

Asset Management

PRODUCT HIGHLIGHTS SHEET

for

Affin Hwang Income Extra Fund

Date of issuance: 20 August 2021

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 Income Extra 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.

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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 INCOME EXTRA FUND

BRIEF INFORMATION ON THE PRODUCT

1. What is this product about?

The Fund is an open-ended wholesale fixed income fund which aims to provide investors with a steady income stream by investing in debentures, money market instruments and/or deposits.

PRODUCT SUITABILITY

2. Who is this product suitable for?

The Fund is designed for Sophisticated Investors who have a short term to medium term investment horizon and have a low risk tolerance.

KEY PRODUCT FEATURES

3. What am I investing in?

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| Launch Date | 29 July 2019 |
| 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 | MYR |
| Fund Type / Category | Income / Fixed Income (Wholesale) |
| Investment Objective | The Fund aims to provide investors with a steady income stream by investing in debentures, money market instruments and/or deposits. |
| Asset Allocation | <ul style="list-style-type: none"> A minimum of 70% of the Fund's NAV to be invested in debentures, money market instruments and/or deposits; and A maximum of 30% of the Fund's NAV to be invested in cash. |
| Investment Strategy | <ul style="list-style-type: none"> The Manager will endeavour to achieve the Fund's objective by investing a minimum 70% of the Fund's NAV in debentures, money market instruments and/or deposits and a maximum 30% of the Fund's NAV in cash. The credit rating of securities invested in must be at least AA3 and P1 by RAM or equivalent rating by other recognized credit rating agencies. In addition, the average duration of the portfolio shall not be more than three (3) years. The Fund will invest in debentures with a remaining time to maturity of not more than five (5) years or are expected to be called within five (5) years or less at the time of investment. The Fund will also have the flexibility to maintain a maximum of 30% of its NAV in cash. In the event the Fund's cash level reaches the maximum limit of 30%, the Manager will, on best effort basis, ensure that the 30% cash level is not held onto for more than five (5) consecutive Business Days. There will be no foreign investments for this Fund. The Fund will also have the flexibility to invest in collective investment schemes that are relevant and consistent with its investment objective. As a temporary defensive measure, the Manager may take a position that may be inconsistent with the Fund's principal strategy by increasing the Fund's exposure into liquid assets to protect the Fund's capital. We will combine a top-down and bottom-up investment approach to identify investment opportunities. Macroeconomic data and market analysis are the important |

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| | considerations in deriving the top-down perspective on the outlook for interest rates and bond markets. For its bottom-up approach, we would conduct analysis on the issuers to assess its ability to service its debt obligations. |
| Benchmark | Maybank 1-month fixed deposit rate. |
| Distribution Policy | Subject to the availability of income, the Fund will make distribution to the Unit Holders on quarterly basis. |
| Minimum Initial Investment* | MYR100,000 |
| Minimum Additional Investment* | MYR10,000 |
| Minimum Units Held* | 100,000 Units |

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

4. Who am I investing with?

Relevant parties' information:

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| The Manager | Affin Hwang Asset Management Berhad |
| Manager's Delegate (Fund Accounting and Valuation Agent) | TMF Trustees Malaysia Berhad |
| The Trustee | TMF Trustees Malaysia Berhad |
| The Trustee's Delegate (Local & Foreign Custodian) | Standard Chartered Bank Malaysia Berhad |

5. What are the possible outcomes of my investment?

This Fund is a wholesale fixed income fund that will focus on building a Malaysia-focused fixed income portfolio which will consist of debentures, money market instruments, deposits and/or cash. The performance of the Fund would be dependent on the fixed income securities that the Fund invests in.

Unlike fixed deposits which generally provide a guarantee on capital invested and carry specific rate of return, the Fund's investments in debentures 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 a quarterly basis. However, the amount of income available for distribution may fluctuate.

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, dishonesty or weaknesses in operational process and systems, may adversely affect the performance of the Fund.

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

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- **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. This is where the experience and expertise of the fund managers are important and the risk on the lack of experience and expertise of the fund managers has been highlighted above. On that basis, there is never a guarantee that investing in the Fund will produce the desired investment returns or distribution of income.
- **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.
- **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

- **Credit and default risk** – Credit risk relates to the creditworthiness of the issuers of the debentures and money markets instruments (hereinafter referred as “investment”) and their expected ability to make timely payment of interest and/or principal. 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.
- **Interest rate risk** – This risk refers to the impact of interest rate changes on the valuation of the fixed income instruments, i.e. debentures and money market instruments. When interest rates rise, the fixed income instruments prices generally decline and this may lower the market value of the fixed income instruments. The reverse may apply when interest rates falls. For investments into deposits, the fluctuations in the interest rates will not affect the placement of deposits but will result in the opportunity loss by the Fund if the placement of deposits is made at lower interest rate.
- **Reinvestment risk** – This risk arises when an issuer of fixed income instrument decides to repay the principal earlier than the intended maturity date, especially during times of declining interest rates. As a result, the Fund may experience lower returns due to reinvesting in lower yielding fixed income instruments.

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?

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| Sales charge | Nil. |
| Repurchase Charge | |
| Transfer fee | |
| Switching fee | The Manager does not impose any switching fee. However, if the amount of sales charge of the fund (or class) that the Unit Holder intends to switch into is higher than the sales charge imposed by the fund (or class) being switched from, then the difference in the sales charge between the two (2) funds (or classes) shall be borne by the Unit Holder. |

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What are the key ongoing fees charged to the Fund?

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| Management fee | Up to 0.50% per annum of the NAV of the Fund (before deducting the management fee and trustee fee). |
| Trustee fee | Up to 0.04% per annum of the NAV of the Fund (before deducting the management fee and trustee fee) (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 on any Business Day between 8.45 a.m. and 10.30 a.m. Payments will be made to you within 5 days from the day the repurchase request is received by us and provided that all documentations are completed and verifiable.

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

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

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4. Federal of Investment Managers Malaysia (FIMM)'s Complaints Bureau:

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| (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 |

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| Bursa Malaysia | Means the stock exchange managed and operated by Bursa Malaysia Securities Berhad including such other name as it may be changed to from time to time. |
| Business Day | A day on which Bursa Malaysia is open for trading. The Manager may declare certain Business Days as non-Business Days when deemed necessary, such as in the event of market disruption. |
| Commencement Date | Means the date on which sales of Units was first be made. The Commencement Date is also the date of constitution of the Fund. |
| Deed | Refers to the deed dated 10 July 2019 entered into between the Manager and the Trustee and includes any subsequent amendments and variations to the deed. |
| deposits | Has the same meaning as per the definition of "deposit" in the Financial Services Act 2013. For the avoidance of doubt, it shall exclude structured deposits. |
| 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. |
| the Manager, we, us, our, AHAM | Refers to Affin Hwang Asset Management Berhad. |
| medium term | Means a period between three (3) to five (5) years. |
| MYR | Means Malaysian Ringgit, the lawful currency of Malaysia. |
| 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 Units in Circulation at the same valuation point. |
| RAM | Refers to RAM Rating Services Berhad. |
| Repurchase Charge | Means a charge imposed pursuant to a repurchase request. |
| Repurchase Price | Means the price payable to Unit Holder by the Manager for a Unit pursuant to a repurchase request and it shall be exclusive of any Repurchase Charge. |
| Sales Charge | Means a charge imposed pursuant to the Unit Holder's purchase request. |
| Selling Price | Means the price payable by the Unit Holder for the Manager to create a Unit in the Fund and it shall be exclusive of any Sales Charge. |
| short term | Means a period of less than three (3) years. |
| Sophisticated Investor | Refers to any person who falls within any of the categories of investors set out in Part 1, Schedules 6 and 7 of the Act. Note: For more information, please refer to our website at www.affinhwangam.com/ for the current excerpts of Part 1, Schedules 6 and 7 of the Act. |
| Trustee | Refers to TMF Trustees Malaysia Berhad. |
| Unit or Units | It is a measurement of the right or interest of a Unit Holder and includes a fraction of a Unit. |
| Unit(s) in Circulation | Means Units created and fully paid. <i>It is the total number of Units issued at a particular valuation point.</i> |
| Unit Holder or Unit Holders or you | Refers to the person for the time being who is in full compliance with the relevant laws and is a Sophisticated Investor pursuant to the Guidelines and the Information Memorandum, is registered pursuant to the Deed as a holder of Units, including a jointholder. In relation to the Fund, means all the Unit Holders of Units in the Fund. |

Reference to "days" means the calendar days.