

# **PROSPECTUS FOR AFFIN HWANG INCOME FOCUS FUND 4**

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

**Trustee : CIMB Commerce Trustee Berhad (313031-A)**

This Prospectus is dated 4 October 2018.

The Affin Hwang Income Focus Fund 4 was constituted on 4 October 2018\*.

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

This Fund is open for sale during the Offer Period Only.

**INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.**

**FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 3.**

### Responsibility Statements

This Prospectus has been reviewed and approved by the directors of Affin Hwang Asset Management Berhad and they collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, 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 Prospectus false or misleading.

### Statements of Disclaimer

The Securities Commission Malaysia has authorised the Fund and a copy of this Prospectus has been registered with the Securities Commission Malaysia.

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

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

### Additional Statements

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 the Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the Prospectus or the conduct of any other person in relation to the Fund.

This Prospectus is not intended to and will not be issued and distributed in any country or jurisdiction other than in Malaysia ("Foreign Jurisdiction"). Consequently, no representation has been and will be made as to its compliance with the laws of any Foreign Jurisdiction. Accordingly, no issue or sale of Units to which this Prospectus relates may be made in any Foreign Jurisdiction or under any circumstances where such action is unauthorised.

Units of the Fund will only be issued or sold during the Offer Period.



**INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IF INVESTORS ARE UNABLE TO MAKE THEIR OWN EVALUATION, THEY ARE ADVISED TO CONSULT PROFESSIONAL ADVISERS.**

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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

Tel No. : (603) 2142 3700

Fax No. : (603) 2140 3799

### **Business Address**

Ground Floor, Menara Boustead, 69 Jalan Raja Chulan, 50200 Kuala Lumpur

Tel No. : (603) 2116 6000

Fax No. : (603) 2116 6100

Toll free line : 1-800-88-7080

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 (Non-independent Director)
- Datuk Maimoonah Binti Mohamed Hussain (Non-independent Director)
- YBhg Mej Jen Dato' Hj Latip Bin Ismail (Independent Director)
- Mr Teng Chee Wai (Non-independent Director)
- Ms Eleanor Seet Oon Hui (Non-independent Director)
- Encik Abd Malik Bin A Rahman (Independent Director)

## **The Trustee**

**CIMB Commerce Trustee Berhad (313031-A)**

### **Registered Address**

Level 13, Menara CIMB, Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 Kuala Lumpur

### **Business Address**

Level 21, Menara CIMB, Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 Kuala Lumpur

Tel No. : (603) 2261 8888

Fax No. : (603) 2261 9889

## **Trustee's Delegate (Custody Services)**

**CIMB Bank Berhad (13491-P)**

### **Registered Address**

Level 13, Menara CIMB, Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 Kuala Lumpur

### **Business Address**

Level 21, Menara CIMB, Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 Kuala Lumpur

Tel No. : (603) 2261 8888

Fax No. : (603) 2261 9892

# ABBREVIATION

<b>FIMM</b>	Federation of Investment Managers Malaysia.
<b>GST</b>	Goods and Services Tax.
<b>IUTA</b>	Institutional Unit Trust Advisers.
<b>MYR</b>	Ringgit Malaysia.
<b>OTC</b>	Over-the-counter.
<b>PHS</b>	Product Highlights Sheet.
<b>SC</b>	Securities Commission Malaysia.

# GLOSSARY

<b>Act</b>	Means the Capital Markets and Services Act 2007 as originally enacted and amended or modified from time to time.
<b>Active Assets</b>	Means options or structured warrants.
<b>Bursa Malaysia</b>	Means the stock exchange operated by Bursa Malaysia Securities Berhad including such other name as it may be amended from time to time.
<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 sale of Units of the Fund may first be made. The Commencement Date is also the date of constitution of the Fund.
<b>Communiqué</b>	Means the notice which the Manager will be giving to you.
<b>Deed</b>	Refers to the deed dated 22 March 2018 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 the definition of "deposit" in the Financial Services Act 2013. For the avoidance of doubt, it shall exclude structured deposit.
<b>Financial Institution</b>	Means (1) if the institution is in Malaysia – <ul style="list-style-type: none"> <li>(i) Licensed Bank;</li> <li>(ii) Licensed Investment Bank; or</li> <li>(iii) Licensed Islamic Bank;</li> </ul> (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 price of a Unit that is the Net Asset Value per Unit calculated at the next valuation point after a purchase request or a repurchase request, as the case may be, is received by the Manager.
<b>Fund</b>	Refers to the Affin Hwang Income Focus Fund 4.
<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>LPD</b>	Means 30 March 2018 and is the latest practicable date whereby the information disclosed in this Prospectus shall remain relevant and current as at the date of

	issue of this Prospectus.
<b>long-term</b>	Means a period of more than five (5) years.
<b>the Manager/AHAM</b>	Refers to Affin Hwang Asset Management Berhad.
<b>Prospectus</b>	Means this prospectus and includes any supplementary or replacement prospectus, as the case may be.
<b>Maturity Date</b>	Means the date on which the Fund automatically terminates and is the date, which is the third (3 <sup>rd</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 third (3 <sup>rd</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>Net Asset Value or 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 Net Asset Value of the Fund at a particular valuation point divided by the number of Units in Circulation at the same valuation point.
<b>Offer Period</b>	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.
<b>Offer Price</b>	Means the fixed price for each Unit during the Offer Period.
<b>Penalty Charge</b>	Means a charge imposed pursuant to a repurchase request.
<b>Repurchase Price</b>	Means NAV per Unit payable to a Unit Holder pursuant to a repurchase of a Unit; for the avoidance of doubt, the Repurchase Price of Units does not include any Penalty Charge which may be imposed.
<b>Sales Charge</b>	Means a fee imposed pursuant to a purchase request.
<b>Selling Price</b>	Means the fixed price payable by an applicant for a Unit pursuant to a successful application for Units; for the avoidance of doubt, the selling price of Units does not include any Sales Charge which may be imposed.
<b>short-term</b>	Means a period of less than three (3) years.
<b>Special Resolution</b>	Means a resolution passed at a meeting of Unit Holders duly convened in accordance with the Deed by a majority of not less than three-fourths of the Unit Holders present and voting at the meeting in person or by proxy; for the avoidance of doubt, "three-fourths of the Unit Holders present and voting" means three-fourths of the votes cast by the Unit Holders present and voting; for the purposes of terminating the Fund, "Special Resolution" means a resolution passed at a meeting of Unit Holders duly convened in accordance with the Deed by a majority in number holding not less than three-fourths of the value of the votes cast by the Unit Holders present and voting at the meeting in person or by proxy.
<b>Trustee</b>	Refers to CIMB Commerce Trustee Berhad.
<b>Unit(s)</b>	Means a measurement of the right or interest of a Unit Holder in the Fund.
<b>Units in Circulation</b>	Means Units created and fully paid and which have not been cancelled. It is also the total number of Units issued at a particular valuation point.
<b>Unit Holder(s), you</b>	Means the person/corporation registered as the holder of a Unit or Units including persons jointly registered.

Note:

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

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

# RISK FACTORS

This section of the Prospectus provides you with information on the general risks involved when investing in a unit trust fund and the specific risks associated with the securities/instruments that the Fund will be investing in.

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## GENERAL RISKS

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### **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, 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. This risk may cause monetary loss and/or inconvenience to you. The Manager will review its internal policies and system capability to mitigate instances of this risk. Additionally, the Manager maintains a strict segregation of duties to mitigate instances of fraudulent practices amongst employees of the Manager.

### **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.

## SPECIFIC RISKS

### **Credit and default risk**

Credit risk relates to the creditworthiness of the issuers of the money market instruments or deposits (hereinafter referred to 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 products risk**

This risk arises from investments into structured warrants issued by a third party. The NAV of the Fund will be impacted by the valuation of the structured warrants. Factors that may impact the valuation of the structured warrants will include, but not limited to movement of the underlying asset, volatility of the underlying assets, interest rate levels, the correlation of the underlying assets and other factors. Any change in the aforesaid factors would either positively or negatively impact the valuation of the structured warrants hence impacting the NAV of the Fund. As such, the Fund’s NAV will be exposed to potential price volatility, which will be dependent on the valuation of the structured warrants that the Fund invested in.

### **Derivatives risk**

The Fund may be investing in options. Valuation of options takes into account a multitude of factors such as movement of the underlying assets, the correlation of the underlying assets with the Fund, the implied future direction of the underlying assets and other factors. Any diverse changes of the factors mentioned above, may result in a lower NAV price and higher volatility for the Fund’s NAV.

### **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 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. 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. The Manager may dispose its investments in that particular country should the regulatory changes adversely impact the Unit Holders’ interest or diminish returns to 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 that valuation point may be lower than your investment outlay. You are also reminded that exiting this Fund prior to



the Maturity Date will attract a 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.

## RISK MANAGEMENT

In our day-to-day running of the business, we employ a proactive risk management approach to manage portfolio risks and operational risks. The Board of Directors of AHAM (“the Board”) has established a board compliance & risk management committee to oversee AHAM’s risk management activities both at operational level and at portfolio management level to ensure that the risk management process is in place and functioning. The board compliance & risk management committee comprises of at least three Board members and is chaired by an independent director. At the operational level, we have established a compliance & risk oversight committee with the primary function of identifying, evaluating and monitoring risks as well as to formulate internal control measures to manage and mitigate the exposure to risks that may affect the performance of the Fund, returns to the investors or Unit Holders’ interest within a clearly defined framework and is primarily responsible for ensuring that the policies and procedures that have been implemented are reviewed on an on-going basis with periodic assessments. The compliance & risk oversight committee reports to the board compliance & risk management committee on a quarterly basis.

In managing portfolio risks, we engage a stringent screening process by conducting fundamental analysis of economic, political and social factors to evaluate their likely effects on the performance of the markets and sectors. Regular meetings are held to discuss investment themes and portfolio decisions taken at the meetings are then implemented according to the investment guidelines which also take into account requirements for minimum portfolio diversification across individual investment holdings, sectors, geographies and asset classes (based on the portfolio’s objective and strategy). We also practise prudent liquidity management with the objective to ensure that the Fund is able to meet its short-term expenses including repurchase requests by the Unit Holders.

We have in place a system that is able to monitor the transactions to ensure compliance with the Fund’s investment limits and restrictions. These limits are system-controlled and not manually tracked, thus reducing the probability of human error occurring in ensuring the Fund’s limits and restrictions are adhered to. We also undertake stringent evaluation of movements in market prices and regularly monitor, review and report to the investment committee to ensure that the Fund’s investment objective is met. Regular portfolio reviews by senior members of the investment team further reduce the risk of implementation inconsistencies and violations of the Guidelines. We also have in place a credit risk management process to reduce counterparty risk of derivatives and structured products whereby such risk arises when the counterparty is not able to meet their contractual obligations. Prior to entering into a contract with the counterparty, we will conduct an evaluation on the credit standing of the counterparty to ensure they are able to meet their contractual obligations. It is important to note that an event of downgrade does not constitute a default. If we view that the downgrade in the rating of the counterparty may lead to high credit risk, we will not hesitate to take pre-emptive measures to unwind these positions.

We also employ a performance attribution system that enables us to review the performance of the Fund to determine the key factors that have contributed to and detracted from the Fund’s performance. This system complements our overall risk management process as the system also provides standard risk analytics on the portfolio such as the Fund’s standard deviation, tracking error and measures of excess return. The data produced by the performance attribution system is reviewed regularly and at least on a monthly basis in meetings chaired by the managing director and participated by the portfolio managers and the performance evaluation team.

**! 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.**

# ABOUT AFFIN HWANG INCOME FOCUS FUND 4

<b>Fund Category</b>	: Fixed Income (close-ended)
<b>Fund Type</b>	: Income
<b>Base Currency</b>	: MYR
<b>Financial Year End</b>	: 31 July
<b>Distribution Policy</b>	: Subject to the availability of income, the Fund will distribute income on an annual basis.
<b>Deed</b>	: Deed dated 22 March 2018.

## OFFER PERIOD & OFFER PRICE

The Offer Period shall be for a period of not more than forty five (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.

We also reserve the right not to proceed with the Fund if the Fund has not achieved a viable size of MYR 50 million at the end of the Offer Period.

The Offer Price is set at MYR 1.00 only. Units will ONLY be sold during the Offer Period.

## INVESTMENT OBJECTIVE

The Fund aims to provide income return whilst maintaining capital preservation<sup>#</sup>.

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

## INVESTORS' PROFILE

The Fund may be suitable for investors who:

- seek capital preservation<sup>#</sup>;
- risk averse; and
- have short-term investment horizons.

## BENCHMARK

12-Month Malayan Banking Berhad Fixed Deposit Rate.

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

Source: <http://www.maybank2u.com.my/>

*Investors may also obtain information on the performance benchmark from the Manager upon request.*

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

## ASSET ALLOCATION

Defensive Assets	Minimum 85%
Active Assets	Maximum 15%

## INVESTMENT STRATEGY

We strive to achieve capital preservation<sup>#</sup> of the Fund by investing a minimum of 85% 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 15% of the Fund's NAV in Active Assets. At the Investment Date of the Fund, the Fund will only invest in one type of Active Assets, and will remain so until the Maturity Date of the Fund. We will evaluate the underlying asset of the Active Assets, i.e. a collective investment scheme (CIS) regulated in an eligible market, where we are of the view that the CIS may rise in value and may be able to provide income to the Fund. Subsequently, it enables the Fund to provide potential income distribution to the investors. You should note that investment in Active Assets will expose you to the price fluctuations of the CIS. As a result, it may also lead to fluctuations in the NAV of the Fund i.e. if the price of the Active Assets drops, the NAV of the Fund will also be negatively impacted. As the Active Assets are structured by an external party, investments into the Active Assets will also expose the Fund to counterparty risk, which we will attempt to mitigate by carrying out a stringent selection process on the counterparty prior to an investment being made. You will be informed of the type of the Active Assets and its underlying asset of which the Fund will be invested into via a Communiqué after the end of the Offer Period.

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.

The Fund will invest only into countries where the regulatory authorities are ordinary or associate members of the International Organization of Securities Commissions (IOSCO).

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.

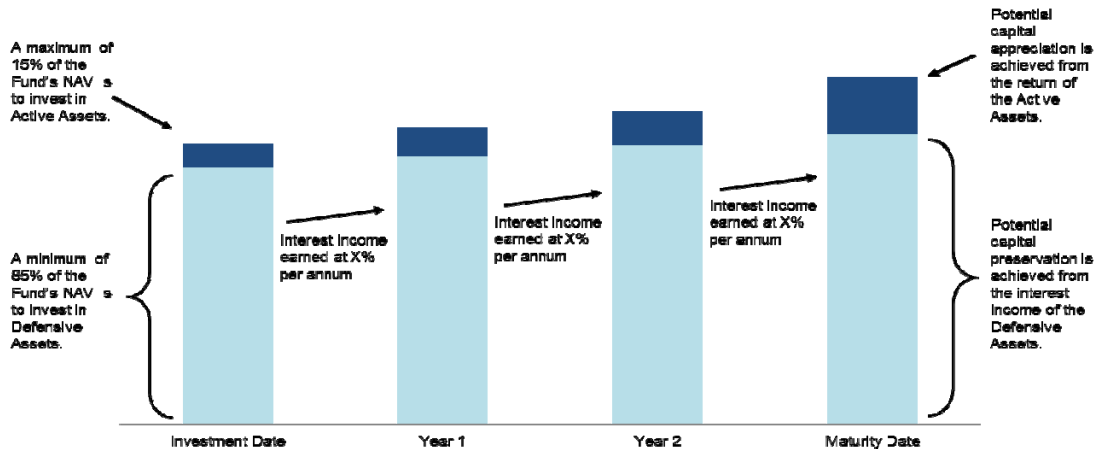
At the Maturity Date of the Fund, we will redeem or sell all the assets of the Fund, and return all the proceeds to you (based on the number of Units you hold) after deducting applicable Fund expenses and fees. The proceeds is expected to be paid to you within two (2) weeks from the Maturity Date.

Please refer to "Pertinent Information of the Fund" section for a better understanding of the mechanics of the investment return of the Fund.

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

## PERTINENT INFORMATION OF THE FUND

The following chart depicts the potential capital preservation<sup>#</sup> and potential capital appreciation during the tenure of the Fund:



Below is an illustration on how the potential capital preservation<sup>#</sup> is achieved by investing in Defensive Assets. Let's assume the following:

Total asset of the Fund as at the Investment Date	MYR 97 million
Total Sales Charge and GST imposed on the subscription of Units during the Offer Period	MYR 3 million
Investment in Defensive Assets as at Investment Date	MYR 88.90 million <sup>1</sup>
Interest rate	4%
Interest income as at Year 1	MYR 88.89 million x 4% = MYR 3.56 million
Value of the investment as at Year 1	MYR 88.89 million + MYR 3.56 million = MYR 92.45 million
Interest income as at Year 2	MYR 92.45 million x 4% = MYR 3.70 million
Value of the investment as at Year 2	MYR 92.45 million + MYR 3.70 million = MYR 96.15 million
Interest income as at Maturity Date	MYR 96.15 million x 4% = MYR 3.85 million
Value of the investment as at Maturity Date	MYR 96.15 million + MYR 3.85 million = MYR 100.00 million

*Formula for calculating:-*

Interest income as at Year 1	= Investment in Defensive Assets as at Investment Date x interest rate
Value of the investment as at Year 1	= Investment in Defensive Assets as at Investment Date + Interest income as at Year 1
Interest income as at Year 2	= Value of the investment as at Year 1 x interest rate
Value of the investment as at Year 2	= Value of the investment as at Year 1 + interest income as at Year 2
Interest income as at Maturity Date	= Value of the investment as at Year 2 x interest rate
Value of the investment as at Maturity Date	= Value of the investment as at Year 2 + Interest income as at Maturity Date

The total amount of the *value of the investment as at Maturity Date* is equivalent to the *total asset of the Fund as at the Investment Date* plus *total Sales Charge and GST imposed on the subscription of Units during the Offer Period*.

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

<sup>1</sup> This figure is the present value (PV) of the NAV of the Fund as at the Investment Date. The PV is the current worth of a future sum of money or stream of cash flows, given a specified rate of return. With regards to the above, the PV of the NAV of the Fund at the Investment Date has to be calculated in order to ascertain the exact amount that we can place in the Defensive Assets, based on the interest rate of the money market instruments and/or the deposits could achieve.

Below is an illustration on how the potential capital appreciation is achieved by investing in the Active Assets. Let's assume the following:

Investment Date	
Total asset of the Fund as at Investment Date	MYR 97 million
Total Sales Charge and GST imposed on the subscription of Units during the Offer Period	MYR 3 million
Notional amount of the Active Assets	MYR 100 million
EURMYR exchange rate	5.00
Denomination of Active Assets	EUR

It is important to note that the amount of potential income distribution is subject to deduction of the applicable fees and expenses of the Fund.

### What is a participation rate?

In this section, you will be introduced to the term "participation rate". It is defined as the exposure of the Fund to movements in the price of its investment in the Active Assets, which is proportionally linked to the movement in the price of the underlying asset. For example, a participation rate of 180% means that the Fund would receive a return equivalent to 180% increase in the price of underlying asset. The participation rate below is for illustration purposes and is indicative only. The participation rate can only be locked in at the Investment Date of the Fund.

### What is a notional amount?

The notional amount is the amount as stated in a contract entered into by the issuer of the Active Assets and the Manager and the Trustee, as the case may be, on behalf of the Fund for the purchase of the Active Assets. It is the basis for calculating the potential income distribution of the Fund and at all times, the notional amount is equivalent to the total asset of the Fund as at the Investment Date plus total Sales Charge and GST imposed on the subscription of Units during the Offer Period.

SCENARIO 1		Price of the Underlying Asset (P)	Participation rate (PR)	EURMYR exchange rate (FX)
Investment Date	0	EUR 100	180%	5.00
Year 1	1	EUR 103	180%	5.25
Year 2	2	EUR 106	180%	5.50
Maturity Date	3	EUR 109	180%	5.75

Year 1	
Performance rate of the Active Assets as at Year 1	$= PR \times [(P_1 - P_0) / 100 \times 100\%]$ $= 180\% \times [(EUR 103 - EUR 100) / 100 \times 100\%]$ $= 180\% \times (EUR 3 / 100 \times 100\%)$ $= 180\% \times (0.03 \times 100\%)$ $= 180\% \times 3\%$ $= 5.4\%$ <p>In Year 1, the price of the underlying asset is increased from EUR 100 to EUR 103 which is equivalent to 3% during the period. Guided by the assumption of 180% participation rate, the performance rate of the Active Assets is increased by 5.4% as the 3% return of the underlying asset is increased proportionally by 180% participation rate.</p>
Investment payout rate in EUR (Performance rate of the Active Assets as at Year 1 or 0%, whichever is higher)	= 5.4%
Investment payout rate in MYR	$= \text{Investment payout rate in EUR} \times FX_1 / FX_0$ $= 5.4\% \times FX_1 / FX_0$ $= 5.4\% \times 5.25 / 5.00$

<b>SCENARIO 1</b>		Price of the Underlying Asset (P)	Participation rate (PR)	EURMYR exchange rate (FX)
Investment Date	0	EUR 100	180%	5.00
Year 1	1	EUR 103	180%	5.25
Year 2	2	EUR 106	180%	5.50
Maturity Date	3	EUR 109	180%	5.75

	$= 5.4\% \times 1.05$ $= 5.67\%$
	<p>As the Base Currency of the Fund is in MYR, the investment payout rate of the Active Assets will be converted to MYR using the ratio of EURMYR exchange rate as at Year 1 over the EURMYR exchange rate as at Investment Date. During the period, the EUR has appreciated against MYR from 5.00 as at Investment Date to 5.25 as at Year 1, hence the investment payout rate in MYR is 5.67%.</p>
Potential income distribution in MYR as at <b>Year 1</b>	<p>Investment payout rate in MYR x notional amount  <math>= 5.67\% \times \text{MYR } 100 \text{ million}</math>  <math>= \text{MYR } 5.6700 \text{ million}</math></p> <p>To obtain the potential income distribution as at Year 1 of the Fund, the investment payout rate in MYR is to be multiplied by the notional amount of the Active Assets. Thus, the potential income distribution in MYR as at Year 1 is MYR 5.6700 million.</p>
<b>Year 2</b>	
Performance rate of the Active Assets as at <b>Year 2</b>	$= PR \times [(P_2 - P_0) / 100 \times 100\%]$ $= 180\% \times [(EUR 106 - EUR 100) / 2 / 100 \times 100\%]$ $= 180\% \times (EUR 6 / 2 / 100 \times 100\%)$ $= 180\% \times (0.03 \times 100\%)$ $= 180\% \times 3\%$ $= 5.4\%$
	<p>In Year 2, the price of the underlying asset is increased from EUR 100 to EUR 106, which is equivalent to 6% over a period of 2 years. In order to obtain the performance from Year 1 to Year 2, this figure is divided by the number of years, i.e. 2, which gives a performance of 3%. Guided by the assumption of 180% participation rate, the performance rate of the Active Assets is increased by 5.4% as the 3% return of the underlying asset is increased proportionally by 180% participation rate.</p>
Investment payout rate in EUR (Performance rate of the Active Assets as at <b>Year 2</b> or 0%, whichever is higher)	$= 5.4\%$
Investment payout rate in MYR	$= \text{Investment payout rate in EUR} \times FX2 / FX0$ $= 5.4\% \times FX2 / FX0$ $= 5.4\% \times 5.50 / 5.00$ $= 5.4\% \times 1.10$ $= 5.94\%$
	<p>As the Base Currency of the Fund is in MYR, the investment payout rate of the Active Assets will be converted to MYR using the ratio of EURMYR exchange rate as at Year 2 over the EURMYR exchange rate as at Investment Date. During the period, the EUR has appreciated against MYR from 5.00 as at Investment Date to 5.50 as at Year 2; hence the investment payout rate in MYR is 5.94%.</p>
Potential income distribution in MYR as at <b>Year 2</b>	<p>Investment payout rate in MYR x notional amount  <math>= 5.94\% \times \text{MYR } 100 \text{ million}</math>  <math>= \text{MYR } 5.9400 \text{ million}</math></p>

SCENARIO 1		Price of the Underlying Asset (P)	Participation rate (PR)	EURMYR exchange rate (FX)
Investment Date	0	EUR 100	180%	5.00
Year 1	1	EUR 103	180%	5.25
Year 2	2	EUR 106	180%	5.50
Maturity Date	3	EUR 109	180%	5.75

	To obtain the potential income distribution as at Year 2 of the Fund, the investment payout rate in MYR is to be multiplied by the notional amount of the Active Assets. Thus, the potential income distribution in MYR as at Year 2 is MYR 5.9400 million.
Maturity Date	
Performance rate of the Active Assets as at <b>Maturity Date</b>	$= PR \times [(P_3 - P_0) / 100 \times 100\%]$ $= 180\% \times [(EUR 109 - EUR 100) / 3 / 100 \times 100\%]$ $= 180\% \times (EUR 9 / 3 / 100 \times 100\%)$ $= 180\% \times (0.03 \times 100\%)$ $= 180\% \times 3\%$ $= 5.4\%$ <p>At the Maturity Date, the price of the underlying asset is increased from EUR 100 to EUR 109, which is equivalent to 9% over a period of 3 years. In order to obtain the performance from Year 2 to the Maturity Date on Year 3, this figure is divided by the number of years, i.e. 3, which gives a performance of 3%. Guided by the assumption of 180% participation rate, the performance rate of the Active Assets is increased by 5.4% as the 3% return of the underlying asset is increased proportionally by 180% participation rate.</p>
Investment payout rate in EUR (Performance rate of the Active Assets as at <b>Maturity Date</b> or 0%, whichever is higher)	= 5.4%
Investment payout rate in MYR	$= \text{Investment payout rate in EUR} \times FX3 / FX0$ $= 5.4\% \times FX3 / FX0$ $= 5.4\% \times 5.75 / 5.00$ $= 5.4\% \times 1.15$ $= 6.21\%$ <p>As the Base Currency of the Fund is in MYR, the investment payout rate of the Active Assets will be converted to MYR using the ratio of EURMYR exchange rate as at Maturity Date over the EURMYR exchange rate as at Investment Date. During the period, the EUR has appreciated against MYR from 5.00 as at Investment Date to 5.75 as at Maturity Date; hence the investment payout rate in MYR is 6.21%.</p>
Potential income distribution in MYR as at <b>Maturity Date</b>	$\text{Investment payout rate in MYR} \times \text{notional amount}$ $= 6.21\% \times MYR 100 \text{ million}$ $= MYR 6.2100 \text{ million}$ <p>To obtain the potential income distribution as at Maturity Date of the Fund, the investment payout rate in MYR is to be multiplied by the notional amount of the Active Assets. Thus, the potential income distribution in MYR as at Maturity Date is MYR 6.2100 million.</p>

SCENARIO 2		Price of the Underlying Asset (P)	Participation Rate (PR)	EURMYR exchange rate (FX)
Investment Date	0	EUR 100	180%	5.00
Year 1	1	EUR 106	180%	5.25
Year 2	2	EUR 98	180%	5.20
Maturity Date	3	EUR 108	180%	5.15

Year 1	
Performance rate of the Active Assets as at Year 1	$= PR \times [(P_1 - P_0) / 100 \times 100\%]$ $= 180\% \times [(EUR 106 - EUR 100) / 100 \times 100\%]$ $= 180\% \times (EUR 6 / 100 \times 100\%)$ $= 180\% \times 6\%$ $= 10.8\%$ <p>In Year 1, the price of the underlying assets is increased from EUR 100 to EUR 106 which is equivalent to 6% during the period. Guided by the assumption of 180% participation rate, the performance rate of the Active Assets is increased by 10.8% as the 6% return of the underlying asset is increased proportionally by 180% participation rate.</p>
Investment payout rate in EUR (Performance rate of the Active Assets as at Year 1 or 0%, whichever is higher)	= 10.8%
Investment payout rate in MYR	$= \text{Investment payout rate in EUR} \times FX_1 / FX_0$ $= 10.8\% \times FX_1 / FX_0$ $= 10.8\% \times 5.25 / 5.00$ $= 10.8\% \times 1.05$ $= 11.34\%$ <p>As the Base Currency of the Fund is in MYR, the investment payout rate of the Active Assets will be converted to MYR using the ratio of EURMYR exchange rate as at Year 1 over the EURMYR exchange rate as at Investment Date. During the period, the EUR has appreciated against MYR from 5.00 as at Investment Date to 5.25 as at Year 1, hence the investment payout rate in MYR is 11.34%.</p>
Potential income distribution in MYR as at Year 1	<p>Investment payout rate in MYR x notional amount</p> $= 11.34\% \times \text{MYR } 100 \text{ million}$ $= \text{MYR } 11.3400 \text{ million}$ <p>To obtain the potential income distribution as at Year 1 of the Fund, the investment payout rate in MYR is to be multiplied by the notional amount of the Active Assets. Thus, the potential income distribution in MYR as at Year 1 is MYR 11.3400 million.</p>
Year 2	
Performance rate of the Active Assets as at Year 2	$= PR \times [(P_2 - P_0) / 100 \times 100\%]$ $= 180\% \times [(EUR 98 - EUR 100) / 2 / 100 \times 100\%]$ $= 180\% \times (EUR -2 / 2 / 100 \times 100\%)$ $= 180\% \times (-0.01 \times 100\%)$ $= 180\% \times -1\%$ $= -1.8\%$ <p>In Year 2, the price of the underlying asset is decreased from EUR 100 to EUR 98, which is equivalent to -1% over a period of 2 years, or -1.8% after the participation rate. However, the payout for Year 2 will be zero, as the maximum loss that the Fund's Unit Holders will incur is zero if the underlying asset's performance over the period is negative.</p>



SCENARIO 2		Price of the Underlying Asset (P)	Participation Rate (PR)	EURMYR exchange rate (FX)
Investment Date	0	EUR 100	180%	5.00
Year 1	1	EUR 106	180%	5.25
Year 2	2	EUR 98	180%	5.20
Maturity Date	3	EUR 108	180%	5.15

Investment payout rate in EUR (Performance rate of the Active Assets as at <b>Year 2</b> or 0%, whichever is higher)	= 0%
Investment payout rate in MYR	<p>= Investment payout rate in EUR x FX2 / FX0</p> <p>= 0% x FX2 / FX0</p> <p>= 0% x 5.20 / 5.00</p> <p>= 0% x 1.04</p> <p>= 0%</p> <p>As the Base Currency of the Fund is in MYR, the investment payout rate of the Active Assets will be converted to MYR using the ratio of EURMYR exchange rate as at Year 2 over the EURMYR exchange rate as at Investment Date. During the period, even though the EUR has appreciated against MYR from 5.00 as at Investment Date to 5.20 as at Year 2, the underlying asset's performance is negative; hence the investment payout rate in MYR is 0%.</p>
Potential income distribution in MYR as at <b>Year 2</b>	<p>Investment payout rate in MYR x notional amount</p> <p>= 0% x MYR 100 million</p> <p>= MYR 0</p> <p>To obtain the potential income distribution as at Year 2 of the Fund, the investment payout rate in MYR is to be multiplied by the notional amount of the Active Assets. Thus, the potential income distribution in MYR as at Year 2 is MYR 0.</p>
<b>Maturity Date</b>	
Performance rate of the Active Assets as at <b>Maturity Date</b>	<p>= PR x [(P<sub>3</sub> - P<sub>0</sub>) / 100 x 100%]</p> <p>= 180% x [(EUR 108 - EUR 100) / 3 / 100 x 100%]</p> <p>= 180% x (EUR 8 / 3 / 100 x 100%)</p> <p>= 180% x (0.027 x 100%)</p> <p>= 180% x 2.7%</p> <p>= 4.9%</p> <p>At the Maturity Date, the price of the underlying asset is increased from EUR 100 to EUR 108, which is equivalent to 8% over a period of 3 years. In order to obtain the performance from Year 2 to the Maturity Date on Year 3, this figure is divided by the number of years, i.e. 3, which gives a performance of 2.7%. Guided by the assumption of 180% participation rate, the performance rate of the Active Assets is increased by 4.9% as the 2.7% return of the underlying asset is increased proportionally by 180% participation rate.</p>
Investment payout rate in EUR (Performance rate of the Active Assets as at <b>Maturity Date</b> or 0%, whichever is higher)	= 4.9%
Investment payout rate in MYR	<p>= Investment payout rate in EUR x FX3 / FX0</p> <p>= 4.9% x FX3 / FX0</p> <p>= 4.9% x 5.15 / 5.00</p> <p>= 4.9% x 1.03</p> <p>= 5.05%</p> <p>As the Base Currency of the Fund is in MYR, the investment payout rate of</p>

SCENARIO 2		Price of the Underlying Asset (P)	Participation Rate (PR)	EURMYR exchange rate (FX)
Investment Date	0	EUR 100	180%	5.00
Year 1	1	EUR 106	180%	5.25
Year 2	2	EUR 98	180%	5.20
Maturity Date	3	EUR 108	180%	5.15

	the Active Assets will be converted to MYR using the ratio of EURMYR exchange rate as at Maturity Date over the EURMYR exchange rate as at Investment Date. During the period, the EUR has appreciated against MYR from 5.00 as at Investment Date to 5.15 as at Maturity Date; hence the investment payout rate in MYR is 5.05%.
Potential income distribution in MYR as at Maturity Date	Investment payout rate in MYR x notional amount = 5.05% x MYR 100 million = MYR 5.0500 million
	To obtain the potential income distribution as at Maturity Date of the Fund, the investment payout rate in MYR is to be multiplied by the notional amount of the Active Assets. Thus, the potential income distribution in MYR as at Maturity Date is MYR 5.0500 million.

SCENARIO 3		Price of the Underlying Asset (P)	Participation Rate (PR)	EURMYR exchange rate (FX)
Investment Date	0	EUR 100	180%	5.00
Year 1	1	EUR 95	180%	4.75
Year 2	2	EUR 90	180%	4.50
Maturity Date	3	EUR 85	180%	4.25

Year 1	
Performance rate of the Active Assets as at Year 1	$PR \times [(P_1 - P_0) / P_0 \times 100\%]$ $= 180\% \times [(EUR 95 - EUR 100) / 100 \times 100\%]$ $= 180\% \times (EUR -5 / 100 \times 100\%)$ $= 180\% \times -5\%$ $= -9\%$ <p>In Year 1, the price of the underlying asset is decreased from EUR 100 to EUR 95 which is equivalent to -5% during the period. Guided by the assumption of 180% participation rate, the performance rate of the Active Assets is decreased by -9% as the -5% return of the underlying asset is decreased proportionally by 180% participation rate.</p>
Investment payout rate in EUR (Performance rate of the Active Assets as at Year 1 or 0%, whichever is higher)	= 0%
Investment payout rate in MYR	$= \text{Investment payout rate in EUR} \times FX_1 / FX_0$ $= 0\% \times FX_1 / FX_0$ $= 0\% \times 4.75 / 5.00$ $= 0\% \times 0.95$ $= 0\%$ <p>As the Base Currency of the Fund is in MYR, the investment payout rate of the Active Assets will be converted to MYR using the ratio of EURMYR exchange rate as at Year 1 over the EURMYR exchange rate as at Investment Date. During the period, the EUR has depreciated against MYR from 5.00 as at Investment Date to 4.75 as at Year 1, hence the investment payout rate in</p>

<b>SCENARIO 3</b>		Price of the Underlying Asset ( <b>P</b> )	Participation Rate ( <b>PR</b> )	EURMYR exchange rate ( <b>FX</b> )
Investment Date	0	EUR 100	180%	5.00
Year 1	1	EUR 95	180%	4.75
Year 2	2	EUR 90	180%	4.50
Maturity Date	3	EUR 85	180%	4.25

	MYR is 0%.
Potential income distribution in MYR as at Year 1	<p>Investment payout rate in MYR x notional amount = 0% x MYR 100 million = MYR 0</p> <p>To obtain the potential income distribution as at Year 1 of the Fund, the investment payout rate in MYR is to be multiplied by the notional amount of the Active Assets. Thus, the potential income distribution in MYR as at Year 1 is MYR 0.</p>
<b>Year 2</b>	
Performance rate of the Active Assets as at Year 2	<p>= PR x [(P<sub>2</sub> - P<sub>0</sub>) / 100 x 100%] = 180% x [(EUR 90 - EUR 100) / 2 / 100 x 100%] = 180% x (EUR -10 / 2 / 100 x 100%) = 180% x (-0.05 x 100%) = 180% x -5% = -9%</p> <p>In Year 2, the price of the underlying asset is decreased from EUR 100 to EUR 90, which is equivalent to -5% over a period of 2 years, or -9% after the participation rate. However, the payout for Year 2 will be zero, as the maximum loss that the Fund's Unit Holders will incur is zero if the underlying asset's performance over the period is negative.</p>
Investment payout rate in EUR (Performance rate of the Active Assets as at Year 2 or 0%, whichever is higher)	= 0%
Investment payout rate in MYR	<p>= Investment payout rate in EUR x FX2 / FX0 = 0% x FX2 / FX0 = 0% x 4.50 / 5.00 = 0% x 0.9 = 0%</p> <p>As the Base Currency of the Fund is in MYR, the investment payout rate of the Active Assets will be converted to MYR using the ratio of EURMYR exchange rate as at Year 2 over the EURMYR exchange rate as at Investment Date. During the period, the EUR has depreciated against MYR from 5.00 as at Investment Date to 4.5 as at Year 2, and the underlying asset's performance is negative; hence the investment payout rate in MYR is 0%.</p>
Potential income distribution in MYR as at Year 2	<p>Investment payout rate in MYR x notional amount = 0% x MYR 100 million = MYR 0</p> <p>To obtain the potential income distribution as at Year 2 of the Fund, the investment payout rate in MYR is to be multiplied by the notional amount of the Active Assets. Thus, the potential income distribution in MYR as at Year 2 is MYR 0.</p>
<b>Maturity Date</b>	
Performance rate of the Active Assets as at Maturity Date	<p>= PR x [(P<sub>3</sub> - P<sub>0</sub>) / 100 x 100%] = 180% x [(EUR 85 - EUR 100) / 3 / 100 x 100%] = 180% x (EUR -15 / 3 / 100 x 100%)</p>

SCENARIO 3		Price of the Underlying Asset (P)	Participation Rate (PR)	EURMYR exchange rate (FX)
Investment Date	0	EUR 100	180%	5.00
Year 1	1	EUR 95	180%	4.75
Year 2	2	EUR 90	180%	4.50
Maturity Date	3	EUR 85	180%	4.25

	<p>= <math>180\% \times (-0.05 \times 100\%)</math>            = <math>180\% \times -5\%</math>            = <math>-9\%</math></p> <p>At the Maturity Date, the price of the underlying asset is decreased from EUR 100 to EUR 85, which is equivalent to -5% over a period of 2 years, or -9% after the participation rate. However, the payout at Maturity Date will be zero, as the maximum loss that the Fund's Unit Holders will incur is zero if the underlying asset's performance over the period is negative.</p>
Investment payout rate in EUR (Performance rate of the Active Assets as at <b>Maturity Date</b> or 0%, whichever is higher)	= 0%
Investment payout rate in MYR	<p>= Investment payout rate in EUR x FX3 / FX0            = <math>0\% \times \text{FX3} / \text{FX0}</math>            = <math>0\% \times 4.25 / 5.00</math>            = <math>0\% \times 0.85</math>            = 0%</p> <p>As the Base Currency of the Fund is in MYR, the investment payout rate of the Active Assets will be converted to MYR using the ratio of EURMYR exchange rate as at Maturity Date over the EURMYR exchange rate as at Investment Date. During the period, the EUR has depreciated against MYR from 5.00 as at Investment Date to 4.25 as at Maturity Date, and the underlying asset's performance is negative; hence the investment payout rate in MYR is 0%.</p>
Potential income distribution as at Maturity Date	<p>Investment payout rate in MYR x notional amount            = <math>0\% \times \text{MYR } 100 \text{ million}</math>            = MYR 0</p> <p>To obtain the potential income distribution as at Maturity Date of the Fund, the investment payout rate in MYR is to be multiplied by the notional amount of the Active Assets. Thus, the potential income distribution in MYR as at Maturity Date is MYR 0.</p>

## PERMITTED INVESTMENTS

- Money market instruments
- Deposits
- Options
- Structured warrants
- Any other form of investments as may be permitted by the SC from time to time which are in line with the objective of the Fund

## INVESTMENT RESTRICTIONS AND LIMITS

### Investment Spread Limits

- a) The value of the Fund's investments in money market instruments issued by any single issuer must not exceed 15% of the Fund's NAV;
- b) The value of the Fund's placement in deposits with any single institution must not exceed 20% of the Fund's NAV;
- c) For investment in derivatives –
  - i. the exposure to the underlying assets must not exceed the investment spread limits stipulated in the Guidelines;
  - ii. the value of the Fund's OTC derivative transaction with any single counter-party must not exceed 10% of the Fund's NAV;
- d) The value of a Fund's investments in structured products issued by a single counter-party must not exceed 15% of the Fund's NAV;
- e) The aggregate value of the Fund's investments in money market instruments, deposits, OTC derivatives and structured products issued by or placed with, as the case may be, any single issuer/institution must not exceed 25% of the Fund's NAV;
- f) The value of the Fund's investments in money market instruments issued by any group of companies must not exceed 20% of the Fund's NAV;

### Investment Concentration Limit:

- g) The Fund's investments in money market instruments must not exceed 10% of the instruments issued by any single issuer. This limit does not apply to money market instruments that do not have a pre-determined issue size.

The abovementioned restrictions and limits will be complied with at all times based on the up-to-date value of the Fund, and the value of its investments and instruments. However, a 5% allowance in excess of any limit or restriction imposed under the Guidelines is permitted where the limit or restriction is breached through the appreciation or depreciation of the NAV of the Fund (whether as a result of an appreciation or depreciation in value of the investments, or as a result of repurchase of Units or payment made from the Fund).

We will not make any further acquisitions to which the relevant limit is breached and within a reasonable period of not more than three (3) months from the date of the breach, we will take all necessary steps and actions to rectify the breach.

## VALUATION OF PERMITTED INVESTMENTS

We will ensure that the valuation of the Fund is to be 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 Malaysian Financial Reporting Standard 9 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:

### Money Market Instruments

The valuation of MYR denominated money market instruments will be done using the price quoted by a Bond Pricing Agency registered with the SC. For foreign money market instruments, valuation will be done using the average indicative yield quoted by 3 independent and reputable institutions.

### Deposits

Deposits placed with financial institutions are valued by reference to the principal value of such investments and the interests accrued thereon for the relevant period.

### **Derivatives and Structured Products**

The valuation will be at bid price of the derivatives and structured products provided by the respective issuers based on fair value. The issuers generate the market valuation through the use of their own proprietary valuation models, which incorporates all the relevant and available market data with respect to the derivatives and structured products (e.g. interest rates, movement of the underlying asset, volatility of the underlying assets, the correlation of the underlying assets and other factors).

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### **VALUATION POINT FOR THE FUND**

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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”).

All foreign assets are translated into the Base Currency based on the latest available bid exchange rate quoted by Bloomberg/Reuters at 4.00 p.m. (United Kingdom time) which is equivalent to 11 p.m. or 12 a.m. midnight (Malaysian time) on the same day, or at such time as stipulated in the investment management standards issued by the FiMM.

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

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The Fund is not permitted to borrow cash or other assets (including the borrowing of securities within the meaning of the Securities Borrowing and Lending Guidelines [SBL Guidelines]) in connection with its activities. However, the Fund may borrow cash for the purpose of meeting repurchase requests for Units and for short-term bridging requirements subject to the following:

- the Fund’s borrowing is only on a temporary basis and that borrowings are not persistent;
- the borrowing period should not exceed one (1) month;
- the aggregate borrowings of the Fund should not exceed 10% of the Fund’s NAV at the time the borrowing is incurred; and
- the Fund may only borrow from Financial Institutions.

Except for securities lending as provided under 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.

# DEALING INFORMATION

You must read and understand the content of the Prospectus (and any supplemental prospectus) and PHS before investing.



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

## PURCHASE AND REPURCHASE OF UNITS

### WHO IS ELIGIBLE TO INVEST?

- An individual who is at least eighteen (18) years of age. In the case of joint application, the jointholder whose name appears first in the register of Unit Holders must be at least eighteen (18) years of age.
- A corporation such as registered businesses, co-operative, foundations and trusts.

### WHAT ARE THE MINIMUM INITIAL INVESTMENT, MINIMUM REPURCHASE AMOUNT AND MINIMUM HOLDING OF UNITS?

Minimum Initial Investment	MYR 1,000
Minimum Repurchase Unit	1,000 Units
Minimum Holding of Units	1,000 Units

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

### 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. Units will ONLY be sold during the Offer Period.
- You are required to provide us with the following completed forms and documents. However, we reserve the right to request for additional documents before we process the purchase application.

Individual or Jointholder	Corporation
<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 telegraphic 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 required 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?**

### ➤ During the Offer Period, if we receive your purchase application on a Business Day (“or T day”), we will create your Units based on the Offer Price.

### ➤ Sale of Units will be honoured upon receipt of complete set of documents together with the proof of payments.

## **HOW TO REPURCHASE UNITS?**

### ➤ 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 must meet the minimum holding of 1,000 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.

### ➤ 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.

### ➤ In the transaction form, you may choose to receive the repurchase proceeds in the manner of a cheque or bank transfer. If cheque is your option, we will issue the cheque in your name. If bank transfer is your option, 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 a withdrawal by cheque, bank transfer or other special arrangement method will be borne by you.

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

### ➤ During the Offer Period, if we receive your repurchase application on a Business Day, we will repurchase your Units based on the Offer Price of the Fund. After the Offer Period, 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 of the Fund for that Business Day. Any repurchase request received after 3.30p.m. will be transacted on the next Business Day (or “T + 1 day”).

### ➤ 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.

## **WHERE TO PURCHASE AND REPURCHASE UNITS?**

### ➤ Units can be purchased and repurchased at any of the location listed in “Directory of Sales Offices” section or with our authorised distributors.

### ➤ You may obtain a copy of the Prospectus, PHS and application forms from the abovementioned locations. Alternatively, you may also visit our website at [www.affinhwangam.com](http://www.affinhwangam.com).



## WHO SHOULD I CONTACT IF I HAVE QUESTION OR NEED ADDITIONAL INFORMATION?

- 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 email us at [customer@affinhwangam.com](mailto:customer@affinhwangam.com).

## COOLING-OFF PERIOD

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 Offer Price 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.

## SWITCHING FACILITY

Switching facility is not available for this Fund.

## TRANSFER FACILITY

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. 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 would 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.

## DISTRIBUTION POLICY

Subject to the availability of income, the Fund will distribute income on an annual basis.

All income shall be paid in cash. There will be no option for you to reinvest the income in the form of additional Units for this Fund.

For telegraphic transfer option, payment will be transferred to your bank account within seven (7) Business Days after the distribution date.

For cheques option, you will receive the cheque by mail within seven (7) Business Days after the distribution date, which will be sent to the last known address recorded in the Fund's register of Unit Holders.

At the Maturity Date of the Fund, we will redeem or sell the assets of the Fund, and return all proceeds to you (based on the number of Units you hold), subject to the applicable Fund expenses and fees. The payment of income and proceeds is expected to be paid to you within two (2) weeks from the Maturity Date.

**Unit prices and distributions payable, if any, may go down as well as up.**

## UNCLAIMED MONEYS

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 Monies Act, 1965.

# FEES, CHARGES AND EXPENSES



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

You should be aware that all fees, charges and expenses referred to or quoted in the Prospectus (including any supplemental prospectus) and the Deed (including any supplemental deed) are referred to or quoted as being exclusive of GST. We (including the Trustee and other service providers) will charge GST at the rate of 6% on the fees, charges and expenses in accordance with the Goods and Services Tax Act 2014.

## CHARGES

The following are the charges that you may **directly** incur when you buy or redeem Units of this Fund.

### SALES CHARGE

A Sales Charge will be imposed on the purchase of Units of the Fund. The Sales Charge will be a percentage of the Offer Price. The maximum Sales Charge that the distribution channels will impose is as stated below:-

Distributors	Maximum Sales Charge as a percentage of the Offer Price*
IUTA	3.00%
Internal distribution channel of the Manager	
Unit trust consultants	

*\* The Sales Charge is non-negotiable.*

Note: All Sales Charges will be rounded up to two (2) decimal places.

### PENALTY CHARGE

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.

Note:

- There will not be any penalty fee applicable on the repurchase request made before the Investment Date.
- The penalty fee is fixed and non-negotiable. It will be retained by the Fund for the benefit of the existing Unit Holders.
- The penalty fee is not subject to GST.

Assuming that the number of Units repurchased is 100,000 Units and the NAV per Unit is MYR 1.00, the repurchased amount would be:-

$$100,000 \text{ Units} \times \text{MYR } 1.00 = \text{MYR } 100,000$$

Then, the Penalty Charge would be:-

$$\text{MYR } 100,000 \times 5.00\% = \text{MYR } 5,000$$

## TRANSFER FEE

Nil.

## SWITCHING FEE

Not applicable.

## FEES AND EXPENSES

We may (in our sole and absolute discretion), waive or reduce the amount of any fees (except the trustee fee) and expenses of the Fund, either for all the investors or a particular investor.

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

## ANNUAL MANAGEMENT FEE

Not applicable.

## TRUSTEE FEE

The annual trustee fee is up to 0.03% per annum of the NAV of the Fund (excluding foreign custodian fees and charges). In addition to the trustee fee which includes the transaction fee i.e. the fee incurred for handling purchase/sale of local investments, the Trustee may be reimbursed by the Fund for any expenses properly incurred by it in the performance of its duties and responsibilities.

The trustee fee is calculated and accrued daily and payable monthly to the Trustee.

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

Assuming the NAV of the Fund is MYR 50,000,000.00 for the day, the accrued trustee fee for the day would be:-

$$\frac{\text{MYR } 50,000,000.00 \times 0.03\%}{365 \text{ days}} = \text{MYR } 41.09 \text{ per day}$$

## ADMINISTRATIVE FEES

Only the expenses 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/fees paid to dealers in effecting dealings in the investments of the Fund, shown on the contract notes or confirmation notes;
- (where the custodial function is delegated by the Trustee) charges and fees paid to the sub-custodians in respect of any foreign investments of the Fund;
- 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 investments of the Fund by independent valuers for the benefit of the Fund;
- Costs, fees and expenses incurred for any modification of the 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;
- any tax such as GST and/or other indirect or similar tax now or hereafter imposed by law or required to be paid in connection with any costs, fees and expenses incurred by the Fund; and
- Any other expenses allowed under the Deed.

## GOODS AND SERVICES TAX

The Royal Malaysian Customs Department has announced the implementation of GST with effect from 1 April 2015 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;
- Switching fee;
- Transfer fee;
- Management fee;
- Trustee fee; and
- Any other expenses of the Fund that may be subject to GST.

## REBATES AND SOFT COMMISSIONS

We, including our delegate (if any), Trustee or Trustee's delegate will not retain any rebate or soft commission from, or otherwise share in any commission with, any broker/dealer in consideration for directing dealings in the investments of the Fund. Accordingly, any rebates or shared commissions will 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 Fund's investments; and
- any dealing with the broker or dealer is executed on terms which are the most favourable for the Fund.

**There are fees and charges involved and investors are advised to consider them before investing in the Fund.**

**All fees and charges payable by you are subject to all applicable taxes (including but not limited to GST) and/or duties as may be imposed by the government and/or the relevant authorities from time to time.**

# PRICING

## COMPUTATION OF NAV AND NAV PER UNIT

The NAV of the Fund is determined by deducting the value of all the Fund's liabilities from the value of all the Fund's assets, at a particular valuation point. The NAV per Unit is the NAV of the Fund divided by the number of Units in Circulation, at the same valuation point.

Please refer to the "Valuation Point For The Fund" section of this Prospectus for an explanation of the valuation point.

Illustration on computation of NAV and NAV per Unit for a particular day:-

Units in Circulation	300,000,000.00
	<b>MYR</b>
Investments	195,000,000.00
Add other assets	5,700,000.00
Gross asset value	200,700,000.00
Less: Liabilities	700,000.00
NAV (before deduction of management fee and trustee fee for the day)	200,000,000.00
Less: Management fee for the day	0.00
Less: Trustee fee for the day	164.38
<b>NAV (before GST)</b>	199,999,835.62
Less: GST of 6% on the management fee for the day	0.00
Less: GST of 6% on the trustee fee for the day	9.86
<b>NAV (after GST)</b>	199,999,825.76
<b>NAV per Unit*</b>	0.6666

For the purpose of the illustration above, the computation of NAV and NAV per Unit are based on the assumption that the expenses are inclusive of GST.

\* NAV per Unit is derived from the following formula:-

$$\frac{\text{NAV (after GST)}}{\text{Units in Circulation}}$$

The rounding policy is four (4) decimal points for the purposes of publication of the NAV per Unit. However, the rounding policy will not apply when calculating the Penalty Charge (where applicable).

## 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. 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 repurchase of Units.	AHAM	Fund
Under valuation and/or pricing in relation to the repurchase of Units	Fund	Unit Holder or former Unit Holder

## COMPUTATION OF SELLING PRICE AND REPURCHASE PRICE

Under a single pricing regime, the Selling Price and the Repurchase Price are equivalent to the NAV per Unit. Any applicable Sales Charge and Penalty Charge are payable separately from the Selling Price and Repurchase Price.

During Offer Period, the Selling Price and/or the Repurchase Price is equivalent to the Offer Price. Forward Pricing will be used to determine the Repurchase Price after the Offer Period, i.e. the NAV per Unit as at the next valuation point after we receive the repurchase request.

Units will **ONLY** be sold at the Offer Price during the Offer Period.

### Calculation of Selling Price

Any Sales Charge payable by the Unit Holder would be calculated as a percentage of Offer Price during Offer Period.

For illustration purposes, let's assume the following:

Investment Amount	MYR 10,000.00
Selling Price per Unit	MYR 1.00
Number Of Units Received*	MYR 10,000 ÷ MYR 1.00 = 10,000 Units
Sales Charge	3.00%
Sales Charge Paid By Investor**	3.00% x MYR 1.00 x 10,000 Units = MYR 300
GST of 6%***	MYR 300 x 6% = MYR 18
Total Amount Paid By Investor****	MYR 10,000 + MYR 300 + MYR 18 = MYR 10,318

Formula for calculating:-

$$\text{* Number of Units received} = \frac{\text{Amount invested}}{\text{Selling Price}}$$

$$\text{** Sales Charge paid by investor} = \text{Sales Charge} \times \text{Selling Price per Unit} \times \text{Number of Units received}$$

$$\text{*** GST of 6\%} = \text{Sales Charge paid by investor} \times 6\%$$

$$\text{**** Total amount paid by investor} = \text{Amount invested} + \text{Sales Charge paid by investor} + \text{GST}$$

### Calculation of Repurchase Price

If you request for a repurchase request after the Investment Date, you will be subjected to a Penalty Charge. The Penalty Charge is a percentage of the NAV per Unit depending on when the repurchase request is made by you.

For illustration purposes, let's assume the following:-

Units Repurchased	20,000 Units
Repurchase Price	MYR 1.00
Repurchased Amount <sup>^</sup>	20,000 Units x MYR 1.00 = MYR 20,000
Penalty Charge	5.00% of the NAV per Unit
Penalty Charge Paid By Investor <sup>^^</sup>	5.00% x MYR 20,000 = MYR 1,000
Total Amount Received By investor <sup>^^^</sup>	MYR 20,000 - MYR 1,000 = MYR 19,000
Units Repurchased	20,000 Units

Formula for calculating:-

<sup>^</sup> Repurchase amount = Unit repurchased x Repurchase Price

<sup>^^</sup> Penalty Charge paid by investor = Penalty Charge x Repurchase amount

<sup>^^^</sup> Total amount received by investor = Repurchased amount + Penalty Charge paid by investor

# SALIENT TERMS OF THE DEED

*Generally an investor would also be a registered Unit Holder unless the Units are purchased through an IUTA or using a nominee. In such an instance, the Units may not be registered in the name of the investor and thus not a registered Unit Holder. Please be advised that the Manager only recognises the rights attached to a registered Unit Holder.*

## **Rights And Liabilities Of Unit Holders**

### **Rights Of Unit Holders**

You have the right, among others, to the following:

- to receive the distribution of income, participate in any increase in the value of the Units and to enjoy such other rights and privileges as set out under the Deed for the Fund;
- to call for Unit Holders' meetings, and to vote for the removal of the Trustee or the Manager through a Special Resolution;
- to exercise the cooling-off right (if applicable); and
- to receive annual and interim reports.

You are not entitled to request for the transfer of any of the assets of the Fund or be entitled to interfere with or question the exercise by the Trustee, or the Manager on its behalf, of the rights of the Trustee as the registered owner of such assets. In amplification and not in derogation of the aforesaid, Units held shall not confer on any Unit Holder any interest in any particular part or asset of the Fund but only in such interest in the Fund as a whole as may be conferred on Unit Holders by the provisions of the Deed.

### **Liabilities Of Unit Holders**

- You would not be liable 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; and
- You shall not be under any obligation to indemnify the Manager and/or the Trustee in the event that the liabilities incurred by the Manager and/or the Trustee 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 value of the assets of the Fund and any right of indemnity of the Manager and/or the Trustee 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 of the Fund at the time of the meeting.

### **Unit Holders' Meeting Convened By 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:

- 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;
- 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 national newspaper published daily and another newspaper approved by the relevant authorities; and
- specifying in the notice the place and time of the meeting and the terms of the resolutions to be proposed at the meeting.



The Unit Holders may direct the Manager to summon a meeting for any purpose including, without limitation, for the purpose of:

- requiring the retirement or removal of the Manager;
- requiring the retirement or removal of the Trustee;
- considering the most recent financial statements of the Fund;
- giving to the Trustee such directions as the meeting thinks proper; or
- considering any matter in relation to the Deed;

provided always that the Manager shall not be obliged to summon any such meeting unless 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 Manager**

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.

#### **Unit Holders' Meeting Convened By Trustee**

The Trustee may summon a Unit Holders' meeting in the event:

- (a) the Manager is in liquidation;
- (b) in the opinion of the Trustee, the Manager has ceased to carry on business;
- (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;
- (d) requiring the retirement or removal of the Manager;
- (e) 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;
- (f) securing the agreement of the Unit Holders to release the Trustee from any liability;
- (g) 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; or
- (h) deciding on the reasonableness of the annual management fee charged to the Fund.

The meeting of the Unit Holders summoned by the Trustee shall be summoned by:

- 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
- 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 as provided for under the Deed and the Guidelines as follows:-

- The SC has withdrawn the authorization of the Fund pursuant to Section 256E of the CMSA;
- A Special Resolution is passed at a Unit Holders' meeting to terminate or wind-up the Fund, following the occurrence of events stipulated under Section 301(1) of the CMSA and the court has confirmed the resolution, as required under Section 301(2) of the CMSA; or
- A Special Resolution is passed at a Unit Holders' meeting to terminate or wind up the Fund.

## **Retirement, Removal or Replacement Of The Manager**

The Manager shall have the power to retire in favour of some other corporation and as necessary under any relevant law upon giving to the Trustee twelve (12) months' notice in writing of its desire so to do, or such lesser time as the Manager and the Trustee may agree upon, and subject to the fulfilment of the following conditions:

- the retiring Manager shall appoint such corporation by writing under the seal of the retiring Manager as the management company of the Fund in its stead and assign and transfer to such corporation all its rights and duties as management company of the Fund;
- such corporation shall enter into such deed or deeds as are referred to in clause 2.3.2 of the Deed; and
- upon the payment to the Trustee of all sums due from the retiring Manager to the Trustee under the Deed at the date of such retirement, the retiring Manager shall be absolved and released from all further obligations under the Deed but without prejudice to the rights of the Trustee or any Unit Holder or other person in respect of any act or omission on the part of the retiring Manager prior to such retirement and the new management company may and shall thereafter exercise all the powers and enjoy all the rights and shall be subject to all the duties and obligations of the Manager under the Deed as fully as though such new management company had been originally a party to the Deed;

Subject to the provisions of any relevant law, the Trustee shall take all reasonable steps to remove the Manager if:

- if the Manager has failed or neglected to carry out its duties to the satisfaction of the Trustee and the Trustee considers that it would be in the interests of Unit Holders for the Trustee to do so after the Trustee has given notice to the Manager of that opinion and the reasons for that opinion, and has considered any representations made by the Manager in respect of that opinion, and after consultation with the relevant authorities and with the approval of the Unit Holders by way of a Special Resolution;
- unless expressly directed otherwise by the relevant authorities, if the Manager is in breach of any of its obligations or duties under the Deed or the relevant laws, or has ceased to be eligible to be a management company under the relevant laws; or
- if the Manager has gone into liquidation, except for the purpose of amalgamation or reconstruction or some similar purpose, or has had a receiver appointed or has ceased to carry on business;

and the Manager shall not accept any extra payment or benefit in relation to such removal.

In any of the events set out above, the Manager shall upon receipt of a written notice from the Trustee cease to be the management company of the Fund by the mere fact of the Manager's receipt of the notice. The Trustee shall, at the same time, by writing appoint some other corporation approved by the relevant authorities to be the management company of the Fund; such corporation shall have entered into such deed or deeds as the Trustee may consider to be necessary or desirable to secure the due performance of its duties as management company for the Fund.

## **Retirement, Removal Or Replacement Of The Trustee**

The Trustee may retire upon giving twelve (12) months' notice to the Manager of its desire to do so, or such other period as the Manager and the Trustee shall agree, and may by deed appoint in its stead a new trustee approved by the relevant authorities and under any relevant law.

Provided always that the Manager has in place a corporation approved by the relevant authorities to act as the trustee of the Fund, the Trustee may be removed and such corporation may be appointed as trustee of the Fund by Special Resolution of the Unit Holders at a duly convened meeting.

The Manager shall take all reasonable steps to replace a Trustee as soon as practicable after becoming aware that:

- (a) the Trustee has ceased to exist;
- (b) the Trustee has not been validly appointed;
- (c) the Trustee is not eligible to be appointed or to act as trustee under any relevant law;
- (d) the Trustee has failed or refused to act as trustee in accordance with the provisions or covenants of the Deed or any relevant law;
- (e) a receiver has been appointed over the whole or a substantial part of the assets or undertaking of the Trustee and has not ceased to act under the appointment;

- (f) a petition has been presented for the winding up of the Trustee (other than for the purpose of and followed by a reconstruction, unless during or following such reconstruction the Trustee becomes or is declared insolvent); or
- (g) the Trustee is under investigation for conduct that contravenes the Trust Companies Act 1949, the Trustee Act 1949, the Companies Act 2016 or any relevant law.

## Fee And Charges

Below are the maximum fees and charges permitted by the Deed:

<b>Sales Charge</b>	3.00% of the Offer Price.
<b>Penalty Charge</b>	5.00% of the NAV per Unit.
<b>Annual Management Fee</b>	Not applicable.
<b>Annual Trustee Fee</b>	0.10% per annum of the NAV of the Fund (excluding foreign custodian fees and charges).

### Increase Of Fees And Charges Stated In The Prospectus

The maximum Sales Charges and Penalty Charge set out in this Prospectus can only be increased if the Trustee has been notified in writing by the Manager of the higher rate and the date on which such higher rate is to become effective.

The maximum annual management fee (if applicable) and annual trustee fee set out in this Prospectus can only be increased if the Manager has come to an agreement with the Trustee on the higher rate. The Trustee and the Unit Holders have to be notified in writing by the Manager of the higher rate and the date on which such higher rate is to become effective and such time as may be prescribed by any relevant law shall have elapsed since the notice is sent.

The supplemental/replacement Prospectus proposing a modification to this Prospectus to increase the aforesaid maximum fees and charges is required to be issued. An increase in the abovementioned fees and charges is allowed if such time as may be prescribed by any relevant laws has elapsed since the effective date of the supplementary/replacement Prospectus.

### Increase Of Fees And Charges Stated In The Deed

The maximum Sales Charge, Penalty Charge, annual management fee (if applicable) and annual trustee fee set out in the Deed can only be increased if a Unit Holders' meeting has been held in accordance with the Deed. Thereafter, a supplemental deed proposing a modification to the Deed to increase the aforesaid maximum charges and fees is required to be submitted for registration with the SC accompanied by a resolution of not less than two-thirds (2/3) of all Unit Holders present and voting at the Unit Holders' meeting sanctioning the proposed modification to the Deed.

## Permitted Expenses under the Deed

Only the expenses (or part thereof) which is 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/dealers 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 of the Fund;
- costs, fees and expenses incurred for the valuation of any investments of the Fund by independent valuers for the benefit of the Fund;
- costs, fees and expenses incurred for any modification of the 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 adviser (including but not limited to legal advisers) 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, unless the Manager decides otherwise;
  - 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, including fees imposed on cheque issuance and telegraphic transfer;
  - 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) charges and fees paid to the sub-custodians in respect of any foreign investments of the Fund;
  - fees, charges, costs and expenses relating to the preparation, printing, posting, registration and lodgment of documents and reports which the Manager and/or the Trustee may be obliged to prepare, print, post, register and/or lodge in relation to the Fund by virtue of any relevant law; and
  - any tax such as GST and/or other indirect or similar tax now or hereafter imposed by law or required to be paid in connection with any costs, fees and expenses incurred for the abovementioned.

# THE MANAGER

## ABOUT AHAM

AHAM was incorporated in Malaysia on 2 May 1997 and began its 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 distributes its funds through the following various channels:

- In-house/internal sales team;
- IUTA (Institutional Unit Trust Advisers) & CUTA (Corporate Unit Trust Advisers); and
- Unit trust consultants.

AHAM’s head office is located in Kuala Lumpur and has a total of 8 main sales offices located in Peninsular and East Malaysia. The sales offices are in Penang, Ipoh, Johor Bahru, Melaka, Selangor, Kuching, Miri and Kota Kinabalu.

### **Roles, Duties and Responsibilities of AHAM**

AHAM is 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.

### **Board of Directors**

Tan Sri Dato’ Seri Che Lodin Bin Wok Kamaruddin (Non-independent Director)

Datuk Maimoonah Binti Mohamed Hussain (Non-independent Director)

YBhg Mej Jen Dato’ Hj Latip Bin Ismail (Independent Director)

Mr Teng Chee Wai (Non-independent Director)

Ms Eleanor Seet Oon Hui (Non-independent Director)

Encik Abd Malik Bin A Rahman (Independent Director)

### **Key Personnel**

#### **Mr Teng Chee Wai – Managing Director**

Mr Teng is the founder of AHAM. Over the past 17 years, he has built the company to its current position with an excess of MYR 45 billion in assets under management. In his capacity as the managing director and executive director of AHAM, Mr Teng manages the overall business and strategic direction as well as the management of the investment team. His hands on approach sees him actively involved in investments, product development and marketing. Mr Teng’s critical leadership and regular participation in reviewing and assessing strategies and performance has been pivotal in allowing AHAM to successfully navigate the economically turbulent decade. Mr Teng’s investment management experience spans more than 25 years, and his key area of expertise is in managing absolute return mandates for insurance assets and investment-linked funds in both Singapore and Malaysia. Prior to his current appointments, he was the assistant general manager (investment) of Overseas Assurance Corporation (OAC) and was responsible for the investment function of the Group Overseas Assurance Corporation Ltd. Mr Teng began his career in the financial industry as an investment manager with NTUC Income, Singapore. He is a Bachelor of Science graduate from the National University of Singapore and has a Post-Graduate Diploma in Actuarial Studies from City University in London.

#### **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 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.

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#### DESIGNATED FUND MANAGER

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- **Mr David Ng Kong Cheong**  
*(Please refer to the above)*

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#### INVESTMENT COMMITTEE

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The investment committee (“Committee”) formulates, establishes and implements investment strategies and policies. The Committee will continuously review and monitor the success of these strategies and policies using predetermined benchmarks towards achieving a proper performance for the Fund. The Committee will also ensure investment guidelines and regulations are complied with. The Committee meets at least once every quarterly or more should the need arise.

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#### MATERIAL LITIGATION

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As at LPD, AHAM is not engaged in any material litigation and arbitration, including those pending or threatened, and AHAM is not aware of any facts likely to give rise to any proceedings which might materially affect the business or financial position of AHAM.

**For further information on AHAM, the investment committee and/or AHAM’s delegate, you may obtain the details from our website at [www.affinhwangam.com](http://www.affinhwangam.com).**

# THE TRUSTEE

## CIMB COMMERCE TRUSTEE BERHAD

CIMB Commerce Trustee Berhad was incorporated on 25 August 1994 and registered as a trust company under the Trust Companies Act, 1949 and having its registered office at Level 13, Menara CIMB, Jalan Stesen, Sentral 2, Kuala Lumpur Sentral 50470, Kuala Lumpur, Malaysia. The Trustee is qualified to act as a trustee for collective investment schemes approved under the Capital Markets and Services Act, 2007.

### **Experience in Trustee Business**

CIMB Commerce Trustee Berhad has been involved in unit trust industry as trustee since 1996. It acts as Trustee to various unit trust funds, real estate investment trust fund, wholesale funds and private retirement schemes.

### **Duties and Responsibilities of the Trustee**

The Trustee's functions, duties and responsibilities are set out in the Deed. The general function, duties and responsibilities of the Trustee include, but are not limited to, the following:

- (a) Take into custody the investments of the Fund and hold the investments in trust for the Unit Holders;
- (b) Ensure that the Manager operates and administers the Fund in accordance with the provisions of the Deed, SC Guidelines and acceptable business practice within the unit trust industry;
- (c) As soon as practicable notify the SC of any irregularity or breach of the provisions of the Deed, SC Guidelines and any other matters which in the Trustee's opinions may indicate that the interests of Unit Holders are not served;
- (d) Exercise reasonable diligence in carrying out its functions and duties, actively monitoring the operation and management of the Fund by the Manager to safeguard the interests of Unit Holders;
- (e) Maintain or cause the Manager to maintain, proper accounting records and other records as are necessary to enable a complete and accurate view of the Fund is formed and to ensure that the Fund is operated and managed in accordance with the Deed of the Fund, Prospectus, the SC Guidelines and securities law; and
- (f) Require that the accounts of the Fund be audited at least annually.

The Trustee has covenanted in the Deed that it will exercise all due diligence and vigilance in carrying out its functions and duties, and in safeguarding the rights and interests of Unit Holders.

### **Trustee's Delegate**

CIMB Commerce Trustee Berhad has delegated its custodian function to CIMB Bank Berhad (CIMB Bank). CIMB Bank's ultimate holding company is CIMB Group Holdings Berhad, a listed company on Bursa Malaysia. CIMB Bank provides full fledged custodial services, typically clearing, settlement and safekeeping of all types of investment assets and classes, to a cross section of investors and intermediaries client base, both locally and overseas.

For the local Ringgit assets, they are held through its wholly owned nominee subsidiary CIMB Group Nominees (Tempatan) Sdn Bhd. For foreign non-Ringgit assets, CIMB Bank appoints global custodian as its agent bank to clear, settle and safekeep on its behalf and to its order.

All investments are automatically registered in the name of the custodian to the order of the Trustee. CIMB Bank acts only in accordance with instructions from the Trustee.

### **Trustee's Disclosure of Material Litigation and Arbitration**

As at LPD, CIMB Commerce Trustee Berhad is not engaged in any material litigation and arbitration, including those pending or threatened, and is not aware of any facts likely to give rise to any proceedings which might materially affect the business or financial position of the Trustee.

# RELATED PARTIES TRANSACTION AND CONFLICT OF INTEREST

Save for the transaction disclosed below, as at LPD the Manager is not aware of any existing and/or proposed related party transactions or conflict of interest situations or other subsisting contracts of arrangements involving the Fund.

## Related Party Transactions

Name of Party Involved in the Transaction	Nature of Transaction	Name of Related Party	Nature of Relationship
AHAM	Placement of deposits, money market instruments and derivatives	Affin Hwang Investment Bank Berhad (Affin Hwang IB)	Affin Hwang IB holds 70% equity interest in the Manager.

## Conflict of Interest

The auditors, tax advisers and solicitors have confirmed that they do not have any existing or potential conflict of interest with AHAM and/or the Fund.

## Details of the Substantial Shareholders of AHAM's Direct and Indirect Interest in other Corporation Carrying on a Similar Business

Save as disclosed below, as at the LPD, the substantial shareholders of AHAM do not have any direct or indirect interest in other corporations carrying on similar business:

Nikko Asset Management International Limited, a substantial shareholder of AHAM is wholly owned by Nikko Asset Management Co. Ltd ("Nikko AM"). Nikko AM's office is situated in Japan where it provides investment management services, focused on sourcing, packaging and distributing retail investment fund products which are managed in-house or outsourced to third party sub-advisers.

## Cross trades

AHAM may conduct cross trades between funds it is currently managing provided that all criteria imposed by the regulators are met. Notwithstanding the above, cross trades between the personal account of an employee of AHAM and the Fund's account(s) and between AHAM's proprietary trading accounts and the Fund's account(s) are strictly prohibited. Compliance with the criteria are monitored by the Compliance Unit of the Manager, and reported to the AHAM's compliance & risk oversight committee, to avoid conflict of interests and manipulation that could have a negative impact on investors.

## Policy on Dealing with Conflict of Interest

AHAM has in place policies and procedures to deal with any conflict of interest situations. In making an investment transaction for the Fund, AHAM will not make improper use of its position in managing the Fund to gain, directly or indirectly, any advantage or to cause detriment to the interests of Unit Holders. Where the interests of the directors or the investment committee member's interests may conflict with that of the Fund, they are to refrain from participating in the decision-making process relating to the matter. Staffs of AHAM are required to seek prior approval from the executive director or the managing director before dealing in any form of securities. All transactions with related parties are to be executed on terms which are best available to the Fund and which are not less favourable to the Fund than an arms-length transaction between independent parties.



# TAX ADVISER'S LETTER

Taxation adviser's letter in respect of the taxation  
of the unit trust and the unit holders  
(prepared for inclusion in this Prospectus)

11 April 2018

The Board of Directors  
Affin Hwang Asset Management Berhad  
Ground Floor, Menara Boustead  
69, Jalan Raja Chulan  
50200 Kuala Lumpur

Dear Sirs

## **Affin Hwang Income Focus Fund 4 Taxation of the Fund and Unit Holders**

1. This letter has been prepared for inclusion in the Prospectus (hereinafter referred to as "the Prospectus") in connection with the offer of units in the **Affin Hwang Income Focus Fund 4** (hereinafter referred to as "the Fund").

The following is general information based on Malaysian tax law in force at the time of lodging the Prospectus with the Securities Commission Malaysia ("SC") and investors should be aware that the tax law may be changed at any time. To an extent, the application of tax law depends upon an investor's individual circumstances. The information provided below does not constitute tax advice. The Manager therefore recommends that an investor consult his accountant or tax adviser on questions about his individual tax position.

## **2. Taxation of the Fund**

### **2.1 Income Tax**

As the Fund's Trustee is resident in Malaysia, the Fund is regarded as resident in Malaysia. The taxation of the Fund is governed principally by Sections 61 and 63B of the Malaysian Income Tax Act, 1967 ("MITA").

Pursuant to the Section 2(7) of MITA, any reference to interest shall apply, mutatis mutandis, to gains or profits received and expenses incurred, in lieu of interest, in transactions conducted in accordance with the principles of Shariah. The effect of this is that any gains or profits received and expenses incurred, in lieu of interest, in transactions conducted in accordance with the principles of Shariah, will be accorded the same tax treatment as if they were interest.

The income of the Fund in respect of dividends, interest or profits from deposits and other investment income (other than income which is exempt from tax) derived from or accruing in Malaysia is liable to income tax. The Fund may be receiving income such as exit fee which will be subject to tax at the prevailing tax rate applicable on the Fund. Gains on disposal of investments by the Fund will not be subject to income tax.

The income tax rate applicable to the Fund is 24%. Effective for years of assessment 2017 and 2018, the incremental portion of the chargeable income compared to the immediate preceding year of assessment enjoys reduced income tax rate as follows:

<b>% of increase in chargeable income as compared to the immediate preceding year of assessment</b>	<b>Percentage point reduction in tax rate</b>	<b>Tax rate after reduction (%)</b>
Less than 5.00	NIL	24
5.00 – 9.99	1	23

10.00 – 14.99	2	22
15.00 – 19.99	3	21
20.00 and above	4	20

Tax exempt interest as listed in the Appendix attached received by the Fund are not subject to income tax.

With effect from 1 January 2014, Malaysia has fully moved to a single-tier income tax system. The Fund is not liable to tax on any Malaysia sourced dividends paid, credited or distributed to the Fund under the single tier tax system, where the company paying such dividend is not entitled to deduct tax under the MITA. The tax deductibility of other deductions by the Fund against such dividend income will be disregarded in ascertaining the chargeable income of the Fund.

In addition to the single-tier dividend that may be received by the Fund, the Fund may also receive Malaysian dividends which are tax exempt from investments in companies which had previously enjoyed or are currently enjoying the various tax incentives provided under the law. The Fund is not subject to income tax on such tax exempt dividend income.

The Fund may also receive dividends, profits and other income from investments outside Malaysia. Income derived from sources outside Malaysia and received in Malaysia by a unit trust is exempted from Malaysian income tax. However, such income may be subject to foreign tax in the country from which the income is derived.

The tax treatment of hedging instruments would depend on the particular hedging instruments entered into. Generally, any gain or loss relating to the principal portion will be treated as capital gain or loss. Gains or losses relating to the income portion would normally be treated as revenue gains or losses. The gain or loss on revaluation will only be taxed or claimed upon realisation. Any gain or loss on foreign exchange is treated as capital gain or loss if it arises from the revaluation of the principal portion of the investment.

Generally, income from distribution by the Malaysia Real Estate Investment Trusts (“REIT”) will be received net of withholding tax of 10%. No further tax will be payable by the Fund on the distribution. Distribution from such income by the Fund will also not be subject to further tax in the hands of the Unit Holders.

Expenses being manager’s remuneration, maintenance of register of Unit Holders, share registration expenses, secretarial, audit and accounting fees, telephone charges, printing and stationery costs and postage, which are not allowed under the general deduction rules, qualify for a special deduction, subject to a minimum of 10% and a maximum of 25% of such expenses pursuant to Section 63B of the MITA.

## **2.2 Gains on Disposal of Investments**

Gains on disposal of investments by the Fund will not be subject to income tax but where the investments represent shares in real property companies, such gains may be subject to Real Property Gains Tax (“RPGT”) under the RPGT Act, 1976. A real property company is a controlled company which owns or acquires real properties or shares in real property companies with a market value of not less than 75% of its total tangible assets. A controlled company is a company which does not have more than 50 members and is controlled by not more than 5 persons.

## **2.3 Goods and Services Tax (“GST”)**

GST was implemented in Malaysia effective from 1 April 2015. GST replaces the Sales and Service Tax regimes and has a standard rate of 6% with some exceptions.

If the Fund is required to register for GST, any fees it charges to unitholders will be subject to GST at 6%. The issuance of units by the Fund to investors will not be subject to GST, and no GST would be included in the price of the units. Any distributions made by the Fund to unitholders are also not subject to GST.

To the extent that the Fund invests in any financial services products (e.g. securities, derivatives, units in a fund or unit trust), the acquisition of these interests will also not be subject to GST. However, any arranging and intermediary fees that are charged to the Fund in relation to these acquisitions (e.g. brokerage), would be subject to GST. The GST paid on acquisitions made by the Fund (e.g. fund manager fees, trustee fees etc.) would either be unrecoverable in whole or in part and would need to be subject to further analysis to determine whether the GST can be recovered.

### 3. Taxation of Unit Holders

#### 3.1 Taxable Distribution

Unit Holders will be taxed on an amount equivalent to their share of the total taxable income of the Fund to the extent such income is distributed to them. Unit Holders are also liable to pay income tax on the taxable income distributions paid by the Fund. Taxable income distributions carry a tax credit in respect of the tax chargeable on that part of the Fund. Unit Holders will be subject to tax on an amount equal to the net taxable income distribution plus attributable underlying tax paid by the Fund.

Income distributed to Unit Holders is generally taxable as follows in Malaysia :-

Unit Holders	Malaysian Tax Rates for Year of Assessment 2018
<p>Malaysian tax residents:</p> <ul style="list-style-type: none"> <li>▪ Individual and non-corporate Unit Holders</li> <li>▪ Co-operative societies</li> </ul> <p>Malaysian tax residents:</p> <ul style="list-style-type: none"> <li>▪ Trust bodies</li> </ul> <ul style="list-style-type: none"> <li>▪ Corporate Unit Holders               <ul style="list-style-type: none"> <li>i. A company with paid up capital in respect of ordinary shares of not more than RM2.5 million where the paid up capital in respect of ordinary shares of other companies within the same group as such company is not more than RM2.5 million (at the beginning of the basis period for a year of assessment)</li> <li>ii. Companies other than those in (i) above</li> </ul> </li> </ul> <p>Non-Malaysian tax residents:</p> <ul style="list-style-type: none"> <li>▪ Individual and non-corporate Unit Holders</li> </ul>	<ul style="list-style-type: none"> <li>▪ Progressive tax rates ranging from 0% to 28%</li> <li>▪ Progressive tax rates ranging from 0% to 24%</li> </ul> <ul style="list-style-type: none"> <li>▪ 24%</li> <li>▪ Reduction of income tax based on the increase in chargeable income ranging from 0% to 4%</li> </ul> <p>Effective for years of assessment 2017 and 2018</p> <ul style="list-style-type: none"> <li>▪ 18% for every first RM500,000 of chargeable income</li> <li>▪ 24% for chargeable income in excess of RM500,000</li> <li>▪ Reduction of corporate income tax based on the increase in chargeable income ranging from 0% to 4%</li> </ul> <p>Effective for years of assessment 2017 and 2018</p> <ul style="list-style-type: none"> <li>▪ 24%</li> <li>▪ Reduction of corporate income tax based on the increase in chargeable income ranging from 0% to 4%</li> </ul> <p>Effective for years of assessment 2017 and 2018</p> <ul style="list-style-type: none"> <li>▪ 28%</li> </ul>

Unit Holders	Malaysian Tax Rates for Year of Assessment 2018
▪ Corporate Unit Holders and trust bodies	▪ 24%

The tax credit that is attributable to the income distributed to the Unit Holders will be available for set off against tax payable by the Unit Holders. There is no withholding tax on taxable distributions made to non-resident Unit Holders.

Non-resident Unit Holders may also be subject to tax in their respective jurisdictions and depending on the provisions of the relevant tax legislation and any double tax treaties with Malaysia, the Malaysian tax suffered may be creditable in the foreign tax jurisdictions.

### 3.2 Tax Exempt Distribution

Tax exempt distributions made out of gains from realisation of investments and other exempt income earned by the Fund will not be subject to Malaysian tax in the hands of Unit Holders, whether individual or corporate, resident or non-resident. All Unit Holders do not pay tax on that portion of their income distribution from the Fund's distribution equalisation account.

### 3.3 Distribution Voucher

To help complete a Unit Holder's tax returns, the Manager will send to each Unit Holder a distribution voucher as and when distributions are made. This sets out the various components of the income distributed and the amount of attributable income tax already paid by the Fund.

### 3.4 Sale, Transfer or Redemption of Units

Any gains realised by a Unit Holder on the sale, transfer or redemption of his units are generally tax-free capital gains unless the Unit Holder is an insurance company, a financial institution or a person trading or dealing in securities. Generally, the gains realised by these categories of Unit Holders constitute business income on which tax is chargeable.

### 3.5 Reinvestment of Distribution

Unit Holders who receive their income distribution by way of investment in the form of the purchase of new units will be deemed to have received their income distribution after tax and reinvested that amount in the Fund.

### 3.6 Unit Splits

Unit splits issued by the Fund are not taxable in the hands of the Unit Holders.

### 3.7 GST

The Unit Holders should not be subject to GST on the following:-

- Withdrawal / redemption from the Fund
- Income distribution from the Fund

However, any fee-based charges related to buying, transferring and switching of units charged to the Unit Holders should be subject to GST at the standard rate of 6%.

Yours faithfully,  
Chee Pei Pei  
Executive Director

**Tax Exempt Income of Unit Trusts**

1. Interest or discount paid or credited to any individual, unit trust and listed closed-end fund in respect of the following will be exempt from tax: -
  - Securities or bonds issued or guaranteed by the Government; or
  - Debentures or sukuk, other than convertible loan stock, approved or authorized by, or lodged with, the SC; or
  - Bon Simpanan Malaysia issued by the Central Bank of Malaysia.
2. Income of a unit trust in respect of interest derived from Malaysia and paid or credited by any bank or financial institution licensed under the Financial Services Act 2013 (“FSA”) or the Islamic Financial Services Act 2013 (“IFSA”) or any development financial institution regulated under the Development Financial Institutions Act 2002 (“DFIA”).
 

Provided that in the case of a wholesale fund which is a money market fund, the exemption shall only apply to a wholesale fund which complies with the criteria as set out in the relevant guidelines issued by the SC.
3. Interest in respect of any savings certificates issued by the Government.
4. Interest paid or credited to any person in respect of Sukuk originating from Malaysia, other than convertible loan stock, issued in any currency other than RM and approved or authorized by, or lodged with, the SC or approved by the Labuan Financial Services Authority.
5. Interest received in respect of bonds and securities issued by Pengurusan Danaharta Nasional Berhad within and outside Malaysia.
6. Interest income derived from bonds (other than convertible loan stocks) paid or credited by any company listed in Malaysia Exchange of Securities Dealing and Automated Quotation Berhad (“MESDAQ”) (now known as Bursa Malaysia Securities Berhad ACE Market).
7. Income derived from the Sukuk Issue which has been issued by the Malaysia Global Sukuk Inc.
8. Discount or profit received from the sale of bonds or securities issued by Pengurusan Danaharta Nasional Berhad or Danaharta Urus Sendirian Berhad within and outside Malaysia.
9. Income derived from the Sukuk Ijarah, other than convertible loan stock, issued in any currency by 1Malaysia Sukuk Global Berhad.
10. Gain or profit received from the investment in Islamic securities, other than convertible loan stock, which are issued in accordance with the principles of *Mudharabah*, *Musyarakah*, *Ijarah*, *Istisna’* or any other principle approved by the Shariah Advisory Council established by the SC under the Capital Markets and Services Act 2007.
11. Gains or profits in lieu of interest, derived from the Sukuk Wakala in accordance with the principle of *Al-Wakala Bil Istithmar*, other than a convertible loan stock, issued in any currency by Wakala Global Sukuk Berhad.
12. Income derived from Sukuk Kijang is exempted from the payment of income tax pursuant to Income Tax (Exemption) (No. 10) Order 2013. For the purpose of this order, “Sukuk Kijang” means the Islamic Securities of nominal value of up to two hundred and fifty million United States dollars (USD\$250,000,000) issued or to be issued in accordance with the Shariah principle of Ijarah by BNM Kijang Berhad.
13. Gains or profits derived, in lieu of interest, derived from the Sukuk Wakala with the nominal value up to one billion and five hundred million United States Dollar (USD1,500,000,000.00) in accordance with the principle of *Wakala Bil Istithmar*, other than a convertible loan stock, issued by the Malaysia Sovereign Sukuk Berhad.
14. Gains or profits derived, in lieu of interest from the Sukuk Wakala with the nominal value up to one billion and five hundred million United States Dollar (US\$1,500,000,000.00) in accordance with the principle of *Wakala*, other than a convertible loan stock, issued by the Malaysia Sukuk Global Berhad (formerly known as 1Malaysia Sukuk Global Berhad).
15. Income received by the Fund from Malaysia Building Society Berhad (“MBSB”).

# RELEVANT INFORMATION

## INFORMATION AVENUES

### How can I keep track of my investment?

You may obtain the daily Fund price from our website at [www.affinhwangam.com](http://www.affinhwangam.com).

As the Fund has exposure to investments in foreign jurisdiction, these daily prices are based on information available two (2) Business Days prior to publication.

We will provide you with an annual report and an interim 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.

**THE FUND'S ANNUAL REPORT IS AVAILABLE UPON REQUEST.**

### 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 8.45a.m. to 5.30p.m. on a Business Day. Alternatively, you can email us at [customer care@affinhwangam.com](mailto:customer care@affinhwangam.com).

## COMPLAINTS AVENUES

### How do I make a complaint?

You may e-mail us at [customer care@affinhwangam.com](mailto:customer care@affinhwangam.com) 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) any other supporting documentary evidence (if any).

## ANTI-MONEY LAUNDERING POLICIES AND PROCEDURES

Pursuant to the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 ("AMLATFPUAA") and 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 fail 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.

## DOCUMENTS AVAILABLE FOR INSPECTION

Unit Holders may inspect without charge, at the business address of the Manager, the following documents or copies thereof, where applicable:

- The Deed and the supplemental (if any) of the Fund;
- The Prospectus and supplementary or replacement prospectus (if any) of the Fund;
- The latest annual and interim reports of the Fund;
- Each material contract disclosed in the Prospectus and, in the case of contracts not reduced into writing, a memorandum which gives full particulars of the contracts.
- The audited financial statements of AHAM and the Fund for the current financial year and the last three (3) financial years or if less than three (3) years, from the date of incorporation or commencement;
- Any reports, letters or other documents, valuations and statements by any expert, any part of which is extracted or referred to in the Prospectus. Where a summary expert's report is included in the Prospectus, the corresponding full expert's report should be made available for inspection;
- Writ and relevant cause papers for all current material litigation and arbitration disclosed in the Prospectus.
- Consent given by experts disclosed the Prospectus.

# DIRECTORY OF SALES OFFICE

## AFFIN HWANG ASSET MANAGEMENT BERHAD:

<b>HEAD OFFICE</b> 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: <a href="mailto:customer@affinhwangam.com">customer@affinhwangam.com</a> Website: <a href="http://www.affinhwangam.com">www.affinhwangam.com</a>	<b>PERAK</b> 13A Persiaran Greentown 7 Greentown Business Centre 30450 Ipoh, Perak Tel: 05 - 241 0668 Fax: 05 – 255 9696	<b>SABAH</b> Unit 1.09 (a), Level 1, Plaza Shell 29, Jalan Tunku Abdul Rahman 88000 Kota Kinabalu, Sabah Tel : 088 - 252 881 Fax : 088 - 288 803
<b>PENANG</b> No. 10-C-23 & 10-C-24, Precinct 10 Jalan Tanjung Tokong 10470 Penang Tel : 04 – 899 8022 Fax : 04 – 899 1916	<b>JOHOR</b> 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	<b>SARAWAK</b> Ground Floor, No. 69 Block 10, Jalan Laksamana Cheng Ho 93200 Kuching, Sarawak Tel : 082 – 233 320 Fax : 082 – 233 663
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