

Asset Management

PRODUCT HIGHLIGHTS SHEET

for

Affin Hwang Total Return Fund

Date of issuance: 25 November 2019

RESPONSIBILITY STATEMENT

This Product Highlights Sheet has been reviewed and approved by the directors and/or authorized committee and/or persons approved by the Board of Affin Hwang Asset Management Berhad 199701014290 (429786-T) and they 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 omissions of other facts which would make any statement in the Product Highlights Sheet false or misleading.

STATEMENT OF DISCLAIMER

The relevant information and document in relation to the Affin Hwang Total Return Fund ("the Fund"), including a copy of this Product Highlights Sheet has been lodged with the Securities Commission Malaysia under the Lodge and Launch Framework.

The lodgement of the relevant information and document in relation to the Fund, including this Product Highlights Sheet, should not be taken to indicate that the Securities Commission Malaysia recommends the 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 Affin Hwang Asset Management Berhad responsible for the 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.

Asset Management

This Product Highlights Sheet only highlights the key features and risks of this Fund. Investors are advised to request, read and understand the Information Memorandum of the Fund before deciding to invest.

PRODUCT HIGHLIGHTS SHEET

AFFIN HWANG TOTAL RETURN FUND

BRIEF INFORMATION ON THE PRODUCT

1. What is this product about?

The Fund is an open-ended wholesale derivatives fund which seeks to provide total return over the medium to long-term period investment horizon.

PRODUCT SUITABILITY

2. Who is this product suitable for?

The Fund is designed for Sophisticated Investors who seek total return through exposure in fixed income instruments, have a medium to long term investment horizon and have a high risk tolerance.

KEY PRODUCT FEATURES

3. What am I investing in?

Launch Date	25 November 2019
Initial Offer Price	USD 1.00
Initial Offer Period	The initial offer period will be for a period of not more than 45 calendar days from the Commencement Date of the Fund. The initial offer period may be shortened if we determine that it is in your best interest.
Tenure	This Fund is an open-ended fund where it does not have a fixed maturity date and may only be terminated in accordance with the terms of the Information Memorandum and the provisions of the Deed.
Base Currency	USD
Benchmark	USD Libor 3 months + 1.5% <i>The risk profile of the Fund is different from the risk profile of the benchmark.</i>
Investment Strategy	<p>The Fund will invest a minimum 50% of the Fund's NAV in derivatives issued by Financial Institution(s) i.e the structurer, while the remaining balance will be invested in cash and/or deposits.</p> <p>We hold the option to take temporary defensive measures that may be inconsistent with the Fund's principal strategy and asset allocation to protect the Fund against adverse market conditions. To manage the risk of the Fund, we may shift the Fund's focus into lower risk investments such as deposits with Financial Institutions or money market instruments.</p> <p>The Fund's potential capital appreciation is expected to be derived from its investment in derivatives that provide exposure to the Reference Fund. The Fund's strategy is to invest a minimum of 50% of the Fund's NAV in such derivatives, on a rolling basis.</p> <p>Derivatives includes but not limited to options and swaps where the values of such assets are derived from their underlying securities. Generally derivatives would provide investors with an alternate means to gain exposure to various underlying as compared to direct investments. In the Fund's case, the derivatives would provide exposure to the Reference Fund. The returns from the derivatives would refer to the performance of its underlying over a set period. For example, a quarterly settled derivative on the Reference Fund may provide returns based on that quarter's performance of the Reference Fund.</p> <p>In addition, derivatives can provide an enhanced exposure to the Reference Fund. In the Fund's</p>

Asset Management

	<p>case, the derivatives targeted by the Fund would provide up to 200% of the Fund's exposure to the Reference Fund. This means that the 100% of the initial investment of the Fund into derivatives would provide the Fund with enhanced notional to the Reference Fund up to 200% of the Fund's notional size as compared to a direct investment into the Reference Fund.</p> <p>In terms of selection of the structurer of the derivatives, we will only consider the structurers which are licensed financial institutions or foreign incorporated institutions which are regulated by an equivalent authority abroad with a minimum long-term rating that indicates strong capacity for timely payment of financial obligations provided by any domestic or global rating agency.</p> <p>We will also ensure that derivatives selected would be able to meet the investment objective and strategy requirements of the Fund in terms of providing enhanced exposure to the Reference Fund.</p>
Asset Allocation	<ul style="list-style-type: none"> • A minimum of 50% of the Fund's NAV to be invested in derivatives; and • Remaining balance of the Fund's NAV to be invested in cash and/or deposits.
Distribution Policy	The Fund is expected to provide annual distribution subject to the availability of income.
Minimum Initial Investment*	USD 50,000
Minimum Additional Investment*	USD 1,000
Minimum Units Held*	50,000 Units
	If the balance of your investment (i.e. total number of Units) is less than the minimum holding of Units, you will be required to make an additional investment in order to meet the required minimum balance of investment. Otherwise, we may withdraw all your holding of Units in the Fund and pay the proceeds to you.

Note: Please refer to the Fund's Information Memorandum for further details of the Fund.

4. Who am I investing with?

Relevant parties' information:

The Manager	Affin Hwang Asset Management Berhad
Manager's Delegate (Fund Accounting and Valuation Agent)	CIMB Commerce Trustee Berhad
The Trustee	CIMB Commerce Trustee Berhad
The Trustee's Delegate	CIMB Bank Berhad

5. What are the possible outcomes of my investment?

This Fund is a wholesale derivatives fund that invests primarily in derivatives referencing to a Reference Fund. The performance of the Fund would be dependent on the Reference Fund that the Fund invests in through derivatives. The Fund's performance is reliant on the Manager's expertise in managing the Fund to meet its objective.

Unlike fixed deposits which generally provide a guarantee on capital invested and carry specific rate of return, the Fund's investment into derivatives does not provide a guarantee on capital contributed nor does it guarantee a fixed rate of return.

The Fund endeavours to distribute income, if any, on an annual basis. However, the amount of income available for distribution may fluctuate from year to year.

* At our discretion, we may reduce the minimum initial investment amount, minimum additional investment amount and minimum holdings of Units.

Asset Management

KEY RISKS

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

General risks of the fund

- **Market risk** – Market risk arises because of factors that affect the entire market place. Factors such as economic growth, political stability and social environment are some examples of conditions that have an impact on businesses, whether positive or negative. It stems from the fact that there are economy-wide perils, or instances of political or social instability which threaten all businesses. Hence, the Fund will be exposed to market uncertainties and fluctuations in the economic, political and social environment that will affect the market price of the investments either in a positive or negative way.
- **Fund management risk** – This risk refers to the day-to-day management of the Fund by us which will impact the performance of the Fund. For example, investment decisions undertaken by us as a result of an incorrect view of the market or any non-compliance with internal policies, investment mandate, the Deed, relevant law or guidelines due to factors such as human error, fraud, dishonesty or weaknesses in operational process and systems, may adversely affect the performance of the Fund.
- **Liquidity risk** – Liquidity risk refers to two scenarios. The first is where an investment cannot be sold due to unavailability of a buyer for that investment. The second scenario exists where the investment, by its nature, is thinly traded. This will have the effect of causing the investment to be sold below its fair value which would adversely affect the NAV of the Fund.
- **Performance risk** – The performance of the Fund depends on the financial instruments that the Fund purchases. If the instruments do not perform within expectation or if there is a default, then, the performance of the Fund will be impacted negatively. The performance of the Fund may also be impacted if the allocation of assets is not properly done.
- **Inflation risk** – This is the risk that your investment in the Fund may not grow or generate income at a rate that keeps pace with inflation. This would reduce your purchasing power even though the value of the investment in monetary terms has increased.
- **Loan financing risk** – This risk occurs when you take a loan/financing to finance your investment. The inherent risk of investing with borrowed money includes you being unable to service the loan repayments. In the event Units are used as collateral, you may be required to top-up your 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 net asset value per unit as compared to the net asset value per unit at the point of purchase towards settling the loan.
- **Operational risk** - Operational risk is the risk of loss due to the breakdown, deficiencies or weaknesses in the operational support functions resulting in the operations or internal control processes producing an insufficient degree of customer quality or internal control by the Manager. Operational risk is typically associated with human error, system failure, fraud and inadequate or defective procedures and controls.

Specific risks

- **Derivatives risk** – Swaps – in general, a swap transaction is one in which one party commits to payments based on an agreed rate (either fixed or variable), while the other party makes payments that are dependent on the return of an underlying referenced asset. A swap allows the party receiving the total return to gain exposure from a referenced asset without having to own it and only committing a minimal capital outlay on the onset of the agreement. Valuation of derivatives takes into account a multitude of factors such as movement of the underlying assets, the correlation of the underlying assets with the Fund, the implied future direction of the underlying assets and other factors. Any diverse changes of the factors mentioned above, may result in a lower NAV price and higher volatility for the Fund's NAV.
- **Counterparty risk** – The Fund will be exposed to the credit risk of the parties with which it transacts and may also bear the risk of settlement default. Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. This would include the counterparties to any derivatives, repurchase/reverse repurchase agreement or securities lending agreement that it enters into. Trading in derivatives which have not been collateralised gives rise to direct counterparty exposure.
- **Counterparty risk in relation to the Fund** – Counterparty risk concerns the Fund's investment in structured products and derivatives ("Investments"). Counterparty risk is prevalent as the potential returns derived from the Investments are dependent on the ongoing ability and willingness of the issuer i.e. a financial institution to fulfil their respective financial commitments to the Fund in a timely manner. Bankruptcy, fraud or regulatory non-compliance arising out of and/or in connection with the issuer may impair the operations and/or the performance of the Fund.

Asset Management

- **Liquidity risk in relation to the Fund** – Since the purchase of derivatives is made “off-market” i.e. not through an exchange but rather through negotiated terms with the structurer, effectively the structurer is the seller of the derivatives and also the only buyer of the derivatives when the Fund wishes to make partial or even a full unwinding of the derivatives. The liquidity risk in this context refers to the inability of the Fund to source for another buyer in order to take advantage of better pricing that would be available if there were multiple buyers when the Fund wishes to make a partial or even a full unwinding of the derivatives.
- **Structured products risk** – The NAV of the Fund will be impacted by the valuation of the structured product. Factors that may impact the valuation of the structured products will include, but not limited to movement of the underlying asset, volatility of the underlying assets, interest rate levels, the correlation of the underlying assets and other such factors. Any change in the aforesaid factors would either positively or negatively impact the valuation of the structured products hence impacting the NAV of the Fund. As such, the Fund’s NAV will be exposed to potential price volatility, which will be dependent on the valuation of the structured products that the Fund invested in.
- **Interest rate risk** – This risk refers to the impact of interest rate changes on the valuation of money market instruments (hereinafter referred as “investment”). When interest rates rise, the investment prices generally decline and this may lower the market value of the investment. The reverse may apply when interest rates fall.
- **Credit and default risk** – Credit risk relates to the creditworthiness of the issuers of the money markets instruments (hereinafter referred as “investment”) and their expected ability to make timely payment of interest and/or principal. Any adverse situations faced by the issuer may impact the value as well as liquidity of the investment. In the case of rated investments, this may lead to a credit downgrade. Default risk relates to the risk of an issuer of the investment either defaulting on payments or failing to make payments in a timely manner which will in turn adversely affect the value of the investment. This could adversely affect the value of the Fund.
- **Currency risk** – As the investments of the Fund may be denominated in currencies other than the Base Currency, any fluctuation in the exchange rate between the Base Currency and the currencies in which the investments are denominated may have an impact on the value of these investments. You should note that any gains or losses arising from the fluctuation in the exchange rate may further increase or decrease the returns of the investment.
- **Country risk** – Investments of the Fund in any countries may be affected by changes in the economic and political climate, restriction on currency repatriation or other developments in the law or regulations of the countries in which the Fund invests. For example, the deteriorating economic condition of such countries may adversely affect the value of the investments undertaken by the Fund in those affected countries. This in turn may cause the NAV of the Fund or prices of Units to fall.

Note: Please refer to “Understanding the Risks of the Fund” in Information Memorandum for further details on each risk.

It is important to note that events affecting the investments cannot always be foreseen. Therefore, it is not possible to protect investments against all risks. You are recommended to read the whole Information Memorandum to assess the risks associated with the Fund. If necessary, you should consult your professional adviser(s) for a better understanding of the risks.

FEES & CHARGES

7. What are the fees and charges involved?

There are fees and charges involved and you are advised to consider them before contributing to the Fund.

What will I be charged by the Manager?

Sales charge	Up to 3.00% of the initial offer price during the initial offer period, thereafter, on the NAV per Unit.
Repurchase charge	Nil.
Switching fee	Nil.
Transfer fee	Nil.

Asset Management

What are the key ongoing fees charged to the Fund?

Management fee	Up to 1.00% per annum of the NAV of the Fund.
Trustee fee	Up to 0.04% per annum of the NAV of the Fund (excluding foreign custodian fees and charges) .

Note: Please refer to the Information Memorandum for further explanation and illustration of the Fund's fees, charges and expenses.

ALL FEES AND CHARGES PAYABLE BY YOU ARE SUBJECT TO ALL APPLICABLE TAXES AND / OR DUTIES AS MAY BE IMPOSED BY THE GOVERNMENT AND / OR THE RELEVANT AUTHORITIES FROM TIME TO TIME.

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

VALUATIONS AND EXITING FROM INVESTMENT

8. How often are valuations available?

The Fund will be valued on every Business Day and you may obtain the NAV and NAV per Unit of the Fund from our customer service via our toll free number 1-800-88-7080 or email to customercare@affinhwangam.com.

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

You may request to redeem your investments in the Fund at any point in time by completing the repurchase application form and returning it to us every Thursday between 8.45 a.m. and 3.30 p.m. Payments will be made to you within 30 calendar days from the day the repurchase request is received by us and provided that all documentations are completed and verifiable.

CONTACT INFORMATION

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

1. For internal dispute resolution, you may contact our customer service personnel:

- (a) via phone to : 03 – 2116 6000
- (b) via fax to : 03 – 2116 6100
- (c) via toll free no. : 1-800-88-7080
- (d) via email to : customercare@affinhwangam.com
- (e) via letter : Affin Hwang Asset Management Berhad
Ground Floor, Menara Boustead
69, Jalan Raja Chulan
50200 Kuala Lumpur

Complaints should be made in writing with the following information:

- (a) particulars of the complainant which include name, correspondence address, contact number, e-mail address (if any) and other relevant information;
- (b) circumstances of the non-compliance or improper conduct;
- (c) parties alleged to be involved in the improper conduct; and
- (d) other supporting documentary evidence (if any).

2. If you are dissatisfied with the outcome of the internal dispute resolution process, please refer your dispute to the Securities Industries Dispute Resolution Centre (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

Asset Management

3. You can also direct your complaint to the SC even if you have initiated a dispute resolution process with SIDREC. To make a complaint, please contact the SC's Investor Affairs & Complaints Department:
- (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 : Investor Affairs & Complaints Department
Securities Commission Malaysia, No 3 Persiaran Bukit Kiara, Bukit Kiara, 50490 Kuala Lumpur
4. Federal of Investment Managers Malaysia (FIMM)'s Complaints Bureau:
- (a) via phone to : 03 – 20923800
 - (b) via fax to : 03 – 20932700
 - (c) via e-mail to : complaints@fimm.com.my
 - (d) via online complaint form available at : www.fimm.com.my
 - (e) via letter to : Legal, Secretarial & Regulatory Affairs
Federal of Investment Managers Malaysia
19-06-1, 6th Floor Wisma Tune, No. 19, Lorong Dungun Damansara Heights, 50490 Kuala Lumpur

APPENDIX : GLOSSARY

Base Currency	Means the currency in which the Fund is denominated i.e. USD.
Bursa Malaysia	Means the stock exchange operated by Bursa Malaysia Securities Berhad including such other name as it may be amended from time to time.
Business Day	Means a day on which Bursa Malaysia is open for trading.
Commencement Date	Means the date on which sale of Units of the Fund is first made. The Commencement Date is also the date of constitution of the Fund.
Deed	Refers to the deed dated 8 November 2019 entered into between the Manager and the Trustee and includes any subsequent amendments and variations to the deed.
Development Financial Institution	Means a development financial institution under the Development Financial Institutions Act 2002.
Financial Institution	Means (1) if the institution is in Malaysia – (i) Licensed Bank; (ii) Licensed Investment Bank; (iii) Development Financial Institution; or (iv) Licensed Islamic Bank; (2) if the institution is outside Malaysia, any institution that is licensed, registered, approved or authorised by the relevant banking regulator to provide financial services.
Fund	Means Affin Hwang Total Return Fund.
Guidelines	Refers to <i>Guidelines on Unlisted Capital Market Products Under The Lodge And Launch Framework</i> issued by the SC and as amended or modified from time to time.
Information Memorandum	Means the offer document in respect of this Fund as may be replaced or amended from time to time.
Licensed Bank	Means a bank licensed under the Financial Services Act 2013.
Licensed Investment Bank	Means an investment bank licensed under the Financial Services Act 2013.
Licensed Islamic Bank	Means an Islamic bank licensed under the Islamic Financial Services Act 2013.
Manager or AHAM	Means Affin Hwang Asset Management Berhad.
medium term to long term	Means a period of between three (3) to five (5) years.
MYR	Malaysia Ringgit.
NAV	Means the value of all the assets of the Fund less the value of all the liabilities of the Fund at a valuation point.
NAV per Unit	Means the NAV of the Fund at a particular valuation point divided by the number of Unit in Circulation at the same valuation point;
SC	Securities Commission Malaysia.

Asset Management

Sophisticated Investor	Refers to – <ol style="list-style-type: none"> (1) an individual whose total net personal assets, or total net joint assets with his or her spouse, exceed MYR 3 million or its equivalent in foreign currencies, excluding the value of the individual's primary residence; (2) an individual who has a gross annual income exceeding MYR 300,000 or its equivalent in foreign currencies per annum in the preceding 12 months; (3) an individual who, jointly with his or her spouse, has a gross annual income exceeding MYR 400,000 or its equivalent in foreign currencies per annum in the preceding 12 months; (4) a corporation with total net assets exceeding MYR 10 million or its equivalent in foreign currencies based on the last audited accounts; (5) a partnership with total net assets exceeding MYR 10 million or its equivalent in foreign currencies; (6) a unit trust scheme or prescribed investment scheme; (7) a private retirement scheme; (8) a closed-end fund approved by SC; (9) a company that is registered as a trust company under the Trust Companies Act 1949 which has assets under management exceeding MYR 10 million or its equivalent in foreign currencies; (10) a corporation that is a public company under the Companies Act 2016 which is approved by the SC to be a trustee under the Act and has assets under management exceeding MYR 10 million or its equivalent in foreign currencies; (11) a statutory body established by an Act of Parliament or an enactment of any State; (12) a pension fund approved by the Director General of Inland Revenue under section 150 of the Income Tax Act 1967 [Act 53]; (13) central bank of Malaysia; (14) a holder of a capital markets services licence or an executive director or a chief executive officer of a holder of a capital markets services licence; (15) a licensed bank as defined in the Financial Services Act 2013; (16) a licensed Islamic bank as defined in the Islamic Financial Services Act 2013; (17) a licensed insurer as defined in the Financial Services Act 2013; (18) a licensed takaful operator as defined in the Islamic Financial Services Act 2013; (19) a Labuan bank or an insurance licensee as defined in the Labuan Financial Services and Securities Act 2010 [Act 704]; (20) a takaful licensee as defined in the Labuan Islamic Financial Services and Securities Act 2010 [Act 705]; and (21) such other investor(s) as may be permitted by the Securities Commission Malaysia from time to time and/or under the relevant guidelines for wholesale funds.
Trustee	Refers to CIMB Commerce Trustee Berhad.
Unit or Units	Means an undivided share in the beneficial interest and/or right 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.
Units in Circulation	Means Units created and fully paid and which has not been cancelled. <i>It is also the total number of Units issued at a particular valuation point.</i>
Unit Holder, you	Means the person for the time being who, in full compliance to the relevant laws is a Sophisticated Investor pursuant to the Guidelines including a jointholder.
USD	United States Dollar.

Reference to first person pronouns such as “we”, “us” or “our” in this Information Memorandum means the Manager/AHAM.