

Asset Management

# PRODUCT HIGHLIGHTS SHEET

for

## Affin Hwang Income Focus Fund 2

**Date of issuance: 8 March 2018**

### 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 omission 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 Income Focus Fund 2 ("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.

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

**PRODUCT HIGHLIGHTS SHEET**
**AFFIN HWANG INCOME FOCUS FUND 2**
**BRIEF INFORMATION ON THE PRODUCT**
**1. What is this product about?**

Affin Hwang Income Focus Fund 2 is a close-ended fixed income fund which aims to provide income return whilst maintaining capital preservation<sup>1</sup>.

**PRODUCT SUITABILITY**
**2. Who is this product suitable for?**

The Fund is designed for retail investors who seek capital preservation<sup>#</sup>, have a low risk tolerance level and have short-term investment horizons.

**KEY PRODUCT FEATURES**
**3. What am I investing in?**

Launch Date	8 March 2018
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	The Fund is a close-ended fixed income retail fund with a Maturity Date falling on the Fund's second (2 <sup>nd</sup> ) anniversary from the Investment Date.
Base Currency	MYR
Investment Strategy	We strive to achieve capital preservation <sup>#</sup> of the Fund by investing a minimum of 90% of the Fund's NAV in Defensive Assets. We will invest only in Defensive Assets issued by Financial Institutions with a minimum credit rating of AA3 by RAM or AA- by MARC or equivalent rating by other recognized rating agencies. The maturity proceeds from the investments in Defensive Assets could potentially match the capital of the Unit Holders (including Sales Charge and GST imposed on the subscription of Units during the Offer Period), subject to no occurrence of credit default by the Financial Institutions.  In order to provide potential capital appreciation of the Fund, we may invest up to a maximum of 10% of the Fund's NAV in Active Assets. At the Investment Date of the Fund, the Fund will only invest in one type of Active Assets, and will remain so until the Maturity Date of the Fund. The Active Assets allow the Fund to establish a long position on the underlying asset, which is a collective investment scheme that is regulated in an eligible market. As such, the potential income distribution of the Fund is derived from the Active Assets. Investment in Active Assets will expose investors to the price fluctuations of the collective investment

<sup>#</sup> The Fund is not a capital guaranteed nor a capital protected fund.

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	<p>scheme that the Active Assets are linked to. As a result, any fluctuation in the price of the Active Assets may also lead to fluctuations in the NAV of the Fund i.e. if the price of the Active Assets drops, the NAV of the Fund will also be negatively impacted. As the Active Assets are structured by an external party, investments into the Active Assets will also expose the Fund to counterparty risk, which we will attempt to mitigate by carrying out a stringent selection process on the counterparty prior to an investment being made.</p> <p>The currency denomination of the Active Assets that the Fund intends to invest into may be in a currency that differs from that of the Fund's base currency. As such, the Fund will be exposed to currency risk arising from the currency exchange between the denomination of the Active Asset and the denomination of the Fund's base currency. For example, if the Fund's base currency is MYR, and the denomination of the Active Asset is EUR, the Fund is then exposed to the currency fluctuation of the EURMYR. With the assumption that the performance of the Active Asset remains unchanged, the value of the Active Asset will be negatively impacted should MYR appreciate against the EUR, thus negatively impacting the Fund's NAV. Similarly, the value of the Active Asset will appreciate should the MYR depreciate against the EUR, thus leading to a positive rise in the Fund's NAV.</p> <p>The Fund will invest only into countries where the regulatory authorities are ordinary or associate members of the International Organization of Securities Commissions (IOSCO).</p> <p>In line with the Fund's objective, we will employ a buy and hold strategy for the Fund's investments. As such, the Fund will make its investments into its Defensive Assets and its Active Assets at the Investment Date and remain invested until the Maturity Date of the Fund.</p> <p>At the Maturity Date of the Fund, we will redeem or sell all the assets of the Fund, and return all the proceeds to you (based on the number of Units you hold) after deducting applicable Fund expenses and fees. The payment of proceeds is expected to be paid to you within two (2) weeks from the Maturity Date.</p>
Asset Allocation	<ul style="list-style-type: none"> <li>• A minimum of 90% of the Fund's NAV to be invested in Defensive Assets; and</li> <li>• A maximum of 10% of the Fund's NAV to be invested in Active Assets.</li> </ul>
Distribution Policy	Subject to the availability of income, the Fund will distribute income on an annual basis.
Minimum Initial Investment*	MYR 1,000
Minimum additional Investment*	MYR 1,000 Any additional investments by you can only be made during the offer period
Minimum units held*	1,000 Units

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

#### 4. Who am I investing with?

Relevant parties' information:

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

#### 5. What are the possible outcomes of my investment?

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

\* subject to change at the Manager's discretion, the investor may negotiate for a lower amount or value.

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will distribute the final annual income and maturity proceeds of the Fund, subject to the applicable Fund expenses and fees.

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

### KEY RISKS

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

##### General risks

- **Market risk** – Market risk arises because of factors that affect the entire market place. Factors such as economic growth, political stability and social environment are some examples of conditions that have an impact on businesses, whether positive or negative. It stems from the fact that there are economy-wide perils, or instances of political or social instability which threaten all businesses. Hence, the Fund will be exposed to market uncertainties and fluctuations in the economic, political and social environment that will affect the market price of the investments either in a positive or negative way.
- **Fund management risk** – This risk refers to the day-to-day management of the Fund by us which will impact the performance of the Fund. For example, investment decisions undertaken by us as a result of an incorrect view of the market or any non-compliance with internal policies, investment mandate, the Deed, relevant law or guidelines due to factors such as human error, fraudulent, dishonesty or weaknesses in operational process and systems, may adversely affect the performance of the Fund.
- **Performance risk** – There is no guarantee in relation to the investment returns or on the distribution to Unit Holders.
- **Inflation risk** – This is the risk that your investment in the Fund may not grow or generate income at a rate that keeps pace with inflation. This would reduce your purchasing power even though the value of the investment in monetary terms has increased.
- **Liquidity risk** – Liquidity risk refers to two scenarios. The first is where an investment cannot be sold due to unavailability of a buyer for that investment. The second scenario exists where the investment, by its nature, is thinly traded. This will have the effect of causing the investment to be sold below its fair value which would adversely affect the NAV of the Fund.
- **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.
- **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.

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

##### Specific risks

- **Credit and default risk** – Credit risk relates to the creditworthiness of the issuers of the money market instruments or deposits (hereinafter referred as "investment") and their expected ability to make timely payment of interest and/or principal. Any adverse situations faced by the issuer may impact the value as well as liquidity of the investment. In the case of rated investment, this may lead to a credit downgrade. Default risk relates to the risk of an issuer of the investment either defaulting on payments or failing to make payments in a timely manner which will in turn adversely affect the value of the investment. This could adversely affect the value of the Fund.
- **Interest rate risk** – This risk refers to the impact of interest rate changes on the valuation of the money market instruments. When interest rates rise, the instruments prices generally decline and this may lower the market value of the instruments. The reverse may apply when interest rates fall.
- **Structured product risk** – This risk arises from investments into structured warrants issued by a third party. The NAV of the Fund will be impacted by the valuation of the structured warrants. Factors that may impact the valuation of the structured warrants will include, but not limited to movement of the underlying asset, volatility of the underlying assets, interest rate levels, the correlation of the underlying assets and other such factors. Any change in the aforesaid factors would either positively or negatively impact the valuation of the structured warrants hence impacting the NAV of the Fund. As such, the Fund's NAV will be exposed to potential price volatility, which will be dependent on the valuation of the structured warrants that the Fund invested in.
- **Derivatives risk** – The Fund may be investing in options. Valuation of options takes into account a multitude of

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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.

- **Country risk** – Investments of the Fund in any countries may be affected by changes in the economic and political climate, restriction on currency repatriation or other developments in the law or regulations of the countries in which the Fund invests. For example, the deteriorating economic condition of such countries may adversely affect the value of the investments undertaken by the Fund in those affected countries. This in turn may cause the NAV of the Fund or prices of Units to fall.
- **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 the Fund is invested in. These regulatory changes pose a risk to the Fund as it may materially impact the investments of the Fund. In an effort to manage and mitigate such risk, the Manager seeks to continuously keep abreast of regulatory developments (for example, by closely monitoring announcements on regulators' website and mainstream media) in that country.
- **Repurchase risk** – You are reminded to be prepared to commit your investment until the Maturity Date. Any repurchase request made by you will be based on Forward Pricing which is the NAV per Unit at the next valuation point. The NAV per Unit at that valuation point may be lower than your initial 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 back to you. The penalty charge incurred by your repurchase request will be retained by the Fund for the benefit of the remaining Unit Holders.

*Note: Please refer to the Fund's 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.**

## 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	2.00% of the offer price and it is not negotiable.
Penalty charge	5.00% on the NAV per Unit.
Switching fee	Not applicable.
Transfer fee	Nil.

#### What are the key ongoing fees charged to the Fund?

Management fee	Not applicable.
Trustee fee	Up to 0.03% 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 ARE EXCLUSIVE OF GOODS AND SERVICES TAX. WE (INCLUDING THE TRUSTEE AND/OR OTHER SERVICE PROVIDERS) WILL CHARGE GOODS AND SERVICES TAX AT THE PREVAILING RATE OF 6% ON THE ABOVEMENTIONED FEES AND CHARGES IN ACCORDANCE WITH THE GOODS AND SERVICES TAX ACT 2014.**

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**! 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](http://www.affinhwangam.com), our customer service via our toll free number 1-800-88-7080 or email to [customercare@affinhwangam.com](mailto: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 of 5.00% on the NAV per Unit, if repurchase of Units is made after the Investment Date of the Fund. You may request to redeem your investments in the Fund at any point in time by completing the repurchase application form and returning it to the Manager 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 the Manager and provided that all documentations are completed and verifiable.

### CONTACT INFORMATION

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

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

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

Complaints should be made in writing with the following information:

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

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

- (a) via phone to : 03-2282 2280
- (b) via fax to : 03-2282-3855
- (c) via email to : [info@sidrec.com.my](mailto: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](mailto:aduan@seccom.com.my)
- (d) via online complaint form available at [www.sc.com.my](http://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



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(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

<b>Active Assets</b>	Means options or structured warrants.
<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>	Means a day on which Bursa Malaysia is open for trading.
<b>Commencement Date</b>	Means the date of the first Prospectus of the Fund and is the date on which sales of Units of the Fund may first be made. The Commencement Date is also the date of constitution of the Fund.
<b>Deed</b>	Refers to the deed dated 17 October 2017 entered into between the Manager and the Trustee.
<b>Defensive Assets</b>	Means money market instruments and/or deposits.
<b>deposit(s)</b>	Has the same meaning as per the definition of "deposit" in the Financial Services Act 2013. For the avoidance of doubt, it shall exclude structured deposits.
<b>Development Financial Institutions</b>	Means a development financial institution under the Development Financial Institutions Act 2002.
<b>Financial Institution</b>	Means (1) if the institution is in Malaysia – (i) Licensed Bank; (ii) Licensed Investment Bank; (iii) Development Financial Institutions; or (iv) Licensed Islamic Bank; (2) if the institution is outside Malaysia, any institution that is licensed, registered, approved or authorised by the relevant banking regulator to provide financial services.
<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 Income Focus Fund 2.
<b>GST</b>	Refers to the tax levied on goods and services pursuant to the Goods and Services Tax Act 2014.
<b>Guidelines</b>	Means the Guidelines on Unit Trust Funds issued by the SC and as may be amended, substituted or replaced from time to time.
<b>Investment Date</b>	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.
<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>the Manager / AHAM</b>	Refers to Affin Hwang Asset Management Berhad.
<b>Maturity Date</b>	Means the date on which the Fund automatically terminates and is the date, which is the second (2 <sup>nd</sup> ) 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 second (2 <sup>nd</sup> ) anniversary of the Investment Date. If the Fund is earlier terminated in accordance with the provisions of the Deed, the "Maturity Date" shall mean the date of such earlier termination.
<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 Units in Circulation at the same valuation point.
<b>Prospectus</b>	Means the prospectus and includes any supplementary or replacement prospectus, as the case may be.

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<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>short term</b>	Means a period of less than three (3) years.
<b>Trustee</b>	Refers to CIMB Commerce Trustee Berhad.
<b>Unit(s)</b>	Means an undivided share in the beneficial interest and/or right in the Fund and a measurement of the interest and/or right of a Unit Holder in the Fund and means a Unit of the Fund.
<b>Unit(s) in Circulation</b>	Means Units created and fully paid for and which has not been cancelled. <i>It is also the total number of Units issued at a particular valuation point.</i>
<b>Unit Holder(s) or You</b>	Means the person / corporation registered as the holder of a Unit or Units including persons jointly registered.