Fund's NAV.

Example:

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

$$\frac{\text{RM}90,000,000 \times 2.00\%}{365 \text{ days}^*} = \text{RM}4,931.51 \text{ (daily)}$$

Therefore, total management fee for the Fund for that particular valuation day
= RM4,931.51

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

4.2.2. Annual Trustee Fee[^]

The annual trustee fee is calculated and accrued on a daily basis based on the NAV of the Fund at the rate of up to 0.05% per annum of the Fund's NAV, subject to a minimum fee of RM12,000 per annum and capped at a maximum of RM500,000 per annum.

Example:

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

$$\frac{\text{RM90,000,000} \times 0.05\%}{365 \text{ days}^*} = \text{RM123.29 (daily)}$$

Therefore, total trustee fee for that particular valuation day

= RM123.29

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

4.2.3. Switching Fee[^]

There is no switching fee imposed on switching of Units.

4.2.4. Transfer Fee[^]

A transfer fee may be imposed on Unit holders who transfer, either fully or partially, the Units registered in their names to other persons. However, the Manager has waived the transfer fee for this Fund. Please refer to Section 5.8 – Transfer of Units for further details on transfer of Units.

4.3. Fund Expenses[^]

There are other expenses involved in the administration of the Fund. The other fund expenses are custodian fee (if any), brokerage fee (if any), the Auditor's fees and other relevant professional fees such as validation and regulatory reporting on common reporting standard ("CRS"), foreign account tax compliance act ("FATCA"), distribution of statements of investment, quarterly and annual reports, tax vouchers, distribution warrants and other notices to Unit holders as well as expenses that are directly related and necessary to the business of the Fund as set out in the Deed. The Fund's expenses shall be paid out of the Fund.

Note:

[^] All fees and charges and/or sum set out in this 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).

4.4. Rebates and Soft Commissions

The 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 Funds. Accordingly, any rebate or shared commission will be directed to the account of the Fund.

Notwithstanding the aforesaid, the Manager may retain goods and services by way of soft commissions provided always that (i) the goods and services bring direct benefit or advantage to the management of the Fund and may include research and advisory related services, (ii) any dealing with the broker or dealer is executed on terms which are the most favourable for the Fund and (iii) the availability of soft commissions is not the sole or primary purpose to perform or arrange transactions with such broker or dealer, and the Manager shall not enter into unnecessary trades in order to achieve a sufficient volume of transactions to qualify for soft commissions.

There are fees and charges involved and Sophisticated Investors are advised to consider the fees and charges before investing in the Fund.

5. TRANSACTION INFORMATION

5.1. Bases of Valuation of Investments

Listed and unlisted sukuk - Listed sukuk are valued at the closing market price quoted on Bursa Malaysia or relevant stock exchanges. Investments in unlisted sukuk denominated in RM are valued on daily basis using fair value prices quoted by a bond pricing agency (BPA) registered with the SC. Where the Manager is of the view that the price for a specific sukuk differs from the "market price" by more than 20 basis points, the Manager may use the "market price", provided that the Manager records its basis for using a non-BPA price, obtains necessary internal approvals to use the non-BPA price and keeps an audit trail of all decisions and basis for adopting the "market yield". Market prices for sukuk are derived from an average of market quotations obtained from the panel of three Islamic financial institutions that are governed by the Islamic Financial Services Act 2013.

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

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

Islamic money market instruments and Islamic deposits - The value of the Islamic money market instruments with Islamic financial institutions and placement of Islamic deposits with Islamic financial institutions are determined each day by reference to their nominal values/ principal sum and the accrued profit, if any.

Restricted Investment Account/Unrestricted Investment Account - The valuation of Restricted Investment Account/Unrestricted Investment Account products shall comply with Section 14 of the Investment Account policy issued by BNM (reference: BNM/RH/PD 028-63) dated 10 October 2017.

Suspended Shariah-compliant securities - Suspended Shariah-compliant securities are valued at their suspended price unless there is conclusive evidence to indicate they have gone below the suspended price. If there is a decline in value, the investments are written down to a recoverable or realisable amount in a manner agreed upon by the Manager and the Trustee. It shall be valued at fair value, as determined in good faith by the Manager on methods or bases which have been verified by the Auditor and approved by the Trustee.

5.2. 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;
- (d) cross trades are identified to both funds or portfolio's in their respective periodic transaction report or statement; and
- (e) prior consent from the trustees of the funds have been obtained.

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.

5.3. Fund Valuation and Publication of Prices

The NAV per Unit is quoted on a Forward Price basis and can be obtained from the Manager's website at www.hlam.com.my/hlisam/home.

The Fund must be valued at least once every Business Day at the close of Bursa Malaysia.

If you would like to know the latest price of Fund, please contact our Customer Experience personnel at +603-2081 8600 ext 18603/18604 or you may refer to our website www.hlam.com.my/hlisam/home.

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

5.4. Pricing Policy

The Manager adopts a single pricing policy to price Units in relation to the purchase and redemption of Units. Hence, the purchase and redemption of Units will be carried out at a single price (i.e. NAV per Unit). The sales charge and redemption charge (if any) will be calculated separately based on your investment or redemption amount.

5.5. 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 or redeem Units is received by the Manager i.e. Forward Price.

Determination of the NAV per Unit

The NAV per Unit of the Fund is determined on each Business Day by dividing the value of the Fund's assets less its liabilities, (i.e. NAV), by the number of UIC at the same valuation point and rounded to 4 decimal places.

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

Illustration : Computation on NAV per Unit

The following illustration is based on the assumption that the Fund invests in sukuk issued or guaranteed by Government of Malaysia, Islamic money market instruments, Islamic deposits and the balance are in the form of other assets. It is also assumed that the UIC are 100,000,000 Units.

Figures and examples are meant for illustration purposes only.

Assets

Sukuk issued by Government of Malaysia	RM
Islamic money market instruments and Islamic deposits	90,000,000
Other assets	8,000,000
	5,000,000
<i>Less : Liabilities</i>	-----
NAV	103,000,000 <i>(3,000,000)</i>

	100,000,000

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

5.6. 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, i.e. Forward Price. The sales charge levied upon the purchase of Units by Unit holders is up to 3.00% of the Fund's NAV per Unit.

Illustration: Calculation on sales charge and Units

Assuming the NAV per Unit at the end of the Business Day is RM1.0000 and the sales charge is 3%, when an investor makes an investment of RM10,000 in HLDA, then the total amount to be paid by an investor is illustrated as follows:

Investment amount = RM10,000
Sales charge = Sales charge rate x amount invested
= 3% x RM10,000
= RM300

Total amount to be paid by investor
= Amount invested + Sales charge
= RM10,000 + RM300
= RM10,300

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

$\frac{\text{Amount invested}}{\text{NAV per Unit}} = \frac{\text{RM10,000}}{\text{RM1.0000}} = 10,000 \text{ Units}$

(b) Minimum initial and additional investment amount

The minimum initial investment amount is RM10,000 or such other lower amount as the Manager may in its sole discretion allow. The minimum additional investment amount is RM5,000 or such other lower amount as the Manager may in its sole discretion allow.

There is no restriction on the frequency of investments into the Fund.

5.7. Redemption of Units

(a) Calculation and payment of redemption proceeds

The Redemption Price of the Fund is calculated based on the NAV per Unit at the next valuation point after the request for redemption of the Units is received by the Manager on a Business Day, i.e. Forward Price. The Manager does not impose a redemption charge on the redemption of Units for the Fund.

Illustration : Calculation on net redemption proceeds

Assuming an investor intends to redeem 10,000 Units from the Fund and that the NAV per Unit is RM1.0000, then the redemption proceeds that the investor will receive is as follows:

Redemption proceeds	=	Units redeemed x NAV per Unit	
	=	10,000 units x RM1.0000	
	=	RM10,000	
Redemption proceeds			RM 10,000
<i>Less</i> redemption charge			NIL
Net redemption proceeds to be paid to investor			RM 10,000

(b) Minimum redemption of Units

The minimum redemption of Units is 1,000 Units or such other lower number of Units as the Manager may in its sole discretion allow. The minimum requirement applies unless you are redeeming your entire investments holdings in the Fund.

Partial or full redemption can be made by completing a "Form of Request for Redemption" and by submitting it through the nearest Manager's head office, its branches or sales agents. The Unit holder shall not be entitled to partially redeem his holdings in the Fund if it reduces the remaining account balance of the Fund to an amount which is lower than the Fund's stipulated minimum account balance. In such circumstances, the Manager may in its sole discretion effect a full redemption on the entire account and inform the Unit holder thereafter. There is no restriction on the frequency of redemption of Units, subject to the minimum account balance. Please refer to Section 5.10 - Minimum Account Balance for more information.

In the case where Units are in the names of more than one Unit holder, the mode of holding will be specified as a "Joint Application" and redemption requests will have to be signed by all the joint holders. However, in the case where the mode of holdings is specified as "Either Applicant to Sign", it is not necessary for all joint holders to make the redemption request and any person who is registered as a joint holder in the Fund will be allowed to make redemption requests for the Fund. In all cases, redemption proceeds will be paid only to the first-named joint holder in the Fund's register (unless the Unit holder specifies otherwise in the "Form of Request for Redemption"). Payment will not be made to bank accounts in the name of third parties.

(c) Payment of redemption proceeds

Redemption proceeds will be paid within seven (7) Business Days upon receipt of the duly completed redemption request by the Manager.

(d) Suspension of Redemptions

Where the Trustee considers that it is not in the interests of the Unit holders to permit the assets of the Fund to be sold or that the assets cannot be liquidated at an appropriate price or on adequate terms, the Trustee shall suspend the redemption of Units and immediately call a Unit holders' meeting to decide on the next course of action.

The Trustee may also suspend the redemption of Units in exceptional circumstances when there is good and sufficient reason to do so having regard to the interests of the Unit holders.

All suspended requests for redemption shall be deemed to have been received on the first Business Day after the lifting of the suspension provided always that the Manager may permit a withdrawal of such requests at any time after the commencement of suspension and before the lifting of the suspension.

5.8. Transfer of Units

A Unit holder (the transferor) may transfer Units held in the Fund to another person (the transferee), who must qualify as a Sophisticated Investor and satisfy the entry requirements of the Manager.

The transfer must be made in terms of Units and not in terms of RM value. The minimum transfer amount is 10,000 Units or such other lower number of Units as the Manager may in its sole discretion allow. Where partial transfer of Units is made, the transferor must maintain and the transferee must meet the minimum holdings* of Units. In the event the minimum holdings* of Units is not met by either the transferor or transferee, the Manager reserves the right to reject the transfer request.

To effect a transfer, both transferor and transferee are required to complete a "Transfer Form". Additionally, if the transferee is a new investor, the "Account Opening Form" must be completed.

*Please refer to Section 5.10 – Minimum Account Balance for more information.

5.9. Fund Switching

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

5.10. Minimum Account Balance

The minimum balance of Units that must be retained in a Unit holder's account is 5,000 Units or such other lower number of Units as the Manager may in its sole discretion allow. If the Units in the Unit holder's account fall below this minimum account balance due to transfer or switching, the Manager reserves the right to reject the transfer or switching request and will notify the Unit holder accordingly.

Where the Units in the Unit holder's account fall below the minimum account balance due to redemption, the Manager will effect a full redemption of Units in the account and inform the Unit holder thereafter.

5.11. Incorrect Pricing

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

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

The Manager retains the discretion whether or not to reimburse if the error is below 0.5% of the NAV per Unit or where the total impact on an individual account is less than RM10.00 in absolute amount. This is because the reprocessing costs may be greater than the amount of the adjustment.

5.12. Who is eligible to invest?

You are eligible to invest in the 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;
- 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 Information Memorandum.

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

5.13. How and Where Units Can Be Bought and Sold

For application or redemption of Units, the Unit holder is required to complete the relevant forms which are readily available from the head office of HLISAM.

Please refer to Section 11 – Directory of Sales offices for further information.

5.14. Cut-Off Time for Purchase and Redemption Requests

The cut-off time for purchase and redemption requests for the Fund shall be at 4.00 p.m. on every Business Day. Such requests that are received by the Manager after 4.00 p.m. will only be processed on the following Business Day. The Manager reserves the right to reject any application that is incomplete and/or not accompanied by the required documents.

The Manager may set a different cut-off time for purchase and redemption requests under exceptional circumstances.

5.15. Distribution Mode

Distribution declared (if any) will be automatically reinvested into the Unit holder's account in the form of additional Units in the Fund at no cost. Unit holders may also opt for distribution to be payout by selecting the appropriate option in the application form.

The distribution declared will be reinvested based on the NAV per Unit at the end of the first Business Day following the date of the income declaration date. Unit holders who opt for the payout option will have their income distribution proceeds credited into their Malaysian bank account.

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

**UNIT HOLDERS ARE ADVISED NOT TO MAKE PAYMENT IN CASH TO ANY INDIVIDUAL AGENT
WHEN PURCHASING UNITS OF THE FUND.**

5.16. Unclaimed Moneys

Any redemption proceeds payable to Unit holders which remain unclaimed after one year as is prescribed by the Unclaimed Moneys Act, 1965 will be surrendered to the Registrar of Unclaimed Moneys in accordance with the said Unclaimed Moneys Act, 1965.

5.17. Suspension of Dealing in Units

Under exceptional circumstances, having exhausted all other liquidity risk management tools*, the Manager may in consultation with the Trustee and having considered the interest of the Unit holders, suspend the dealing in Units where there is good and sufficient reason to do so. Exceptional circumstances can be considered where the market value or fair value of a material portion of the Fund's asset cannot be determined. The Manager will cease the suspension as soon as practicable after the exceptional circumstances have ceased, and in any event within twenty-one (21) days from the commencement of suspension.

During the suspension period, the redemption requests from the Unit holders will not be accepted and such redemption requests will only be processed on the next Business Day once the suspension is lifted.

The period of suspension may be extended if the Manager satisfies the Trustee that it is in the best interest of Unit holders for the dealing in Units to remain suspended, subject to a weekly review by the Trustee.

The Trustee may suspend the dealing in Units, if the Trustee, on its own accord, considers that exceptional circumstances have been triggered. In such a case the Trustee must immediately call for a Unit holders' meeting to decide on the next course of action.

* Please refer to Section 3.4.2 – Specific Risks – Liquidity risk for further details on liquidity risk management tools.

6. THE MANAGEMENT COMPANY

6.1. The Manager

Hong Leong Islamic Asset Management Sdn. Bhd. (“HLISAM”) was incorporated in Malaysia under the Companies Act 1965 (*now known as Companies Act 2016*) on 29 May 1985 under the name of Hong Leong Fund Management Sdn Bhd (“HLFM”) and licensed by 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/hlisam/home.

6.2. The Board of Directors

Mr. Hoo See Kheng (non-independent, Non-executive Director)
Puan Noor Aini Shaik Awab (non-independent, Executive Director)
Mr. Ang Beng Kuan (non-independent, Executive Director)

6.3. The Roles, Duties and Responsibilities of the Manager

The Manager is responsible for the daily sales, management and administration of the Fund in accordance with the provisions of the Deed, this 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 Unit holders’ transactions;
- maintaining proper records and register for the Fund;
- calculating the amount of income for cash distributions/Unit splits to the Unit holders; and
- providing sales, marketing and customer experience support to Unit holders and fund distributors.

6.4. Material Litigation and Arbitration

There is no material litigation and arbitration, including those pending or threatened, and to our knowledge there are no facts likely to give rise to any proceedings which might materially affect the business or financial position of the Manager or any of its delegates.

6.5. The Key Personnel of HLISAM

Executive Director/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 in April 2014 as Chief Operations Officer and was transferred to HLISAM as the Chief Executive Officer on 1 November 2019. She was appointed as a non-independent Executive Director of HLISAM on 23 June 2022. She started her career with Schroders Investment Management (Singapore) Limited; and bringing 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 is a certified Islamic Financial Planner.

Head, Fund Management/Executive Director

Mr Ang Beng Kuan graduated with degree in Masters in Economics (MEc) from University Malaya. He joined Hong Leong Asset Management Bhd in February 2021 as Head of Fixed Income overseeing the Fixed Income and Money Market investment management for the company. He was transferred to HLISAM on 1 September 2021, and was appointed as a non-independent Executive Director of HLISAM on 6 September 2021.

Prior to this, he started his career in 2008 with Employees Provident Fund as money market, foreign exchange and derivatives dealer. Over the tenure, his role covers private debt investments, portfolio manager for Emerging Markets and investment strategist.

Mr Ang holds a Dealer's Representative license, Persatuan Forex Dealer's Representative license and Capital Markets Services Representative's License for the regulated activity of fund management from SC since 7 May 2021.

Mr Ang is the designated fund manager for the Fund.

Fund Manager

En Razif Bin Rahim, holds a Bachelor Degree in Finance from UITM. He joined HLISAM in April 2021 as an Equity fund manager. He began his career as a dual-licensed dealer and has more than 10 years' experience in the fund management industry. En Razif obtained his Capital Markets Services Representative's License from the SC since 16 November 2011.

En Razif is the co-fund manager for the Fund.

6.6. Profile of The Shariah Adviser

Masryef Advisory Sdn Bhd ("Masryef Advisory") has been appointed as the Shariah adviser for the Fund and will counsel the mechanism of the operations of the Fund's activities to ensure that the Fund complies with the Shariah requirements.

6.6.1. General Information of Masryef

Masryef Advisory 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 Advisory is based in Kuala Lumpur, the hub of Global Islamic Economy and is a licensed Shariah adviser under SC. The founders and consultants of Masryef Advisory 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.

6.6.2. Roles and Responsibilities of the Shariah Adviser

Masryef Advisory will ensure that the Fund is Shariah-compliant at all times by reviewing the Fund's report at least quarterly and on a time-to-time basis as needed. Final responsibility for ensuring the Shariah compliance of the Fund with Shariah requirements in all relevant aspects rests solely with the Manager.

The roles of Masryef Advisory 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 SACSC, 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 principles.
- 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 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 investment is Shariah-compliant or otherwise.
- g) To prepare a report or statement to be included in the Funds' quarterly and annual reports certifying whether the Fund has been operated and managed in accordance with Shariah principles.

6.6.3. Profile of the Shariah Team

Assoc. Prof. 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.

En. Khairil Anuar Mohd Noor

Khairil Anuar Mohd Noor is a Director of Masryef Advisory and Adviser for Amalfya. He is also a Shariah Committee for ACS Digital Bank and AIA Takaful. He has more than 30 years of banking experience and was previously appointed as SVP, Head of Product Development at Al Hilal Bank, and SVP, Wholesale Banking products at Al Rajhi Bank. He obtained his Bachelor's Degree of Science in Business Administration from St Louis University, followed by a Master of Business Administration from the St Louis University.

<p>FURTHER INFORMATION ON THE MANAGER AND SHARIAH ADVISER IS PROVIDED IN THE MANAGER'S WEBSITE AT WWW.HLAM.COM.MY/HLISAM/HOME.</p>
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7. THE TRUSTEE OF THE FUND

7.1. Profile of CIMB Islamic Trustee Berhad

CIMB Islamic Trustee Berhad (“CITB”) was incorporated on 19 January 1988 and registered as a trust company under the Trust Companies Act, 1949 and having its registered office at Level 13, Menara CIMB, Jalan Stesen Sentral 2, Kuala Lumpur Sentral 50470, Kuala Lumpur, Malaysia. The Trustee is qualified to act as a trustee for collective investment schemes approved under the CMSA.

7.2. Experience in trustee business

CITB has been involved in unit trust industry as trustee since 1990. It acts as trustee to various unit trust funds, real estate investment trusts, wholesale funds, private retirement schemes and exchange-traded funds.

7.3. Roles, Duties and Responsibilities of the Trustee

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

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

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

7.4. Material Litigation and Arbitration

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

7.5. Delegate of the Trustee

CITB has appointed CIMB Islamic Bank Berhad (CIMB Islamic Bank) as the custodian of the Fund’s assets. CIMB Islamic Bank’s ultimate holding company is CIMB Group Holdings Berhad, a listed company on Bursa Malaysia. CIMB Islamic

Bank provides full fledged custodial services, typically clearing settlement and safekeeping of all types of investment assets and classes, to a cross section of investors and intermediaries client base, both locally and overseas.

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

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

8. SALIENT TERMS OF DEED

8.1. Right and Liabilities of Unit Holder

8.1.1. Unit holder's Rights

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

You will also receive the annual and quarterly reports of the Fund.

You have the right to call for Unit holders' meetings and to vote for the removal of the Trustee or the Manager through a Special Resolution.

No Unit holder shall be entitled to require the transfer to him of any of the assets of the Fund or be entitled to interfere with or question the exercise by the Trustee, or the Manager on its behalf, of the rights of the Trustee as the registered owner of such assets.

8.1.2. Unit holders' Liabilities

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

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

8.2. Maximum Fees and Charges Permitted by the Deed

Sales Charge	Redemption Charge	Annual management fee	Annual trustee fee
Up to 3.00% of the NAV per Unit	Nil	Up to 3.00% per annum of the Fund's NAV.	Up to 0.10% per annum of the Fund's NAV, subject to a minimum fee of RM12,000 per annum and capped at a maximum of RM500,000 per annum.

8.3. Increase in Fees and Charges

Any increase of the fees and/or charges above the maximum stated in the Deed shall require Unit holders' approval.

A higher sales charge than disclosed in this Information Memorandum may only be imposed if:

- (a) the Manager has notified the Trustee in writing of the higher charge and the effective date for the higher charge; and

- (b) a supplemental information memorandum or replacement information memorandum in respect of the Fund setting out the higher charge is lodged and issued.

A higher redemption charge than that disclosed in this Information Memorandum may only be imposed if:

- (a) the Manager has notified the Trustee in writing of the higher charge and the effective date for the higher charge; and
- (b) a supplemental information memorandum or replacement information memorandum in respect of the Fund setting out the higher charge is lodged and issued.

The Manager may not charge an annual management fee at a rate higher than that disclosed in this Information Memorandum unless:

- the Manager has come to an agreement with the Trustee on the higher rate;
- the Manager has notified the Unit holders of the higher rate and the date on which such higher rate is to become effective; and
- a supplemental information memorandum or replacement information memorandum stating the higher rate is lodged and issued.

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

- the Manager has come to an agreement with the Trustee on the higher rate;
- the Manager has notified the Unit holders of the higher rate and the date on which such higher rate is to become effective; and
- a supplemental information memorandum or replacement information memorandum stating the higher rate is lodged and issued.

8.4. Permitted Expenses Payable by the Fund^{*}

Only the expenses (or part thereof) which are directly related and necessary to the operation and administration of the Fund may be charged to the Fund. These would include (but are not limited to) the following:

- (a) commissions or fees paid to brokers or dealers in effecting dealings in the Shariah-compliant investments of the Fund, shown on the contract notes or confirmation notes;
- (b) taxes and other duties charged on the Fund by the government and/or other authorities;
- (c) costs, fees and expenses properly incurred by the Auditor;
- (d) fees for the valuation of any Shariah-compliant investment of the Fund;
- (e) costs, fees and expenses incurred for any modification of the Deed save where such modification is for the benefit of the Manager and/or the Trustee;
- (f) costs, fees and expenses incurred for any meeting of the Unit holders save where such meeting is convened for the benefit of the Manager and/or the Trustee;
- (g) costs, commissions, fees and expenses of the sale, purchase, 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 Shariah-compliant 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 or retirement of the Trustee or the Manager and the appointment of a new trustee or fund management company;

^{*} Note: All fees and charges and/or sum set out in this 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).

- (l) costs, fees and expenses incurred in relation to any arbitration or other proceedings concerning the Fund or any asset of the Fund, including proceedings against the Trustee or the Manager by the other for the benefit of the Fund (save to the extent that legal costs incurred for the defence of either of them are not ordered by the court to be reimbursed by the Fund);
- (m) 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;
- (n) remuneration and out of pocket expenses of the person(s) or members of a committee undertaking the oversight function of the Fund (if any), unless the Manager decides otherwise;
- (o) (where the custodial function is delegated by the Trustee) charges and fees paid to sub-custodians for taking into custody any foreign assets of the Fund, if any;
- (p) fees, charges, costs and expenses relating to the preparation, printing, posting, registration and lodgement of documents and reports which the Manager and/or the Trustee may be obliged to prepare, print, post, register and/or lodge in relation to the Fund by virtue of any relevant law; and
- (q) any tax now or hereafter imposed by law or required to be paid in connection with any costs, fees and expenses incurred under sub-paragraphs (a) to (p) above.

8.5. Retirement, Removal and Replacement of the Manager

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

- (a) the retiring Manager shall appoint such corporation by writing under the seal of the retiring Manager as the fund management company of the Fund in its stead and assign and transfer to such corporation all its rights and duties as fund management company of the Fund;
- (b) such corporation shall enter into such deed or deeds as are referred to in the Deed; and
- (c) upon the payment to the Trustee of all sums due from the retiring Manager to the Trustee under the Deed at the date of such retirement, the retiring Manager shall be absolved and released from all further obligations under the Deed but without prejudice to the rights of the Trustee or any Unit holder or other person in respect of any act or omission on the part of the retiring Manager prior to such retirement and the new fund management company may and shall thereafter exercise all the powers and enjoy all the rights and shall be subject to all the duties and obligations of the Manager as fully as though such new management company had been originally a party to the Deed.

The Manager may be removed by the Trustee:

- (a) if the Manager has failed or neglected to carry out its duties to the satisfaction of the Trustee and the Trustee considers that it would be in the interests of Unit holders for the Trustee to do so after the Trustee has given notice to the Manager of the Trustee's opinion and the reasons for that opinion, and has considered any representations made by the Manager in respect of that opinion, and after consultation with the relevant authorities and with the approval of the Unit holders by way of a Special Resolution;
- (b) unless expressly directed otherwise by the relevant authorities, if the Manager is in breach of any of its obligations or duties under the Deed or the relevant laws, or has ceased to be eligible to be a fund management company under the relevant laws; or
- (c) if the Manager has gone into liquidation, except for the purpose of amalgamation or reconstruction or some similar purpose, or has had a receiver appointed or has ceased to carry on business.

8.6. Retirement, Removal and Replacement of the Trustee

The Trustee may retire upon giving six (6) months' notice to the Manager of its desire so to do, or such shorter period as the Manager and the Trustee shall agree, and may by deed appoint in its stead a new trustee which has the requisite authority under the relevant law to carry out the functions of a trustee.

The Manager shall take all reasonable steps to replace the Trustee as soon as practicable after becoming aware that:

- the Trustee has ceased to exist;
- the Trustee has not been validly appointed;
- the Trustee was not eligible to be appointed or to act as trustee under any relevant law;
- the Trustee has failed or refused to act as trustee in accordance with the provisions or covenants of the Deed or relevant law;
- a receiver has been appointed over the whole or a substantial part of the assets or undertaking of the Trustee and has not ceased to act under the appointment;
- a petition has been presented for the winding up of the Trustee (other than for the purpose of and followed by a reconstruction, unless during or following such reconstruction the Trustee becomes or is declared to be insolvent); or
- the Trustee is under investigation for conduct that contravenes the Trust Companies Act 1949, the Trustee Act 1949, the Companies Act 2016 or any relevant law.

Upon the retirement of the Trustee, the Manager shall appoint in writing some other corporation to be the trustee of the Fund.

8.7. Termination of the Fund

A Fund may be terminated or wound up upon the occurrence of any of the following events:

- (a) a Special Resolution is passed at a Unit holders' meeting to terminate or wind up the Fund, following occurrence of events stipulated under section 301(1) of the CMSA and the court has confirmed the resolution, as required under section 301(2) of the CMSA;
- (b) a Special Resolution is passed at a Unit holders' meeting to terminate or wind up the Fund; and
- (c) the Fund has reached its maturity date (if any) as specified in the Deed.

Notwithstanding the above and subject to the provisions of the relevant laws, the Manager may, without having to obtain the prior approval of the Unit holders, terminate the trust created and wind up the Fund if such termination:

- (a) is required by the relevant authorities; or
- (b) is in the best interests of Unit holders and the Manager in consultation with the Trustee deems it to be uneconomical for the Manager to continue managing the Fund.

Notwithstanding the aforesaid, if the Fund is left with no Unit holder, the Manager shall be entitled to terminate the Fund.

Upon the termination of the trust created, the Trustee shall:

- (a) sell all the Fund's assets then remaining in its hands and pay out of the Fund any liabilities of the Fund; such sale and payment shall be carried out and completed in such manner and within such period as the Trustee considers to be in the best interests of the Unit holders; and
- (b) from time to time distribute to the Unit holders, in proportion to the number of Units held by them respectively:
 - (1) the net cash proceeds available for the purpose of such distribution and derived from the sale of the Fund's assets less any payments for liabilities of the Fund; and
 - (2) any available cash produce,

provided always that the Trustee shall not be bound, except in the case of final distribution, to distribute any of the moneys for the time being in his hands the amount of which is insufficient for payment to the Unit holders of Ringgit Malaysia Fifty (50) sen in respect of each Unit and provided also that the Trustee shall be entitled to retain out of any such moneys in his hands full provision for all costs, charges, taxes, expenses, claims and

demands incurred, made or anticipated by the Trustee in connection with or arising out of the winding-up of the Fund and, out of the moneys so retained, to be indemnified against any such costs, charges, taxes, expenses, claims and demands; each of such distribution shall be made only against the production of such evidence as the Trustee may require of the title of the Unit holder relating to the Units in respect of which the distribution is made.

In the event of the trust created being terminated, the Trustee shall be at liberty to call upon the Manager to grant the Trustee, and the Manager shall so grant, a full and complete release from the Deed and the Manager shall indemnify the Trustee against any claims arising out of the Trustee's execution of the Deed provided always that such claims have not been caused by any failure on the part of the Trustee to exercise the degree of care and diligence required of a trustee as contemplated by the Deed and all relevant laws.

8.8. Unit holders' Meeting

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

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

- (a) sending by post or facsimile at least fourteen (14) days before the date of the proposed meeting a notice of the proposed meeting to all the Unit holders; 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 Unit holders may direct the Manager to summon a meeting for any purpose including, without limitation, for the purpose of:

- (a) requiring the retirement or removal of the Manager;
- (b) requiring the retirement or removal of the Trustee;
- (c) considering the most recent financial statements of the Fund;
- (d) giving to the Trustee such directions as the meeting thinks proper; or
- (e) considering any matter in relation to the Deed,

provided always that the Manager shall not be obliged to summon such a meeting unless a direction has been received from not less than fifty (50) or one-tenth (1/10), whichever is less, of all the Unit holders.

9. ADDITIONAL INFORMATION

9.1. Availability of Information on Investment

Who do I contact for clarification or further information?

You may contact the below for assistance on enquiring the Fund's NAV and/or other queries regarding the Fund.

- Customer Experience personnel at head office of HLISAM;
- E-mail to inquiry@hlisam.hongleong.com.my; or
- Visit our website at www.hlam.com.my/hlisam/home

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 above sources on any Business Days from Monday to Friday (9.00 a.m. to 6.00 p.m.).

9.2. Avenues for advice

If you have any questions about the information in this Information Memorandum or would like to know more about investing in the Fund, you may contact our Customer Experience personnel. You may refer to www.hlam.com.my/hlisam/home or Section 11 – Directory of sales offices for our contact details.

9.3. Deed

The Deed is dated 23 October 2023.

9.4. Financial Year-End*

The Fund's financial period is a 12-month period ending on the 28 February each year, save and except that the first financial period shall commence from the date of this Information Memorandum and end on 28 February 2025.

**Note: 29 February in the event of a leap year.*

The Manager shall make available the below mentioned reports within 2 months from the close of each financial period of the Fund:-

- quarterly report for the Fund; and
- annual audited report for the Fund's financial year-end.

The Manager may provide the quarterly report and annual audited report in electronic copy.

The Fund's annual report is available upon request.

10. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents will be available for inspection at the Manager's registered office:

- the Deed and supplementary deed (if any) of the Fund;
- the Information Memorandum and supplementary information memorandum or replacement information memorandum (if any) of the Fund;
- the latest quarterly and annual reports of the Fund; and
- the audited financial statements of the Manager and the Fund for the current financial year and for the last three (3) financial years or if less than three (3) years, from the date of incorporation or commencement.

11. DIRECTORY OF SALES OFFICES

HONG LEONG ISLAMIC ASSET MANAGEMENT SDN BHD

Head Office

Level 18, Block B, Plaza Zurich

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Authorised Distributors:

For more information, kindly contact our Customer Experience Personnel at +603-2081 8600 ext 18603/18604 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.