

# INFORMATION MEMORANDUM FOR AFFIN HWANG FLEXI FUND III

**Manager** : Affin Hwang Asset Management Berhad (429786-T)

**Trustee** : TMF Trustees Malaysia Berhad (610812-W)

This Information Memorandum is dated 18 December 2017.

The Affin Hwang Flexi Fund III was constituted on 27 March 2015\*.

*\* The constitution date of this Fund is also the launch date of this Fund.*

This Information Memorandum has been seen and approved by the directors of Affin Hwang Asset Management Berhad and they collectively and individually accept full responsibility for the accuracy of all information contained herein and confirm, having made all enquiries which are reasonable in the circumstances, that to the best of their knowledge and belief, there are no other facts omitted which would make any statement herein misleading.

A copy of this Information Memorandum has been deposited with the Securities Commission Malaysia. The Securities Commission Malaysia will not be liable for any non-disclosure on the part of Affin Hwang Asset Management Berhad and takes no responsibility for the contents of this Information Memorandum, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from, or in reliance upon the whole or any part of the contents of this Information Memorandum.

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 this Information Memorandum or the conduct of any other person in relation to the Fund.

This Information Memorandum is to be issued and distributed in Malaysia only. Consequently, no representation has been and will be made as to its compliance with the laws of any foreign jurisdiction.

**INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS INFORMATION MEMORANDUM AND OBTAIN PROFESSIONAL ADVICE BEFORE SUBSCRIBING TO THE UNITS OF THE FUND. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.**

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# CORPORATE DIRECTORY

## **The Manager / AHAM**

**Affin Hwang Asset Management Berhad (429786-T)**

### **Registered Office**

27<sup>th</sup> Floor, Menara Boustead, 69 Jalan Raja Chulan  
50200 Kuala Lumpur

### **Business Address**

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50200 Kuala Lumpur

Tel No. : (603) 2116 6000

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E-mail: [customercare@affinhwangam.com](mailto:customercare@affinhwangam.com)

Website: [www.affinhwangam.com](http://www.affinhwangam.com)

## **Board of Directors of the Manager / AHAM**

- Tan Sri Dato' Seri Che Lodin bin Wok Kamaruddin
- Datuk Maimoonah binti Mohamed Hussain
- Mr Teng Chee Wai
- Mr David Semaya
- Encik Abd Malik bin A Rahman (Independent Director)
- Dato' Hj Latip bin Ismail (Independent Director)

## **The Manager's Delegate**

(fund valuation & accounting function)

### **TMF Trustees Malaysia Berhad (610812-W)**

10th floor, Menara Hap Seng

No. 1 & 3, Jalan P. Ramlee

50250 Kuala Lumpur

Tel No.: (603) 2382 4288

Fax No.: (603) 2026 1451

## **The Trustee**

### **TMF Trustees Malaysia Berhad (610812-W)**

10th floor, Menara Hap Seng

No. 1 & 3, Jalan P. Ramlee

50250 Kuala Lumpur

Tel No.: (603) 2382 4288

Fax No.: (603) 2026 1451

## **Trustee's Delegate (Local and Foreign Custodian)**

### **Deutsche Bank (Malaysia) Berhad (312552-W)**

Level 18-20, Menara IMC

8, Jalan Sultan Ismail

50250 Kuala Lumpur

Tel No. : (603) 2053 6788

Fax No. : (603) 2031 8710

# GLOSSARY

<b>Act</b>	Means the Capital Markets and Services Act 2007 as originally enacted and amended or modified from time to time.
<b>Base Currency</b>	Means the currency in which the Fund is denominated i.e. MYR.
<b>Bursa Malaysia</b>	Means the stock exchange managed and operated by Bursa Malaysia Securities Berhad and includes any changes to the name or the operator of the Malaysian stock exchange.
<b>Business Day</b>	A day on which the Bursa Malaysia is open for trading. The Manager may declare certain Business Days as a non-Business Day when deemed necessary, such as in the event of market disruption.
<b>Commencement Date</b>	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.
<b>Deed(s)</b>	Refers to the deed dated 12 March 2015 and supplemental deed dated 5 December 2017 entered into between the Manager and the Trustee.
<b>Development Financial Institution</b>	Means a development financial institution under the Development Financial Institutions Act 2002.
<b>FiMM</b>	Means the Federation of Investment Managers Malaysia.
<b>Financial Institution</b>	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.
<b>Forward Pricing</b>	Means the method of determining the price of a Unit which is the NAV per Unit calculated at the next valuation point after an application for purchase or repurchase request is received by the Manager.
<b>Fund</b>	Refers to Affin Hwang Flexi Fund III.
<b>GST</b>	Refers to the tax levied on goods and services pursuant to the Goods and Services Tax Act 2014.
<b>Guidelines</b>	Guidelines on Unlisted Capital Market Products Under The Lodge And Launch Framework issued by the SC and as amended or modified from time to time.
<b>High Water Mark or HWM</b>	Means the NAV per Unit that forms the basis of calculating and determining the Hurdle Value for a Performance Period. At launch, the HWM will be the initial offer price and thereafter, will be the closing NAV per Unit on the last Business Day of the preceding Performance Period or the previous HWM of the preceding Performance Period, whichever is higher.
<b>Hurdle Value</b>	Means the minimum value that needs to be achieved before the Manager is eligible for a performance fee. The Hurdle Value is calculated by adding 7% per annum to the HWM and is determined daily.
<b>Information Memorandum</b>	Means this offer document in respect of this Fund as may be, replaced or amended from time to time.
<b>Licensed Bank</b>	Means a bank licensed under the Financial Services Act 2013.
<b>Licensed Investment Bank</b>	Means an investment bank licensed under the Financial Services Act 2013.

<b>Licensed Islamic Bank</b>	Means an Islamic bank licensed under the Islamic Financial Services Act 2013.
<b>long-term</b>	Means a period of five (5) years and above.
<b>the Manager / AHAM</b>	Refers to Affin Hwang Asset Management Berhad.
<b>medium-term</b>	Means a period of three (3) to five (5) years.
<b>MYR</b>	Means the Malaysian Ringgit, the lawful currency of Malaysia.
<b>NAV</b>	Means the value of all the assets of the Fund less the value of all the liabilities of the Fund at a valuation point.
<b>NAV per Unit</b>	Means the NAV of the Fund at a particular valuation point divided by the number of Unit in Circulation at the same valuation point.
<b>Performance Period</b>	Means a period of 12 months beginning from 1 January to 31 December every year to coincide with the start and the end of the Fund's financial year. However, the Fund's financial year may be more or less than 12 months in the first year, depending on when the Fund is launched. The Manager only calculates the performance fee on a Business Day.
<b>PHS</b>	Means the product highlights sheet, a disclosure document that contains clear and concise information of the salient features of the Fund.
<b>Repurchase Charge</b>	Means a charge imposed pursuant to the Unit Holder's repurchase request.
<b>Repurchase Price</b>	Means the price payable to a Unit Holder by the Manager for a Unit pursuant to a repurchase request and it shall be exclusive of any Repurchase Charge.
<b>SC</b>	Means the Securities Commission Malaysia established under the Securities Commission Malaysia Act 1993.
<b>Sales Charge</b>	Means a charge imposed pursuant to the Unit Holder's purchase request.
<b>Selling Price</b>	Means the NAV per Unit payable by the Unit Holder for the Manager to create a Unit in the Fund and it shall be exclusive of any Sales Charge.
<b>Sophisticated Investors</b>	Refers to – <ul style="list-style-type: none"> <li>(1) an individual whose total net personal assets, or total net joint assets with his or her spouse, exceed RM3 million or its equivalent in foreign currencies, excluding the value of the individual's primary residence;</li> <li>(2) an individual who has a gross annual income exceeding RM300,000 or its equivalent in foreign currencies per annum in the preceding 12 months;</li> <li>(3) an individual who, jointly with his or her spouse, has a gross annual income exceeding RM400,000 or its equivalent in foreign currencies per annum in the preceding 12 months;</li> <li>(4) a corporation with total net assets exceeding RM10 million or its equivalent in foreign currencies based on the last audited accounts;</li> <li>(5) a partnership with total net assets exceeding RM10 million or its equivalent in foreign currencies;</li> <li>(6) a unit trust scheme or prescribed investment scheme;</li> <li>(7) a private retirement scheme;</li> <li>(8) a closed-end fund approved by SC;</li> <li>(9) a company that is registered as a trust company under the Trust Companies Act 1949 which has assets under management exceeding RM10 million or its equivalent in foreign currencies;</li> <li>(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 RM10 million or its equivalent in foreign currencies;</li> <li>(11) a statutory body established by an Act of Parliament or an enactment of any State;</li> </ul>

- (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 institution as defined in the Financial Services Act 2013;
- (16) an Islamic bank as defined in the Islamic Financial Services Act 2013;
- (17) an insurance company licensed under the Financial Services Act 2013;
- (18) a takaful operator registered under the Islamic Financial Services Act 2013;
- (19) a bank licensee or insurance licensee as defined under the Labuan Financial Services and Securities Act 2010 [Act 704];
- (20) an Islamic bank licensee or takaful licensee as defined under 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.

**Special Resolution**

Means a resolution passed by a majority of not less than three quarter (¾) of Unit Holders voting at a meeting of the Unit Holders.

*For the purpose of terminating the Fund, a Special Resolution is passed by a majority in number representing at least three quarter (¾) of the value of Units held by the Unit Holders voting at the meeting in person or by proxy.*

**Trustee**

Refers to TMF Trustees Malaysia Berhad.

**Unit(s)**

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 for and which has not been cancelled.

*It is also the total number of Units issued at a particular valuation point.*

**Unit Holder(s) 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 first person pronouns such as “we”, “us” or “our” in this Information Memorandum means the Manager/AHAM.

# ABOUT AFFIN HWANG FLEXI FUND III

<b>FUND CATEGORY</b>	: Mixed Asset (Wholesale)	<b>BASE CURRENCY</b>	: MYR
<b>FUND TYPE</b>	: Growth	<b>LAUNCH DATE</b>	: 27 March 2015
<b>FINANCIAL YEAR END</b>	: 31 December		

## INVESTORS' PROFILE

The Fund is suitable for investors who:

- seek potential capital growth for their investments;
- have medium-term to long-term investment horizon; and
- have a medium to high risk tolerance.

## INVESTMENT OBJECTIVE

The Fund seeks to provide investors with long-term capital appreciation.

*Any material change to the Fund's investment objective would require Unit Holders' approval.*

## PERFORMANCE BENCHMARK

Absolute return of 7% per annum

*Please note that unlike fixed deposits which generally provide a guarantee on capital invested and carry a specific rate of return, this Fund does not provide guarantee on capital contributed nor does it guarantee a fixed rate of return.*

*The risk profile of this Fund is different from the risk profile of the benchmark.*

## ASSET ALLOCATION

Equity and equity-linked instruments	0% – 100%
Fixed income instruments	0% – 100%
Collective investment schemes	0% – 100%
Structured product and/or derivatives	0% – 50%

## INVESTMENT STRATEGY

To meet the Fund's objective, the Fund will adopt a tactical asset allocation strategy depending on the prevailing market conditions. The Fund will hold the flexibility of being invested in a diversified range of investment instruments such as equities and equity-linked instruments, fixed income instruments such as debentures, money market instruments and/or deposits with Financial Institutions. Concurrently, the Fund will also have the option to invest in collective investment schemes, structured products and derivatives. At any one time, the asset mix may also comprise of one or all asset classes.

To meet its objective, the Fund will invest primarily in equity and equity-linked instruments such as warrants of companies. To provide diversification the investment strategy would be unconstrained by any country, market capitalisation or sector. In our aim to maximise the Fund's growth potential, we will also have the option to invest into unlisted securities where those companies are likely to develop into future industry leaders. We will dedicate resources through primary research including company visits and developing earnings models, in search of these companies.

In our equity selection process, we seek to identify companies that we believe are attractively valued relative to long-term growth these companies can achieve. These companies will be identified through internal research, and by subjecting them to a disciplined set of growth, valuation and quality criteria. Criteria that are looked at during the investment

selection process include sales and profit growth, financial strength and gearing levels, capital expenditure levels, as well as the management's commitment to rewarding shareholders via dividends or capital repayments.

When selecting fixed income instruments, the selection will depend largely on its credit quality of the issuers, as well as criteria such as the ability to meet their financial obligations, displays healthy cash flow, the collateral type, value, claims priority, as well as issuances that offer highest safety for timely payment of interest and capital.

The asset allocation decision between equities and fixed income instruments is decided with the consideration of the market outlooks for the respective asset classes over the medium to long-term horizon. Under normal market conditions, we will likely hold a higher exposure into the equity market to capitalise on growth potential. However, we may reduce equity exposure for the Fund when the risk reward environment turns less attractive, thus increasing the exposure into the fixed income market instead.

The Fund may also invest in collective investment schemes that have a similar investment objective to the Fund. These instruments may include, but not limited to real estate investment trusts (REITs), exchange traded funds and mutual funds including mutual funds managed by us. In this instance, we will ensure that there will be no improper use of our position in managing the Fund to gain, directly or indirectly, any advantage or to cause detriment to your interest, and investments into the said instruments will be done in the best interest of the Fund.

Due to the fast pace market environment, we will also hold the option to invest in money market instruments and deposits with Financial Institutions while waiting for investment opportunities to arise in equities or fixed income markets. The selection of the issuers will depend largely on the credit quality and liquidity of the issuer based on our internal credit rating model.

#### **Derivatives**

Derivative trades may be carried out for both investments and hedging purposes through financial instruments including, but not limited to, forward contracts, futures contracts and swaps.

#### **Structured Products**

We may also invest into structured products such as, but not limited to, equity-linked notes and credit linked notes. Investment into these structured products will provide the Fund with the exposure to the reference asset. Each of these products has its own targeted maturity and will expose investors to the price fluctuations of, in the case of an equity-linked note, the stock that the equity-linked note is linked to. As a result, any fluctuation in the price of the structured product may also lead to fluctuations in the NAV of the Fund i.e. if the price of the structured product drops, the NAV of the Fund will also be negatively impacted. As the note is structured by an external party, investments into a structured product will also expose the Fund to counterparty risk, which we will attempt to mitigate by carrying out a stringent selection process on its counterparty prior to an investment being made.

#### **Cross Trades Policy**

We may conduct cross trades between funds we currently manage provided that all criteria imposed by the regulators are met. Notwithstanding the aforesaid, cross trades between the personal account of our employee and the Fund's account(s) and between our proprietary trading accounts and the Fund's account(s) are strictly prohibited. Compliance with this criteria are monitored by our compliance unit, and reported to our compliance and risk management committee, to avoid conflict of interests and manipulation that could have a negative impact on the investors.

#### **PERMITTED INVESTMENT**

- Equities;
- Equity-linked instruments;
- Debentures;
- Money market instruments;
- Deposits;
- Derivatives;



- Structure products;
- Units or shares in collective investment schemes;
- Warrants;
- Any other form of investments as may be determined by the Manager from time to time that is in line with the Fund's objective.

#### **INVESTMENT LIMITS**

The purchase of the permitted investments set out above shall not contravene the following limits, unless otherwise revised by us as it may deem beneficial to the Unit Holders from time to time:-

- The value of the Fund's OTC derivative transaction with any single counter-party must not exceed 40% of the Fund's NAV; and
- The Fund's investments in money market instruments with any single issuer must not exceed 50% of the Fund's NAV.

The above investment restrictions and limits must be complied with at all times based on the most up-to-date valuation of the investments and instruments of the Fund. However, a 10% allowance in excess of any restriction or limit may be permitted where the restriction or limit is breached through the appreciation or depreciation in NAV of the Fund (whether as a result of an appreciation or depreciation in value of the investments of the Fund, the repurchase of Units or payments made from the Fund or due to currency movements).

If the relevant limit is breached, no further acquisition of the particular securities involved shall be made. We shall, within a reasonable period of not more than six (6) months from the date of breach take all necessary steps and actions to rectify the breach.

#### **DISTRIBUTION POLICY**

The Fund is not expected to make distribution. However, incidental distribution may be declared whenever is appropriate.

#### **VALUATION POINT OF THE FUND**

If the Fund only has exposure to investments in Malaysia, the Fund shall be valued at 6.00 p.m. on every Business Day (or "Trading Day" or "T" day). However, if the Fund has exposure to investments outside of Malaysia, the Fund shall be valued at 11.00 a.m. on the next Business Day (or "T+1").

If the foreign market in which the Fund is invested therein is closed for business, the Manager will value the investment based on the latest available price as at the day the particular foreign market was last opened for business.

#### **VALUATION OF ASSETS**

We will ensure that the valuation of the Fund is carried out in a fair manner in accordance to the relevant laws and Guidelines. We will obtain the daily price or value of the assets for the purpose of valuing the Fund in accordance to the Financial Reporting Standard 139 issued by the Malaysian Accounting Standards Board. In the absence of daily price or value of the assets, we will use the latest available price or value of the assets respectively.

The valuation bases for the permitted investments of the Fund are as below:

- **Listed Securities**  
Valuation of listed securities shall be based on closing market bid prices. Where no market value is publicly available or where the use of the quoted market value is inappropriate, or where no market price is available, including in the event of suspension in the quotation of the securities for a period exceeding fourteen (14) days, or such shorter period as agreed by the Trustee, such investments will be valued at fair value determined in good faith by the Manager, on methods or bases which have verified by the auditor of the Fund and approved by the Trustee.
- **Unlisted Securities**  
For unlisted securities, valuations will be based on fair value using methods which are verified by the auditor of the Fund and approved by the Trustee.

➤ **Debentures**

Valuation of unlisted debentures denominated in MYR will be done using the fair value price quoted by a bond pricing agency (“BPA”) registered with the SC. If we are of the view that the price quoted by BPA differs from the market price quoted by at least three (3) independent dealers by more than 20 basis points and we determine that the methodology used by the independent dealers to obtain the market price is more appropriate, we may elect to use the price quoted by the independent dealers as the market price, provided that we record our basis for using a non-BPA price, obtain the necessary internal approvals to use the non-BPA price and keep an audit trail of all decisions and basis for adopting the market yields.

Investment in other listed and unlisted debentures will be valued using the Composite Bloomberg Bond Trader (CBBT price) provided by Bloomberg. When CBBT prices are not available, the other listed and unlisted debentures will be valued by reference to the average indicative price quoted by at least 3 independent dealers. In the case where we are unable to obtain quotation from 3 independent dealers, the other listed and unlisted debentures will be valued in accordance to fair value as determined in good faith by us, on methods or bases which have been verified by the auditor of the Fund and approved by the Trustee.

➤ **Deposit**

Valuation of deposits placed with Financial Institutions will be done by reference to the principal value of the deposits and the interests accrued thereon for the relevant period.

➤ **Money Market Instruments**

Valuation of money market instruments will be based on amortised costs.

➤ **Derivatives & Structured Products**

The valuation of derivatives and structured products will be based on the rates provided by the respective issuers. For foreign exchange forward contracts (“FX Forwards”), we will apply interpolation formula to compute the value of the FX Forwards based on the rates provided by the Bloomberg. If the rates are not available on the Bloomberg, the FX Forwards will be valued by reference to the average indicative rate quoted by at least 3 independent dealers. In the case where we are unable to obtain quotation from 3 independent dealers, the FX Forwards will be valued in accordance to fair value as determined in good faith by us, on methods or bases which have been verified by the auditor of the Fund and approved by the Trustee.

➤ **Unlisted Collective Investment Schemes**

Investments in unlisted collective investment schemes shall be valued based on the last published repurchase price.

➤ **Any Other Investment**

Fair value as determined in good faith by us, on methods or bases which have been verified by the auditor of the Fund and approved by the Trustee.

***Investors are advised that certain types of securities are required to be held until such securities mature for the “actual value” to be realised. Any sale of such securities prior to its maturity may attract costs and penalties that would result in a value which is less than its “actual value”. As such, any valuation of such securities (prior to its maturity) is merely indicative of what the value might be and does not represent the “actual value” of such securities.***

# ABOUT THE FEES AND CHARGES

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

The fees, charges and expenses quoted in this Information Memorandum are exclusive of GST. We (including the Trustee and other service providers of the Fund) will charge GST at the prevailing rate of 6% on the fees, charges and expenses in accordance with the Goods and Services Tax Act 2014.

***The following are the charges that may be directly incurred by you.***

## **SALES CHARGE**

Up to 2.00% of the NAV per Unit of the Fund.

## **REPURCHASE CHARGE**

Nil.

## **TRANSFER FEE**

Nil.

## **SWITCHING FEE**

Nil.

***The following are the fees and expenses that you may indirectly incur when you invest in the Fund***

## **ANNUAL MANAGEMENT FEE**

The management fee is up to 1.50% per annum of the NAV of the Fund, and is calculated using the Fund's Base Currency (before deducting the management fee and trustee fee). The management fee is accrued daily and payable monthly.

*Please note that the example below is for illustration only:*

$$\frac{\text{MYR 120 million} \times 1.50\%}{365 \text{ days}} = \text{MYR 4,931.51 per day}$$

## **ANNUAL TRUSTEE FEE**

The trustee fee is up to 0.055% per annum of the NAV of the Fund, subject to a minimum fee of MYR 12,000 per annum (excluding foreign custodian fees and charges), and is calculated using the Fund's Base Currency (before deducting the management fee and trustee fee). The trustee fee is accrued daily and payable monthly. In addition to the annual trustee fee, the Trustee may be reimbursed by the Fund for any expenses properly incurred by it in the performance of its duties and responsibilities.

*Please note that the example below is for illustration only:*

$$\frac{\text{MYR 120 million} \times 0.055\%}{365 \text{ days}} = \text{MYR 180.82 per day}$$

## **PERFORMANCE FEE**

The Manager will earn a 20% performance fee on the appreciation in the NAV per Unit over and above the Hurdle Value during a Performance Period. However, in the interest of investors, the Manager imposes a Hurdle Value, which is HWM plus 7.0% per annum, in which the Fund's performance has to exceed before the Manager is eligible for a performance fee.

The performance fee is calculated and readjusted on a daily basis. Although calculation is on a daily basis, the performance fee is only payable to the Manager at the end of each Performance Period in the following events:

- (a) Where on the last Business Day of a Performance Period, the NAV per Unit (before performance fee) is higher than the Hurdle Value (see illustration 1 and illustration 2 below); and
- (b) The Manager receives a repurchase request at the time when the NAV per Unit (before performance fee) is higher than the Hurdle Value, during the Performance Period. Hence, performance fee is chargeable to the redeeming Unit Holder regardless of the Fund's performance at the end of the particular Performance Period (see illustration 4 below).

**1. Determining the High Water Mark (HWM) and Setting the Hurdle Value**

At the beginning of a Performance Period, the Manager will firstly determine the HWM. The HWM will be the closing NAV per Unit on the last Business Day of the Performance Period or the HWM of the preceding Performance Period, whichever is the higher. For example, if the NAV per Unit on the last Business Day of the 1st Performance Period is MYR 0.55 (which is higher than the HWM for the preceding Performance Period i.e. MYR 0.50), then the HWM for 2<sup>nd</sup> Performance Period will be MYR 0.55. However, if the NAV per Unit on the last Business Day of the 1<sup>st</sup> Performance Period is MYR 0.48 (which is lower than the HWM for the preceding Performance Period i.e. MYR 0.50), then the HWM for the 2<sup>nd</sup> Performance Period will be MYR 0.50.

Next, a Hurdle Value will be determined. A Hurdle Value is the minimum value that needs to be achieved before the Manager is eligible to earn performance fee. The Hurdle Value is calculated by adding 7.0% per annum to the HWM. For example, in Year 1, the HWM is MYR 0.50. The Hurdle Value is therefore MYR 0.5350 (i.e. MYR 0.50 x 1.07). The Hurdle Value for each subsequent Performance Period is reset at the beginning of the Performance Period based on the latest HWM.

**Illustration 1:**

Assuming in Year 1, the price is MYR 0.50 and there are no subscription and repurchase requests during the Performance Period. The HWM and Hurdle Value are as follows:

Table 1:

<b>1<sup>st</sup> Performance Period</b>	<b>The Fund's 1<sup>st</sup> financial year</b>
NAV per Unit @ beginning of Year 1	MYR 0.5000
HWM for 1 <sup>st</sup> Performance Period	MYR 0.5000
Hurdle Value for 1 <sup>st</sup> Performance Period (which is MYR 0.50 x 1.07)	MYR 0.5350

Therefore, the HWM for the 1<sup>st</sup> Performance Period is MYR 0.5000 and hence, the Hurdle Value of MYR 0.5350.

Table 2:

<b>2<sup>nd</sup> Performance Period</b>	<b>The Fund's 2<sup>nd</sup> financial year</b>
NAV per Unit @ beginning of Year 1 = HWM for 1 <sup>st</sup> Performance Period	MYR 0.5000
Hurdle Value for 1 <sup>st</sup> Performance Period	MYR 0.5350
NAV per Unit @ end of Year 1	MYR 0.5500
HWM for 2 <sup>nd</sup> Performance Period	MYR 0.5500
Hurdle Value for 2 <sup>nd</sup> Performance Period (which is MYR 0.55 x 1.07)	MYR 0.5885

Based on Table 2 above, on the last Business Day of the 1<sup>st</sup> Performance Period, the NAV per Unit of the Fund rises to MYR 0.5500, which is higher than the HWM for the 1<sup>st</sup> Performance Period. As a result, the HWM for 2<sup>nd</sup> Performance Period will be reset and the HWM will be MYR 0.5500.

As the HWM is now MYR 0.5500, the new Hurdle Value for Year 2 will be MYR 0.5885.

Table 3:

3 <sup>rd</sup> Performance Period	The Fund's 3 <sup>rd</sup> financial year
NAV per Unit @ beginning of Year 2 = HWM for 2 <sup>nd</sup> Performance Period	MYR 0.5500
Hurdle Value for 2 <sup>nd</sup> Performance Period	MYR 0.5885
NAV per Unit @ end of Year 2	MYR 0.5300
HWM for 3 <sup>rd</sup> Performance Period	MYR 0.5500
Hurdle Value for 3 <sup>rd</sup> Performance Period (which is MYR 0.55 x 1.07)	MYR 0.5885

Based on Table 3 above, assuming the NAV per Unit on the last Business Day of the 2<sup>nd</sup> Performance Period fell to MYR 0.5300, which is lower than HWM for the 2<sup>nd</sup> Performance Period. The HWM for the 3<sup>rd</sup> Performance Period will not be reset and it will be the same as the HWM of the 2<sup>nd</sup> Performance Period.

The HWM remains as MYR 0.5500, the Hurdle Value for Year 3 will be MYR 0.5885.

## 2. Calculation of Performance Fee

The purpose of calculating and readjusting the performance fee on a daily basis is to take into account the calculation of the NAV per Unit for subscription and repurchase requests.

### Illustration 2:

Assuming there is no subscription or repurchase request during the entire Performance Period, thus Units in Circulation is the same throughout the entire Performance Period.

Table 4:

Day	Units in Circulation (UIC)	NAV per Unit (before performance fee) (a)	NAV per Unit (after performance fee)	High Water Mark (MYR)	Hurdle Value (HWM x 1.07) (b)	Performance Fee "[(a-b) x 20%] x UIC (MYR)
1	500,000	0.5000	0.5000	0.5000	0.5350	0.00
2	500,000	0.5100	0.5100	0.5000	0.5350	0.00
3	500,000	0.5300	0.5300	0.5000	0.5350	0.00
4	500,000	0.5500	0.5470	0.5000	0.5350	1500.00
5	500,000	0.5600	0.5550	0.5000	0.5350	2500.00
6	500,000	0.5650	0.5590	0.5000	0.5350	3000.00
7	500,000	0.5800	0.5710	0.5000	0.5350	4500.00
8	500,000	0.5600	0.5550	0.5000	0.5350	2500.00
9	500,000	0.5350	0.5350	0.5000	0.5350	0.00
10	500,000	0.5200	0.5200	0.5000	0.5350	0.00
11	500,000	0.6000	0.5870	0.5000	0.5350	6500.00
↓ 365	500,000	0.5500	0.5470	0.5000	0.5350	1500.00

Based on the figures in Table 4 above, the HWM for the Performance Period is MYR 0.5000 which is also the NAV per Unit on Day 1 and hence, the Hurdle Value is MYR 0.5350. Let us assume that on Day 4, the NAV per Unit (before performance fee) is MYR 0.5500, while the Hurdle Value is MYR 0.5350, with the Units in Circulation of 500,000 Units.

Performance fee = (The difference between the NAV per Unit (before performance fee) and the Hurdle Value) x 20% x Total number of Units in Circulation of the Fund

$$\begin{aligned} &= (\text{MYR } 0.5500 - \text{MYR } 0.5350) \times 20\% \times 500,000 \text{ Units} \\ &= \text{MYR } 0.0030 \times 500,000 \\ &= \text{MYR } 1500 \end{aligned}$$

Based on the figures in Table 4 above, the performance fee, if any, will be readjusted\* on a daily basis. On Day 365, which is the last Business Day, the NAV per Unit (before performance fee) appears higher than the Hurdle Value; therefore a performance fee of MYR 1500 will be charged and payable to the Manager at the end of the Performance Period.

*\* Adjustment is by reversing the daily accrued performance fee payable to the Manager. For example, on Day 5, the accrued performance fee from Day 4 which is MYR 1,500 will be reversed.*

Note: Where the difference between the NAV per Unit on the last Business Day of the Performance Period and the Hurdle Value is a negative figure, no performance fee is payable to the Manager.

### **Illustration 3:**

Where there is a subscription request by a Unit Holder during the Performance Period, the chargeable performance fee (if any) on the day of the subscription will be reflected in the NAV per Unit (after performance fee).

Illustration is based on the Day 4 figures in Table 4 above:-

HWM	= MYR 0.5000
Hurdle Value	= MYR 0.5350
NAV per Unit (before performance fee)	= MYR 0.5500
NAV per Unit (after performance fee)	= MYR 0.5470

The NAV per Unit payable by the Unit Holder would be MYR 0.5470, i.e. Selling Price.

### **Illustration 4:**

Where there is a repurchase request by a Unit Holder during the Performance Period, the chargeable performance fee (if any) will be calculated as follows:

Illustration is based on the Day 11 figures in Table 4 above:

Number of Units repurchased by Unit Holder	= 5,000 Units
Hurdle Value for the Performance Period	= MYR 0.5350
NAV per Unit (before performance fee) @ Day 11	= MYR 0.6000

The repurchase request is received by the Manager on Day 11 of the Performance Period where the NAV per Unit is higher than the Hurdle Value of the Performance Period. Hence, the Fund performed and the Manager is entitled to the performance fee, as follows:-

$$\begin{aligned} &(\text{The difference between the NAV per Unit on the Business Day when the redemption occurred and the Hurdle Value}) \times \\ &\text{total number of Units redeemed} \times 20\% \\ &= (\text{MYR } 0.6000 - \text{MYR } 0.5350) \times 5,000 \text{ Units} \times 20\% \\ &= \text{MYR } 65.00^* \end{aligned}$$

*\* During the Performance Period, such amount will be maintained in the account payable of the Fund and will be paid to the Manager at the end of the Performance Period.*

## FUND EXPENSES

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:

- commissions or fees paid to brokers in effecting dealings in the investments of the Fund, shown on the contract notes or confirmation notes;
- taxes and other duties charged on the Fund by the government and/or other authorities;
- costs, fees and expenses properly incurred by the auditor appointed for the Fund;
- costs, fees and expenses incurred for the valuation of any investment of the Fund by independent valuers for the benefit of the Fund;
- costs, fees and expenses incurred for any modification of this Deed save where such modification is for the benefit of the Manager and/or the Trustee;
- 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;
- costs, commissions, fees and expenses of the sale, purchase, insurance and any other dealing of any asset of the Fund;
- costs, fees and expenses incurred in engaging any specialist approved by the Trustee for investigating or evaluating any proposed investment of the Fund;
- costs, fees and expenses incurred in engaging any valuer, adviser or contractor for the benefit of the Fund;
- costs, fees and expenses incurred in the preparation and audit of the taxation, returns and accounts of the Fund;
- costs, fees and expenses incurred in the termination of the Fund or the removal of the Trustee or the Manager and the appointment of a new trustee or management company;
- 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);
- remuneration and out of pocket expenses of the independent members of the investment committee of the Fund, unless the Manager decides otherwise;
- 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;
- (where the custodial function is delegated by the Trustee for the custody of foreign investments) charges or fees paid to the foreign sub-custodians; and
- all costs and/or expenses associated with the distributions declared pursuant to the Deed and the payment of such distribution including without limitation fees, costs and/or expenses for the revalidation or reissuance of any distribution cheque or warrant or telegraphic transfer.

## MAXIMUM RATE OF FEES AND CHARGES ALLOWABLE BY THE DEED

We may impose higher fees and charges up to the following stated maximum rate, provided that we have taken the necessary procedures as stated in the Deed to increase the fees and charges.

<b>Sales Charge</b>	5.50% of the NAV per Unit
<b>Repurchase Charge</b>	3.00% of the NAV per Unit
<b>Annual Management Fee</b>	5.00% per annum of the NAV of the Fund
<b>Annual Trustee Fee</b>	0.10% per annum of the NAV of the Fund subject to a minimum fee of MYR 12,000 per annum calculated and accrued daily (excluding foreign custodian fees and charges)

## **REBATES AND SOFT COMMISSIONS**

We or any of our delegates thereof will not retain any rebate or soft commission from, or otherwise share in any commission with, any broker or dealer in consideration for directing dealings in the investments of the Fund. Accordingly, any rebate or shared commission should be directed to the account of the Fund.

The soft commission can be retained by us or our delegates provided that:-

- the goods and services are of demonstrable benefit to the Unit Holder in the form of research and advisory services that assist in the decision-making process relating to the Unit Holders' investments; and
- any dealing with the broker or dealer is executed on terms which are the most favourable for the Fund.



# UNDERSTANDING THE RISKS OF THE FUND

Below are the risks associated with the investments of the Fund that you should consider before investing.

GENERAL RISKS OF THE FUND	
<b>Market risk</b>	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.
<b>Fund management risk</b>	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.
<b>Liquidity risk</b>	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.
<b>Performance risk</b>	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 on the distribution of income.
<b>Inflation risk</b>	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.
<b>Operational risk</b>	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 OF THE FUND	
<b>Credit and default risk</b>	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. 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.
<b>Stock specific risk</b>	Prices of a particular stock may fluctuate in response to the circumstances affecting individual companies such as adverse financial performance, news of a possible merger or loss of key personnel of a company. Any adverse price movement of such stock will adversely affect the Fund’s NAV.
<b>Warrant investment risk</b>	The value of the warrants will depend on the pricing of the underlying security whereby the growth and performance prospect of the underlying security would consequentially affect the value of the warrants. In addition, the value of the warrants may decrease exponentially as the warrants approach its maturity date and the potential gains from a favourable price movement of the underlying may be offset by aggressive time decay. We may consider unwinding these warrants if there are material adverse changes to its value with the aim to mitigate the risk.
<b>Interest rate risk</b>	This risk refers to the impact of interest rate changes on the valuation of debentures or 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.
<b>Concentration risk</b>	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 repay the interest and/or 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.
<b>Currency risk</b>	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 be aware that if the currencies in which the investments are denominated depreciate against the Base Currency, this will have an adverse effect on the NAV of the Fund in the Base Currency and vice versa. You should note that any gain or loss arising from the fluctuation in the exchange rate may further increase or decrease the returns of the investment.
<b>Country risk</b>	Investments of the Fund in any country 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 in. 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 to fall.
<b>Structured product risk</b>	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

	<b>SPECIFIC RISKS OF THE FUND</b>
	be exposed to potential price volatility, which will be dependent on the valuation of the structured products that the Fund invested in.
<b>Derivatives risk</b>	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.

**!** 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.

# DEALING INFORMATION

**!** You are advised not to make payment in cash to any individual agent when purchasing Units of the Fund.

## WHO IS ELIGIBLE TO INVEST?

- You must be a Sophisticated Investor in order to invest in this Fund. Please refer to the “Glossary” chapter of this Information Memorandum for the details.

## WHAT ARE THE MINIMUM INITIAL INVESTMENT, MINIMUM ADDITIONAL INVESTMENT, MINIMUM UNITS HELD AND MINIMUM UNITS PER SWITCH?

<b>Minimum Initial Investment</b>	MYR 100,000
<b>Minimum Additional Investment</b>	MYR 50,000
<b>Minimum Units Held</b>	100,000 Units
<b>Minimum Units per Switch</b>	100,000 Units

- At our discretion, we may reduce the minimum initial investment amount, minimum additional investment, minimum Units held and minimum Units per switch.

## HOW TO PURCHASE UNITS?

- You may submit the purchase request by completing an application form and returning it to us between 8.45 a.m. to 3.30 p.m. on a Business Day.
- You are required to provide us with the following completed forms and documents. However, we reserve the right to request for additional documentations before we process the purchase application.

<b>Individual or Jointholder</b>	<b>Corporation</b>
<ul style="list-style-type: none"> <li>• Account opening form;</li> <li>• Suitability assessment form;</li> <li>• Personal data protection notice form;</li> <li>• A copy of identity card or passport or any other document of identification;</li> <li>• Foreign Account Tax Compliance Act (“FATCA”) and Common Reporting Standard (“CRS”) Self-certification Form.</li> </ul>	<ul style="list-style-type: none"> <li>• Account opening form;</li> <li>• Suitability assessment form;</li> <li>• Personal data protection notice form;</li> <li>• Certified true copy of memorandum and articles of association*;</li> <li>• Certified true copy of certificate of incorporation*;</li> <li>• Certified true copy of form 24 and form 49*;</li> <li>• Certified true copy of form 8, 9, 13, 20 and 44 (where applicable) *;</li> <li>• Latest audited financial statement;</li> <li>• Board resolution relating to the investment;</li> <li>• A list of the authorised signatories;</li> <li>• Specimen signatures of the respective signatories;</li> <li>• Foreign Account Tax Compliance Act (“FATCA”) and Common Reporting Standard (“CRS”) Self-certification Form.</li> </ul> <p><i>* or any other equivalent documentation issued by the authorities.</i></p>

## **HOW TO MAKE PAYMENT FOR PURCHASE APPLICATION?**

### ➤ Bank Transfer

You may transfer the purchase payment into our bank account via bank transfer or online transfer, and include your name in the transaction description for our reference. You may obtain our bank account details from our online download center at [www.affinhwangam.com](http://www.affinhwangam.com).

### ➤ Cheque, Bank Draft or Money Order

Issuance of cheque, bank draft or money order should be made payable to “Affin Hwang Asset Management Berhad-CTA”, crossed and drawn on a local bank. You are to write your name, identity card number or business registration number at the back of the cheque, bank draft or money order.

### ➤ Bank charges or other bank fees, if any, will be borne by you.

## **WHAT IS THE PROCESS OF THE PURCHASE APPLICATION?**

- If we receive your purchase application at or before 3.30p.m. on a Business Day (“or T day”), we will create your Units based on the NAV per Unit for that Business Day. Any purchase request received or deemed to have been received by us after 3.30p.m. will be transacted on the next Business Day (or “T + 1 day”), unless a prior arrangement is made to our satisfaction.
- Sale of Units will be honoured upon receipt of complete set of documents together with the proof of payments.

## **HOW TO REPURCHASE UNITS?**

- You may submit the repurchase request by completing a transaction form and returning it to us between 8.45 a.m. to 3.30 p.m. on a Business Day.

## **WHAT IS THE PROCESS OF REPURCHASE APPLICATION?**

- For a repurchase request received or deemed to have been received by us at or before 3.30p.m. on a Business Day (or “T day”), Units will be repurchased based on the NAV per Unit for that Business Day. Any repurchase request received after 3.30p.m. will be transacted on the next Business Day (or “T + 1 day”).
- You must meet the minimum holding of Units after a repurchase transaction. If you insist on making a repurchase request knowing that after the transaction you will hold less than the minimum holdings of Units, we may repurchase all your holding of Units in the Fund and pay the proceeds to you.
- Payment of the repurchase proceeds will be made via bank transfer where proceeds will be transferred to your bank account. Where Units are held jointly, payment will be made to the person whose name appears first in the register of Unit Holders.  
  
Any incurred bank charges and other bank fees due to bank transfer or other special arrangement method will be borne by you.
- Processing is subject to receipt of a complete transaction form and such other documents as may be required by us.

## **WHAT IS THE REPURCHASE PROCEEDS PAYOUT PERIOD?**

- You will be paid within ten (10) days from the day the repurchase request is received by us, provided that all documentations are completed and verifiable.

## **WHAT IS THE PRICING OF UNITS?**

- The Selling Price and the Repurchase Price are equivalent to the NAV per Unit. Any applicable Sales Charge and Repurchase Charge are payable separately from the Selling Price and Repurchase Price. The Selling Price and the Repurchase Price is equivalent to the NAV per Unit.

- Forward Pricing will be used to determine the Selling Price and the Repurchase Price per Unit of the Fund after the initial offer period, i.e. the NAV per Unit as at the next valuation point after we receive the purchase request or repurchase request.

#### WHERE TO PURCHASE AND REPURCHASE UNITS?

- Units can be purchased and repurchased at any of the location listed in the “Directory of Sales Offices” section.
- You may obtain a copy of the Information Memorandum, PHS and application forms from the abovementioned location. Alternatively, you may also visit our website at [www.affinhwangam.com](http://www.affinhwangam.com).

#### WHAT IS COOLING-OFF RIGHT?

- You have the right to apply for and receive a refund for every Unit that you have paid for within six (6) Business Days from the date we received your purchase application. You will be refunded for every Unit held based on the NAV per Unit and the Sales Charge, on the day those Units were first purchased and you will be refunded within ten (10) days from the receipt of the cooling-off application.

Please note that the cooling-off right is applicable to you if you are an individual investor and are investing in any of our funds for the first time. However, if you are a staff of AHAM or a person registered with a body approved by the SC to deal in unit trusts, you are not entitled to this right.

#### WHAT ARE THE SWITCHING OPTIONS?

- You must complete a switching transaction form and submit it to us at or before the cut-off time of 3.30 p.m. on a Business Day (or “T day”) together with relevant supporting documents, if any.

You should note that the pricing day of a fund (or its class) may not be of the same day as we receive your switching application. Please see below the pricing policy of switching for all our funds:

Switching Out Fund	Switching In Fund	Pricing Day	
		Switching Out Fund	Switching In Fund
Money market fund	Money market fund	T Day	T Day
Money market fund	Non-money market fund		
Non-money market fund	Non-money market fund		
Money market fund	Money market fund (which adopts historical pricing policy)	T Day	T + 1 Day
Non-money market fund	Money market fund	T Day	At the next valuation point, subject to clearance of payment and money received by the intended fund

#### CAN I TRANSFER MY UNITS TO ANOTHER PERSON?

- You are permitted to transfer your ownership of investments in the Fund at any point in time by completing the transfer application form and returning it to us on any Business Day. There is no minimum amount of Units required to effect a transfer except that the transferor and transferee must hold the minimum holdings of Units to remain as a Unit Holder. If the transferor insists on making a transfer request knowing that after the transaction he/she will hold less than the minimum holdings of Units, we may transfer all the Units of the transferor in the Fund to the transferee.

It is important to note that we are at the liberty to disregard or refuse to process the transfer application if the processing of such instruction be in contravention of any law or regulatory requirements, whether or not having the force of law and/or would expose us to any liability.

The person who is in receipt of the Units must be a Sophisticated Investor as well.

## HOW DO I RECEIVE THE INCOME DISTRIBUTION?

- You have the option to receive the income distribution in cash payment or additional Units (by way of reinvestment) by ticking the appropriate column in the application form.

All distribution will be automatically reinvested into additional Units in the Fund if you do not select the mode of distribution in the application form.

Any distribution payable which is less than or equal to the amount of MYR 300.00 would be automatically reinvested.

### Cash Payment Process

Income distribution by way of cash payment will be paid via telegraphic transfer. Income will be transferred to your bank account within seven (7) Business Days after the distribution date.

### Reinvestment Process

We will create the Units based on the NAV per Unit of the Fund at the income payment date which is two (2) Business Days after the distribution date. There will not be any additional cost for reinvestments of those additional Units, i.e. no Sales Charge will be imposed on such transaction.

# RELATED PARTIES TO THE FUND

## ABOUT THE MANAGER - AHAM

AHAM was incorporated in Malaysia on 2 May 1997 under the Companies Act, 1965 and began operations under the name Hwang–DBS Capital Berhad in 2001. In early 2014, AHAM was acquired by the Affin Banking Group (“Affin”) and hence, is now supported by a home-grown financial services conglomerate. Affin has over 39 years of experience in the financial industry which focuses on commercial, Islamic and investment banking services, money broking, fund management and underwriting of life and general insurance business. Meanwhile, AHAM has 15 years’ experience in the fund management industry. Additionally, AHAM is also 30% owned by Nikko Asset Management International Limited, a wholly-owned subsidiary of Tokyo-based Nikko Asset Management Co. Ltd, an Asian investment management franchise. AHAM offers a wide range of products, comprising conventional equity, balanced, bond, money market, capital guaranteed, capital protected, global, structured and feeder funds, as well as Shariah-compliant equity, Islamic money market and Islamic fixed income funds.

### Our Role as the Manager

We are responsible for the investment management and marketing of the Fund; servicing Unit Holders’ needs; keeping proper administrative records of Unit Holders and the Fund; ensuring compliance with stringent internal procedures and guidelines of relevant authorities.

### Our Investment Team

Our investment team comprises a group of portfolio managers who possess the necessary expertise and experience to undertake the fund management of its funds. The investment team will meet at least once a week or more should the need arise. The designated fund manager of the Fund is:-

#### Mr David Ng Kong Cheong – Chief Investment Officer

Mr David joined AHAM in 2002 as Head of Equities and assumed the role of Chief Investment Officer in September 2006. He has been responsible for successfully steering AHAM’s investments through a tumultuous decade of multiple crisis. His astute and decisive guidance on broad investment strategies which includes interpreting market signals and making timely asset allocation calls has allowed AHAM to remain ahead of its peers. A decade later, he has built the investment team from just four (4) fund managers to a forty (40) strong group featuring an impressive resume across different investment specialties, coverage and geographies. Under his foresight and vision, the team has evolved from being equity-heavy to encompass strong local and regional multi-asset and sector investment capabilities. His absolute return investment philosophy and bottom-up stock selection technique has garnered recognition for AHAM with its multiple award wins, having been voted “CIO of the Year” for Malaysia by Asia Asset Management 2013 awards. Mr David’s philosophy of subscribing to the long-term, not taking excessive risk, and investing into quality throughout all the portfolios has set the blueprint for AHAM’s investments in years to come. He is well-known in the industry for his discipline, prudence and reasonable attitude to investing. He graduated with a double degree in Bachelor of Commerce (Accounting) and Bachelor of Law from Monash University in Melbourne, Australia and is also a Chartered Financial Analyst (CFA) charterholder.

## ABOUT THE TRUSTEE - TMF TRUSTEES MALAYSIA BERHAD

The Trustee is part of TMF Group, an independent global service provider in the trust & fiduciary sector. The group has over 120 offices in more than 80 jurisdictions in the world. The Trustee started in Malaysia in 1992 with its first office in Labuan International Business Financial Centre (IBFC), providing trust and fiduciary services. The Kuala Lumpur office was established in 2003 to support the Labuan office in servicing Malaysian clients and to undertake domestic trust business.

### Duties and Responsibilities of the Trustee

The Trustee’s main functions are to act as trustee and custodian of the assets of the Fund and to safeguard the interests of Unit Holders of the Fund. In performing these functions and duties, the Trustee has to exercise all due care and vigilance and is required to act in accordance with the provisions of the Deed, all relevant laws and the Guidelines. Apart from being the legal owner of the Fund’s assets, the Trustee is also responsible for ensuring that the Manager performs its duties and obligations in accordance with the provisions of the Deed, all relevant laws and the Guidelines.



# RELEVANT INFORMATION

## SALIENT TERMS OF THE DEED

### Rights and Liabilities of Unit Holders

You have the right, among others, to the followings:-

- (a) To receive the distribution of income, participate in any increase in the value of the Units and to enjoy other such rights and privileges as set out under the Deed for the Fund;
- (b) To call for Unit Holders' meetings, and to vote for the removal of the Trustee or the Manager through a special resolution; and
- (c) To receive annual and quarterly reports.

However, you would not have the right to require the transfer to the Unit Holder of any of the investments or assets of the Fund. Neither would you have the right to interfere with or question the exercise by the Trustee or the Manager on his behalf, of the rights of the Trustee as registered owner of the investments or assets of the Fund.

You are not liable to the following:-

- (a) For any amount in excess of the purchase price paid for the Units as determined pursuant to the Deed at the time the Units were purchased and any charges payable in relation thereto;
- (b) For any obligation to indemnify the Trustee and/or the Manager in the event that the liabilities incurred by the Trustee and the Manager 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 NAV of the Fund, and any right of indemnity of the Trustee and/or the Manager shall be limited to recourse to the Fund.

### Provisions regarding Unit Holders' Meetings

#### *Quorum Required for Convening a Unit Holders' Meeting*

The quorum required for a meeting of the Unit Holders shall be five (5) Unit Holders, whether present in person or by proxy, provided that if the Fund has five (5) or less Unit Holders, the quorum required for a meeting of the Unit Holders of the Fund shall be two (2) Unit Holders, whether present in person or by proxy; if the meeting has been convened for the purpose of voting on a Special Resolution, the Unit Holders present in person or by proxy must hold in aggregate at least twenty five per centum (25%) of the Units in Circulation at the time of the meeting.

#### *Unit Holders' Meeting convened by the Unit Holders*

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) of all the Unit Holders, whichever is less, summon a meeting of the Unit Holders by:-

- (a) sending by post at least seven (7) days before the date of the proposed meeting a notice of the proposed meeting to all the Unit Holders; and
- (b) publishing at least fourteen (14) days before the date of the proposed meeting an advertisement giving notice of the proposed meeting in a national language newspaper published daily and another newspaper approved by the relevant authorities.

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; or
- (d) giving to the Trustee such directions as the meeting thinks proper;

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) of all the Unit Holders, whichever is the lesser number.

#### *Unit Holders' Meeting convened by the Manager or Trustee*

The Manager may for any purpose whatsoever summon a meeting of the Unit Holders by sending by post at least fourteen (14) days before the date of the proposed meeting, or such other time as may be prescribed by the relevant laws, a notice of the proposed meeting to all the Unit Holders. All such notices and advertisement to the Unit Holders shall specify the place, time and terms of the resolutions to be proposed.

The Trustee shall summon a Unit Holders' meeting where:

- (a) the Manager is in liquidation;
- (b) in the opinion of the Trustee, the Manager has ceased to carry on business; or
- (c) in the opinion of the Trustee, the Manager has, to the prejudice of Unit Holders, failed to comply with the Deed or contravened any of the provisions of the Act.

The Trustee may also summon a Unit Holders' meeting for any purpose including, without limitation, for the purpose of:

- (a) requiring the retirement or removal of the Manager;
- (b) giving instructions to the Trustee or the Manager if the Trustee considers that the investment management policies of the Manager are not in the interests of Unit Holders;
- (c) securing the agreement of the Unit Holders to release the Trustee from any liability;
- (d) deciding on the next course of action after the Trustee has suspended the sale and repurchase of Units pursuant to Clause 6.9.1 of the Deed; and
- (e) deciding on the reasonableness of the annual management fee charged to the Fund or each Class of Units.

Unless otherwise required or allowed by the relevant laws, a meeting of the Unit Holders summoned by the Trustee pursuant to the aforesaid shall be summoned by:

- (a) sending by post at least twenty-one (21) days before the date of the proposed meeting a notice of the proposed meeting to each of the Unit Holders at the Unit Holder's last known address or, in the case of jointholders, to the jointholder whose name stands first in the records of the Manager at the jointholder's last known address; and
- (b) publishing at least twenty-one (21) days before the date of the proposed meeting an advertisement giving notice of the meeting in a national language newspaper published daily and another newspaper approved by the relevant authorities.

## **Termination of the Fund**

### *Circumstances that may lead to the termination of the Fund*

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

- (a) if any new law shall be passed which renders it illegal or in our opinion it is impracticable or inadvisable to continue the Fund; or
- (b) if in our reasonable opinion it is impracticable or inadvisable to continue the Fund.

### *Procedures to be taken to increase the Direct and Indirect Fees and Charges from the current amount stipulated in the Information Memorandum*

We may not charge a Sales Charge and/or Repurchase Charge at a rate higher than that disclosed in this Memorandum unless:-

- (a) we have notified the Trustee in writing of the higher rate and the date on which such higher rate is to become effective; and
- (b) a supplemental/replacement information memorandum is issued thereafter.

We or the Trustee may not charge an annual management fee and/or trustee fee at a rate higher than that disclosed in this Information Memorandum unless:

- (a) both the Manager and the Trustee have come to an agreement on the higher rate;
- (b) we have notified the Unit Holders of the higher rate and the date on which such higher rate is to become effective; and
- (c) a supplemental/replacement information memorandum stating the higher rate is issued thereafter.

#### **GOODS AND SERVICES TAX**

The Royal Malaysian Customs Department has announced the implementation of GST with effect from 1 April 2015 onwards pursuant to the Goods and Services Tax Act 2014. Collective investment schemes are generally exempted from GST. However, some fees, charges and expenses of the Fund are subject to GST which includes:

- Sales Charge;
- Repurchase Charge;
- Switching fee;
- Transfer fee;
- Management fee;
- Trustee fee; and
- Any other expenses of the Fund that may be subject to GST.

#### **INCORRECT PRICING**

We will take immediate action to rectify any incorrect valuation and/or pricing of the Fund and/or the Units and to notify the Trustee and the SC of the same unless the Trustee considers the incorrect valuation and/or pricing of the Fund and/or the Units is of minimal significance.

The Trustee will not consider an incorrect valuation and/or pricing of the Fund and/or the Units to be of minimal significance if the error involves a discrepancy of 0.5% or more of the NAV per Unit unless the total impact on your account is less than MYR 10.00, if applicable. An incorrect valuation and/or pricing not considered to be of minimal significance by the Trustee will result in reimbursement of moneys in the following manner:

	Reimbursement by:	Receiving parties:
Over valuation and/or pricing in relation to the purchase and creation of Units.	Fund	Unit Holder
Over valuation and/or pricing in relation to the repurchase of Units.	AHAM	Fund
Under valuation and/or pricing in relation to the purchase and creation of Units	AHAM	Fund
Under valuation and/or pricing in relation to the repurchase of Units	Fund	Unit Holder or former Unit Holder

#### **POLICY ON GEARING AND MINIMUM LIQUID ASSETS REQUIREMENTS**

The Fund is not permitted to borrow cash or other assets (including the borrowing of securities within the meaning of the SC's Securities Borrowing and Lending Guidelines [SBL Guidelines]) in connection with its activities.

Except for securities lending as provided under the SBL Guidelines, none of the cash or investments of the Fund may be lent. Further, the Fund may not assume, guarantee, endorse or otherwise become directly or contingently liable for or in

connection with any obligation or indebtedness of any person. In structuring the portfolio of the Fund, we will maintain sufficient liquid assets to ensure short term liquidity in the Fund to meet operating expenses.

**UNCLAIMED MONIES**

Any monies payable to you which remain unclaimed after twelve (12) months from the date of payment will be paid to the Registrar of Unclaimed Monies by the Manager in accordance with the requirements of the Unclaimed Moneys Act 1965.

# INVESTORS INFORMATION

## How can I keep track of my contribution?

You may obtain the daily Fund price from our website at [www.affinhwangam.com](http://www.affinhwangam.com). The daily prices are based on information available one (1) Business Day prior to publication.

We will provide you with an annual report and a quarterly report within two (2) months after the end of the financial period the report covers. In addition, we will also send you a monthly statement confirming the current Unit holdings and transactions relating to your Units in the Fund.

## Who should I contact if I need additional information of the Fund?

You can seek assistance from our customer service personnel at our toll free number 1-800-88-7080 between 8.45 a.m. to 5.30 p.m. on a Business Day. Alternatively, you can e-mail us at [customercare@affinhwangam.com](mailto:customercare@affinhwangam.com).

## ANTI-MONEY LAUNDERING POLICIES AND PROCEDURES

Pursuant to the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (“AMLATFPUAA”) and the SC’s Guidelines on Prevention of Money Laundering and Terrorism Financing for Capital Market Intermediaries, it is our responsibility to prevent AHAM from being used for money laundering and terrorism financing activities. To this end, we have established an Anti-Money Laundering/Counter-Financing of Terrorism Framework (AML/CFT Framework) and put in place anti-money laundering process and procedures to combat such activities. This includes a robust due diligence process and procedures for client on-boarding (such as know-your-client procedures and customer due diligence) as well as ongoing monitoring of clients transactions to detect any suspicious transactions.

To meet our regulatory obligations to verify the identity of our clients and to verify the source of funds, we may request for additional information from you. Information requested may include, but not limited to, supporting documents, documentary evidence to support information given and could extend to documents regarding identity of beneficial owners (if applicable). We reserve the right to reject an application to invest in the Fund should clients failed to provide the information required. Furthermore, where a particular transaction is deemed suspicious, we have an obligation under the AMLATFPUAA to notify the relevant authority of the transaction.

## DIRECTORY OF SALES OFFICE

AFFIN HWANG ASSET MANAGEMENT BERHAD:

### HEAD OFFICE

Ground Floor, Menara Boustead  
69 Jalan Raja Chulan  
50200 Kuala Lumpur  
Tel : 03 – 2116 6000  
Fax : 03 – 2116 6100  
Toll Free No : 1-800-88-7080  
Email: [customercare@affinhwangam.com](mailto:customercare@affinhwangam.com)  
Website: [www.affinhwangam.com](http://www.affinhwangam.com)

### PENANG

No. 10-C-23 & 10-C-24, Precinct 10  
Jalan Tanjung Tokong  
10470 Penang  
Tel : 04 – 899 8022  
Fax : 04 – 899 1916

### PERAK

13A Persiaran Greentown 7  
Greentown Business Centre  
30450 Ipoh, Perak  
Tel: 05 - 241 0668  
Fax: 05 – 255 9696

### JOHOR

1<sup>st</sup> Floor, No. 93,  
Jalan Molek 1/29  
Taman Molek  
81100 Johor Bahru, Johor  
Tel : 07 – 351 5677 / 5977  
Fax : 07 – 351 5377

### MELAKA

Ground Floor  
No. 584 Jalan Merdeka  
Taman Melaka Raya  
75000 Melaka  
Tel: 06 -281 2890  
Fax: 06 -281 2937

### SABAH

Lot No. B-2-09, 2<sup>nd</sup> Floor  
Block B, Warisan Square  
Jalan Tun Fuad Stephens  
88000 Kota Kinabalu, Sabah  
Tel : 088 - 252 881  
Fax : 088 - 288 803

### SARAWAK

Ground Floor, No. 69  
Block 10, Jalan Laksamana Cheng Ho  
93200 Kuching, Sarawak  
Tel : 082 – 233 320  
Fax : 082 – 233 663

1<sup>st</sup> Floor, Lot 1291  
Jalan Melayu, MCLD  
98000 Miri, Sarawak  
Tel : 085 - 418 403  
Fax : 085 – 418 372