

Asset Management

PRODUCT HIGHLIGHTS SHEET

for

Affin Hwang Flexible Maturity Income Fund 11

Date of issuance: 26 February 2019

RESPONSIBILITY STATEMENT

This Product Highlights Sheet has been reviewed and approved by the directors and/or authorized committee and/or persons approved by the Board of Affin Hwang Asset Management Berhad (429786-T) and they collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable inquiries, they confirm to the best of their knowledge and belief, that there are no false or misleading statements or omissions of other facts which would make any statement in the Product Highlights Sheet false or misleading.

STATEMENT OF DISCLAIMER

The Securities Commission Malaysia has authorised the issuance of the Affin Hwang Flexible Maturity Income Fund 11 (“the Fund”) and a copy of this Product Highlights Sheet has been lodged with the Securities Commission Malaysia.

The authorisation of the Fund and lodgement of this Product Highlights Sheet, should not be taken to indicate that the Securities Commission of Malaysia recommends the Fund or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Product Highlights Sheet.

The Securities Commission Malaysia is not liable for any non-disclosure on the part of the Affin Hwang Asset Management Berhad responsible for the Fund and takes no responsibility for the contents of this Product Highlights Sheet. The Securities Commission Malaysia makes no representation on the accuracy or completeness of this Product Highlights Sheet, and expressly disclaims any liability whatsoever arising from, or in reliance upon, the whole or any part of its contents.

Asset Management

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

PRODUCT HIGHLIGHTS SHEET
AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11
BRIEF INFORMATION ON THE PRODUCT
1. What is this product about?

Affin Hwang Flexible Maturity Income Fund 11 is a close-ended fixed income fund, issued and managed in-house by the Manager.

The Fund aims to provide income through investment in fixed income instruments.

PRODUCT SUITABILITY
2. Who is this product suitable for?

The Fund is designed for retail investors who have three (3) years investment horizon and have a moderate risk tolerance.

KEY PRODUCT FEATURES
3. What am I investing in?

Launch Date	26 February 2019
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 3 rd anniversary of the Investment Date or such earlier date in accordance with the provisions of the Deed or subject to the Early Maturity feature.
Base Currency	MYR
Investment Strategy	To achieve the objective of the Fund, we intend to invest a minimum of 70% of the Fund's NAV in fixed income instruments, i.e. debentures, money market instruments and/or deposits, and the remaining balance of the Fund's NAV in cash, derivatives and/or structured products. The Fund may also invest up to 40% of its NAV in unrated debentures and/or debentures which are rated below investment grade by Standard & Poor's, Moody's, Fitch, RAM, MARC or any other rating agencies. At the Maturity Date of the Fund, we will redeem or sell the investments, and return all proceeds to you (based on the number of Units you hold), subject to the applicable Fund expenses and fees. In this respect, we will endeavour, as far as it is possible, to purchase investments with maturities that closely mirror the maturity period for this Fund so as to enable the Fund to potentially obtain the full nominal value of those instruments upon the Maturity Date. We may trade the fixed income instruments as and when opportunities arise and/or to manage the credit risk of the fixed income instruments issuers or external adverse events affecting any of the fixed income instruments in the Fund's portfolio. In the event the Maturity Date falls on a non-Business Day, the Maturity Date shall be the first Business Day following the date that is the third (3 rd) anniversary of the Investment Date.

Asset Management

	<p>However, if Early Maturity is triggered, that is subject to the requirements specified under “How is an Early Maturity triggered”, we will liquidate all the investments in the portfolio and return the investment proceeds to you. In the event of an Early Maturity, the Fund will mature on the Early Maturity Date, which will fall on a Business Day as decided by us. Please refer to “Early Maturity” section in the Prospectus, for further details.</p> <p>Investments in Foreign Fixed Income Instruments</p> <p>The Fund will invest in foreign fixed income instruments where the regulatory authority is an ordinary or associate member of the International Organization of Securities Commissions (IOSCO).</p> <p>Derivative Investments</p> <p>The Fund may employ derivatives, such as foreign exchange forward contracts, cross currency swaps or interest rate swaps primarily for hedging purposes. Cross currency swaps and/or foreign exchange forward contracts could be used to hedge the principal and/or the returns of the foreign currency denominated fixed income instruments back to MYR while interest rate swaps could be used to hedge the interest rate exposure borne by the Fund. As prices of fixed income instruments are generally inversely related to yields and interest rates, the use of interest rate swap will enable us to exchange the fixed interest rate for floating interest rate with the intention to mitigate the potential decline in prices of the Fund’s investments. While the hedging strategy will assist with mitigating the potential foreign exchange losses by the Fund, any potential gains from the hedging strategy will be capped as well.</p> <p>Additionally, the Fund may also invest in derivatives for investment purposes to enhance the returns of the Fund. We will take a view on the underlying asset, currency or interest rates and establish a long position to gain a specific underlying exposure.</p> <p>Structured Product</p> <p>The Fund may also invest into structured products such as but not limited to 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 fluctuation of, in the case of a credit linked note, the reference entity that the credit 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 sees a drop in price, 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.</p>
Asset Allocation	<ul style="list-style-type: none"> • A minimum of 70% of the Fund’s NAV to be invested in debentures, money market instruments and/or deposits; and • A maximum of 30% of the Fund’s NAV to be invested in cash, derivatives and/or structured products.
Performance Benchmark	<p>3-years Malayan Banking Berhad fixed deposit rate as at Investment Date</p> <p><i>The risk profile of this Fund is different from the risk profile of the benchmark.</i></p>
Distribution Policy	<p>Depending on the level of income the Fund generates, the Fund will provide distribution on an annual basis.</p>
Minimum Initial Investment*	MYR 1,000
Minimum Additional Investment*	<p>MYR 100</p> <p><i>Any additional investments can only be made during the Offer Period.</i></p>
Minimum units held*	1,000 Units

Note: Please refer to the Prospectus for further details of the Fund.

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

Asset Management

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 is a close-ended fund that will be invested in a portfolio of fixed income instruments to provide income distribution over a 3-year period from its Investment Date. At the Fund's Maturity, we will redeem or sell all the assets of the Fund, and return all proceeds to you based on the number of Units you hold. This will also be subjected to all applicable expenses and fees.

The investments of the Fund are generally lower risk characteristics and provide more stable returns as compared to equity investments. However, the Fund does not provide a guarantee on capital invested and its returns.

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. Market risk cannot be eliminated but may be reduced through diversification. 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 the Manager which will impact the performance of the Fund. For example, investment decisions undertaken by the Manager 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.
- **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. Upon such event and in the best interest of the Unit Holders, the Trustee may suspend the repurchase of Units requests. Please refer to "*What Is The Process of Repurchase Application*" in the Prospectus.
- **Operational risk** – This risk refers to the possibility of a breakdown in the Manager's internal controls and policies. The breakdown may be a result of human error, system failure or may be fraud where employees of the Manager collude with one another. This risk may cause monetary loss and/or inconvenience to you.
- **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.

Asset Management

Specific Risks

- **Credit and default risk** – Credit risk relates to the creditworthiness of the issuers of the fixed income instruments, i.e. debentures, money market instruments and deposits, 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 instruments. In the case of rated instruments, this may lead to a credit downgrade. Default risk relates to the risk that an issuer of the instruments either defaulting on payments or failing to make payments in a timely manner which will in turn adversely affect the value of the instruments. This could adversely affect the value of the Fund.
- **Interest rate risk** – This risk refers to the impact of interest rate changes on the valuation of the fixed income instruments, i.e. debentures and money market instruments. When interest rates rise, the instruments prices generally decline and this may lower the market value of the instruments. The reverse may apply when interest rates falls. For investments into deposits, the fluctuations in the interest rates will not affect the placement of deposits but will result in the opportunity loss by the Fund if the placement of deposits is made at lower interest rate.
- **Structured products risk** – The NAV of the Fund will be impacted by the valuation of the structured product. Factors that may impact the valuation of the structured products will include, but not limited to movement of the underlying asset, volatility of the underlying assets, interest rate levels, the correlation of the underlying assets and other such factors. Any change in the aforesaid factors would either positively or negatively impact the valuation of the structured products hence impacting the NAV of the Fund. As such, the Fund's NAV will be exposed to potential price volatility, which will be dependent on the valuation of the structured products that the Fund invested in.
- **Derivatives risk** – Valuation of derivatives takes into account a multitude of factors such as movement of the underlying assets, the correlation of the underlying assets with the Fund, the implied future direction of the underlying assets and other factors. Any diverse changes of the factors mentioned above, may result in a lower NAV price and higher volatility for the Fund's NAV.
- **Counterparty risk** – Counterparty risk concerns the Fund's investment in structured products and derivatives ("Investments"). Counterparty risk is prevalent as the potential returns derived from the Investment are dependent on the ongoing ability and willingness of the issuer i.e. a financial institution to fulfil their respective financial commitments to the Fund in a timely manner. Bankruptcy, fraud or regulatory non-compliance arising out of and/or in connection with the issuer may impair the operations and/or the performance of the Fund.
- **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.
- **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.
- **Regulatory risk** - The investments of the Fund would be exposed to changes in the laws and regulations in the countries that the Fund is invested in. These regulatory changes pose a risk to the Fund as it may materially impact the investments of the Fund.
- **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 the 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 Penalty Charge and this may further reduce any monies payable to you. The Penalty Charge incurred by you will be retained by the Fund for the benefit of the remaining Unit Holders.
- **Reinvestment risk** – This risk arises when an issuer of fixed income instrument decides to repay the principal earlier than the intended maturity date, especially during times of declining interest rates. As a result, the Fund may experience lower returns due to reinvesting in lower yielding fixed income instruments.
- **Mismatch risk** – This risk arises upon the commencement of the Investment Date when there is a mismatch between the Maturity Date of the Fund and the maturity date of the investments which the Fund holds. A mismatch of maturity may potentially result in a loss to the Fund.

Note: Please refer to the Prospectus 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 Prospectus to assess the risks associated with the Fund. If necessary, you should consult your professional adviser(s) for a better understanding of the risks.

Asset Management

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	3.00% of the Offer Price and it is not negotiable.
Penalty charge	<p>We will impose a Penalty Charge if repurchase of Units is made after the Investment Date of the Fund.</p> <p>Depending on when the repurchase request is made, the following Penalty Charge shall be applicable:</p> <ul style="list-style-type: none"> • 3.00% of NAV per Unit from the Investment Date up to the first (1st) anniversary of the Investment Date. • 2.00% of NAV per Unit from the Business Day immediately following the first (1st) anniversary up to the second (2nd) anniversary of the Investment Date. • 1.00% of NAV per Unit from the Business Day immediately following the second (2nd) anniversary up to the third (3rd) anniversary of the Investment Date. • At Maturity Date or Early Maturity Date – Nil <p><i>The Penalty Charge is not negotiable.</i></p>
Switching fee	Not applicable.
Transfer fee	Nil.

What are the key ongoing fees charged to the Fund?

Annual management fee	Nil.
Annual 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 Prospectus for further explanation and illustration of the Fund's fees, charges and expenses.

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

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

VALUATIONS AND EXITING FROM INVESTMENT

8. How often are valuations available?

The Fund will be valued on every Business Day and you may obtain the NAV and NAV per Unit of the Fund from our 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 Penalty Charge 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 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.

Asset Management

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
- (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

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	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 Prospectus 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(s)	Refers to the Deed dated 14 September 2018 entered into between the Manager and the Trustee and includes any subsequent amendments and variations to the Deed.
deposit(s)	Has the same meaning as the definition of "deposit" in the Financial Services Act 2013. For the avoidance of doubt, it shall exclude structured deposit.

Asset Management

Early Maturity	An event where the Fund is unwound on or after the first (1 st) anniversary of the Investment Date up to 30 days before to the 3 rd anniversary of the Fund's Investment Date, subject to the Fund achieving early maturity requirements (please refer to "Early Maturity" in the Prospectus for further details).
Early Maturity Communiqué	Refers to the Communiqué issued to Unit Holders, notifying that the Early Maturity is exercised and that the Fund will be unwound on the Early Maturity Date.
Early Maturity Date	Refers to the 10 th Business Day immediately following the date which the Manager issues the Early Maturity Communiqué to Unit Holders, notifying that the Fund has met the Early Maturity requirements and the Fund will be unwound on the Early Maturity Date. In the event the Manager deems to be unable to liquidate all the assets on the 10 th Business Day, the Manager will issue a Communiqué to Unit Holders to extend the Early Maturity Date by up to the 20 th Business Day from the date the Early Maturity Communiqué is issued. The Early Maturity Date may fall on a date, earliest on the 1 st anniversary of the Investment Date up to the date, 30 days before the 3 rd anniversary of the Investment Date.
Fitch	Refers to Fitch Ratings Inc.
Fund	Refers to Affin Hwang Flexible Maturity Income Fund 11.
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. A reference to the Fund's anniversary shall be a reference from this Investment Date.
Manager / AHAM	Refers to Affin Hwang Asset Management Berhad.
MARC	Refers to Malaysian Rating Corporation Berhad.
Maturity Date	Means the date on which the Fund automatically terminates and is the date, which is the third (3 rd) anniversary 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 third (3 rd) anniversary of the Investment Date. If the Fund is earlier terminated in accordance with the provisions of the Deed, and due to the Early Maturity feature, the "Maturity Date" shall mean the date of such earlier termination.
Moody's	Refers to Moody's Investors Service.
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 NAV 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.
Offer Price	Means the fixed price for each Unit during the Offer Period.
Penalty Charge	Means a charge imposed pursuant to your request for repurchase of Units of the Fund.
RAM	Refers to RAM Rating Services Berhad.
SC	Means the Securities Commission Malaysia established under the Securities Commission Malaysia Act 1993.
Standard & Poor's	Refers to Standard & Poor's Financial Services LLC.
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.
Units in Circulation	Means Units created and fully paid. It is the total number of Units issued at a particular valuation point.
Unit Holder(s) or You	Means the person/corporation registered as the holder of a Unit or Units including persons jointly registered.

Note:

Reference to "day(s)" in the Prospectus will be taken to mean calendar day(s) unless otherwise stated.

Reference to first person pronouns such as "we", "us" or "our" in the Prospectus means the Manager/AHAM.