

Asset Management

PRODUCT HIGHLIGHTS SHEET

for

Affin Hwang 18M Enhanced Income Fund 2

Date of issuance: 20 January 2020

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 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 18M Enhanced Income Fund 2 ("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.



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

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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 18M ENHANCED INCOME FUND 2
BRIEF INFORMATION ON THE PRODUCT
1. What is this product about?

Affin Hwang 18M Enhanced Income Fund 2 is a wholesale close-ended fixed income fund which aims to provide income whilst maintaining capital preservation[#].

PRODUCT SUITABILITY
2. Who is this product suitable for?

The Fund is designed for Sophisticated Investors who seek capital preservation[#], are risk averse and have short-term investment horizons.

KEY PRODUCT FEATURES
3. What am I investing in?

Launch Date	20 January 2020
Offer Price	MYR 1.00 per Unit Units will ONLY be sold during the Offer Period.
Offer Period	The Offer Period shall be for a period of not more than 45 calendar days from the Commencement Date of the Fund. The Offer Period may be shortened if we determine that it is in your best interest.
Tenure	This Fund is a close-ended fund which will mature on the 18 th month of the Investment Date.
Base Currency	MYR
Investment Strategy	<p>We strive to achieve capital preservation[#] of the Fund by investing a minimum of 90% of the Fund's NAV in Defensive Assets. The maturity proceeds from the investments in Defensive Assets could potentially match the capital of the Unit Holders (including Sales Charge imposed on the subscription of Units during the Offer Period), subject to no occurrence of credit default by the Financial Institutions.</p> <p>In order to provide potential capital appreciation of the Fund, we may invest up to a maximum of 10% of the Fund's NAV in Active Assets. At the Investment Date of the Fund, the Fund will only invest in one type of Active Assets, and will remain so until the Maturity Date of the Fund. We will evaluate the underlying asset of the Active Assets, i.e. a collective investment scheme (CIS) regulated in an eligible market, where we are of the view that the CIS may rise in value and may be able to provide income to the Fund. Subsequently, it enables the Fund to provide potential income distribution to the investors. You should note that investment in Active Assets will expose you to the price fluctuations of the CIS. As a result, it may also lead to fluctuations in the NAV of the Fund i.e. if the price of the Active Assets drops, the NAV of the Fund will also be negatively impacted. As the Active Assets are structured by an external party, investments into the Active Assets will also expose the Fund to counterparty risk, which we will attempt to mitigate by carrying out a stringent selection process on the</p>

[#] The Fund is not a capital guaranteed nor a capital protected fund.

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	<p>counterparty prior to an investment being made. You will be informed of the type of the Active Assets and its underlying asset of which the Fund will be invested into via a Communiqué after the end of the Offer Period.</p> <p>The currency denomination of the Active Assets that the Fund intends to invest into may be in a currency that differs from that of the Base Currency. As such, the Fund will be exposed to currency risk arising from the currency exchange between the denomination of the Active Asset and the denomination of the Base Currency. For example, if the Base Currency is MYR, and the denomination of the Active Asset is USD, the Fund is then exposed to the currency fluctuation of the USD/MYR. With the assumption that the performance of the Active Asset remains unchanged, the value of the Active Asset will be negatively impacted should MYR appreciate against the USD, thus negatively impacting the Fund's NAV. Similarly, the value of the Active Asset will appreciate should the MYR depreciate against the USD, thus leading to a positive rise in the Fund's NAV.</p> <p>The Fund will invest only into countries where the regulatory authorities are ordinary or associate members of the International Organization of Securities Commissions (IOSCO).</p> <p>In line with the Fund's objective, we will employ a buy and hold strategy for the Fund's investments. As such, the Fund will make its investments into its Defensive Assets and its Active Assets at the Investment Date and remain invested until the Maturity Date of the Fund.</p> <p>At the Maturity Date of the Fund, we will redeem or sell all the assets of the Fund, and return all the proceeds to you (based on the number of Units you hold) after deducting applicable Fund expenses and fees. The proceeds are expected to be paid to you within two (2) weeks from the Maturity Date.</p>
Asset Allocation	<ul style="list-style-type: none"> • A minimum of 90% of the Fund's NAV to be invested in Defensive Assets; and • A maximum of 10% of the Fund's NAV to be invested in Active Assets.
Distribution Policy	Subject to the availability of income, the Fund will provide distribution on the Maturity Date.
Minimum Initial Investment*	MYR 10,000
Minimum Repurchase Unit*	10,000 Units
Minimum units held*	10,000 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:

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?

The Fund intends to maintain capital preservation[#] by investment in Defensive Assets, and aims to provide income through its investments in Active Assets. At Maturity Date, the gain in the value of these Active Assets (if any) will be paid out as income distributions by the Fund to you, along with the maturity proceeds of the Fund, subject to the applicable Fund expenses and fees.

The Fund does not provide a guarantee on capital contributed nor does it guarantee a fixed rate of return.

* At our discretion, we may reduce the minimum initial investment amount, minimum repurchase Unit and minimum holding of Units.

[#] The Fund is not a capital guaranteed nor a capital protected fund.

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KEY RISKS

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

General risks

- **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, fraudulent, dishonesty or weaknesses in operational process and systems, may adversely affect the performance of the Fund.
- **Performance risk** – There is no guarantee in relation to the investment returns or on the distribution to Unit Holders.
- **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.
- **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.
- **Loan financing risk** - This risk occurs when you take a loan or 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 NAV per Unit as compared to the NAV per Unit at the point of purchase towards settling the loan.
- **Operational risk** – This risk refers to the possibility of a breakdown in our internal controls and policies. The breakdown may be a result of human error, system failure or may be fraud where our employees collude with one another. This risk may cause monetary loss and/or inconvenience to you.

Note: Please refer to the Fund's Information Memorandum on further detail of each risk.

Specific risks

- **Credit and default risk** – Credit risk relates to the creditworthiness of the issuers of the money market instruments or deposits (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 investment, 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 money market instruments. When interest rates rise, the instruments prices generally decline and this may lower the market value of the instruments. The reverse may apply when interest rates fall.
- **Structured product risk** – This risk arises from investments into structured warrants issued by a third party. The NAV of the Fund will be impacted by the valuation of the structured warrants. Factors that may impact the valuation of the structured warrants 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 factors. Any change in the aforesaid factors would either positively or negatively impact the valuation of the structured warrants 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 warrants that the Fund invested in.
- **Derivatives risk** – The Fund may be investing in options. Valuation of options 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.

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- **Concentration risk** – This risk arises because the Fund may have placement of deposits with a single Financial Institution. The Fund is subject to the risks linked to the particular Financial Institution. The risk may be in the form of credit risk, for example, when the particular Financial Institution is not able to pay the interest and/or repay the principal possibly due to its poor financial position. Therefore, should such risk happens, the Fund's concentrated portfolio will cause the Fund's overall value to decline to a greater degree than if the Fund was exposed to a less concentrated portfolio.
- **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.
- **Repurchase risk** – You are reminded to be prepared to commit your investment until the Maturity Date. Any repurchase request made by you will be based on Forward Pricing which is the NAV per Unit at the next valuation point. The NAV per Unit at that valuation point may be lower than your investment outlay. You are also reminded that exiting this Fund prior to the Maturity Date will attract a Repurchase Charge and this may further reduce any monies payable to you. The Repurchase Charge incurred by you will be retained by the Fund for the benefit of the remaining Unit Holders.

Note: Please refer to the Fund's Information Memorandum on further detail of 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	1.50% of the Offer Price and it is not negotiable.
Repurchase charge	5.00% on the NAV per Unit, if repurchase of Units is made after the Investment Date of the Fund.
Switching fee	Nil.
Transfer fee	Nil.

What are the key ongoing fees charged to the Fund?

Management fee	Nil.
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.

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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 website at www.affinhwangam.com, 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?

It is important to note that we will impose a Repurchase Charge of 5.00% on the NAV per Unit, if repurchase of Units is made after the Investment Date of the Fund. 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 3.30 p.m. Payments will be made to you within 10 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 Center (SIDREC):

- (a) via phone to : 03-2282 2280
- (b) via fax to : 03-2282-3855
- (c) via email to : info@sidrec.com.my
- (d) via letter to : Securities Industry Dispute Resolution Center (SIDREC)
Unit A-9-1 Level 9, Tower A, Menara UOA Bangsar, No. 5, Jalan Bangsar Utama 1
59000 Kuala Lumpur

3. You can also direct your complaint to the 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

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- (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

Active Assets	Means options or structured warrants.
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. The Manager may declare certain Business Days a non-Business Day when deemed necessary, such as in the event of market disruption.
Commencement Date	Means the date of the first Information Memorandum of the Fund and is the date on which sale of Units of the Fund may first be made. The Commencement Date is also the date of constitution of the Fund.
Deed	Refers to the deed dated 7 th January 2020 entered into between the Manager and the Trustee.
Defensive Assets	Means money market instruments and/or deposits.
deposit(s)	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.
Development Financial Institutions	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 Institutions; 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.
Forward Pricing	Means the method of determining the price of a Unit which is the NAV per Unit at the next valuation point after an application for purchase or repurchase request is received by the Manager.
Fund	Refers to Affin Hwang 18M Enhanced Income Fund 2.
Guidelines	Means <i>Guidelines on Unlisted Capital Market Products Under The Lodge And Launch Framework</i> issued by the SC and as may be 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.
Investment Date	Means the date on which the investment of the Fund may first be made and it is the date which begins on the next Business Day immediately after the expiry of the Offer Period.
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.
the Manager / AHAM	Refers to Affin Hwang Asset Management Berhad.
Maturity Date	Means the date on which the Fund automatically terminates and is the date, which is the eighteenth (18 th) month of the Investment Date; if the date is not a Business Day, the "Maturity Date" shall be the first Business Day following the date that is the eighteenth (18 th) month of the Investment Date. If the Fund is terminated prior to the Maturity Date in accordance with the provisions of the Deed, the "Maturity Date" shall mean the date of such earlier termination.
MYR	Means the Malaysian Ringgit, the lawful currency of Malaysia.
Net Asset Value or 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 Net Asset Value of the Fund at a particular valuation point divided by the number of Units in Circulation at the same valuation point.
Offer Period	Means a period of not more than forty five (45) days from the Commencement Date of the Fund, whereby the Units of the Fund are open for sale at its Offer Price.

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Offer Price	Means the fixed price for each Unit during the Offer Period.
Repurchase Charge	Means a charge imposed pursuant to a repurchase request.
Repurchase Price	Means the price payable to a Unit Holder pursuant to a repurchase of a Unit; for the avoidance of doubt, the Repurchase Price does not include any Repurchase Charge which may be imposed.
Sales Charge	Means a charge imposed pursuant to the Unit Holder's purchase request.
short term	Means a period of less than three (3) years.
Sophisticated Investors	<p>Refers to –</p> <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]. (21) such other investor(s) as may be permitted by the SC from time to time and/or under the relevant guidelines for wholesale funds.
Trustee	Refers to TMF Trustees Malaysia 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	<p>Means Units created and fully paid and which have not been cancelled.</p> <p>It is also the total number of Units issued at a particular valuation point.</p>
Unit Holder(s), 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.

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