

Asset Management

PRODUCT HIGHLIGHTS SHEET

for

Affin Hwang Strategic Opportunity Fund 1

Date of issuance: 13 January 2020

RESPONSIBILITY STATEMENT

This Product Highlights Sheet has been reviewed and approved by the directors and/or authorized committee and/or persons approved by the Board of Affin Hwang Asset Management Berhad (199701014290) and they collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable inquiries, they confirm to the best of their knowledge and belief, that there are no false or misleading statements or omissions of other facts which would make any statement in the Product Highlights Sheet false or misleading.

STATEMENT OF DISCLAIMER

The relevant information and document in relation to the Affin Hwang Strategic Opportunity Fund 1 ("the Fund"), including a copy of this Product Highlights Sheet has been lodged with the Securities Commission Malaysia under the Lodge and Launch Framework.

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

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



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

Asset Management

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

PRODUCT HIGHLIGHTS SHEET
AFFIN HWANG STRATEGIC OPPORTUNITY FUND 1
BRIEF INFORMATION ON THE PRODUCT
1. What is this product about?

The Fund is a 2-year close-ended wholesale fixed income fund which aims to provide income return whilst seek to repay the capital raised at maturity.

PRODUCT SUITABILITY
2. Who is this product suitable for?

The Fund is designed for Sophisticated Investors who seek capital preservation, have two (2) years investment horizon and are risk adverse.

KEY PRODUCT FEATURES
3. What am I investing in?

Class	MYR
Launch Date	13 January 2020
Initial Offer Price	MYR 1.00
Initial Offer Period	The initial offer period will be for a period of not more than 45 calendar days from the Commencement Date of the Fund. The initial offer period may be shortened if we determine that it is in your best interest.
Tenure	This Fund is close-ended fund which will mature on the 2 nd anniversary of the Investment Date and may only be terminated in accordance with the terms of the Information Memorandum and the provisions of the Deed.
Base Currency	MYR
Benchmark	2-years Malayan Banking Berhad fixed deposit rate as at Investment Date. <i>The risk profile of the Fund is different from the risk profile of the benchmark.</i>
Investment Strategy	<p>To achieve the objective of the Fund, we intend to invest a minimum of 80% of the Fund's NAV in money market instruments and/or deposits ("Defensive Assets"), and a maximum of 20% of the Fund's NAV in options or structured warrants ("Active Assets").</p> <p>We strive to achieve 100% capital repayment at maturity of the Fund by investing a minimum of 80% 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 investor (including sales charge imposed on the subscription of Units during the Initial Offer Period), subject to no occurrence of credit default by the financial institutions.</p> <p>In order to provide potential capital appreciation of the Fund, we may invest up to a maximum of 20% 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 of the Fund. We will take a view on the underlying asset of the Active Assets, which is gold related underlying which may including but not limited to XAU/USD rate and/or Gold ETF, in order to establish a long position</p>

Asset Management

	<p>to gain a specific underlying exposure. For example, if we expect gold related underlying to perform in the prevailing market conditions, we may long gold related underlying through the Active Assets. Investment in Active Assets will expose investors to the price fluctuations of gold related underlying that the Active Assets are linked to. As a result, any fluctuation in the price of the Active Assets may also lead to fluctuations in the NAV of the Fund i.e. if the price of the Active Assets sees a drop in price, the NAV of the Fund will also be negatively impacted. As the Active Assets are structured by an external party, investments into the Active Assets will also expose the Fund to counterparty risk, which we will attempt to mitigate by carrying out a stringent selection process on the counterparty prior to an investment being made.</p> <p>The currency denomination of the Active Assets that the Fund intends to invest is in United States dollar (USD). This implies that the potential return of the Fund is subject to currency risk, specifically the USDMYR fluctuations. If the USDMYR appreciated at the maturity date, the Fund will receive higher return. For example, if the USDMYR appreciated by 5%, the return received will be higher in value by 5%. On contrary, if the USDMYR depreciated at the maturity date, the Fund will receive lower return. For example, if the USDMYR depreciated by 5%, the return received will be lower in value by 5%.</p> <p>At the Maturity Date of the Fund, we will redeem or sell all the assets of the Fund and return all proceeds to you (based on the number of Units you hold) after deducting applicable Fund expenses and fees.</p> <p>The payment of proceeds to be paid to you, however, is expected to be within two (2) weeks from the Maturity Date and will not be more than two (2) month from the Maturity Date.</p> <p>*Capital repayment on Maturity Date is SUBJECT TO the credit and default risk of the financial institutions where money market instruments are placed with and may result in losses.</p> <p>*The Fund is not a capital guaranteed nor a capital protected fund.</p>
Asset Allocation	<ul style="list-style-type: none"> • A minimum of 80% of the Fund's NAV to be invested in Defensive Assets; and • Remaining balance of the Fund's NAV to be invested in Active Assets.
Distribution Policy	Subject to the availability of income, the Fund will provide distribution at the end at the maturity.
Minimum Initial Investment*	MYR 10,000
Minimum Additional Investment*	MYR 5,000
Minimum Repurchase Amount	10,000 Units
Minimum Units Held*	<p>10,000 Units</p> <p>If the balance of your investment (i.e. total number of Units) is less than the minimum holding of Units, you will be required to make an additional investment in order to meet the required minimum balance of investment. Otherwise, we may withdraw all your holding of Units in the Fund and pay the proceeds to you.</p>

Note: Please refer to the Fund's Information Memorandum for further details of the Fund.

* Subject to change at our discretion.

Asset Management

4. Who am I investing with?

Relevant parties' information:

The Manager	Affin Hwang Asset Management Berhad
Manager's Delegate (Fund Accounting and Valuation Agent)	TMF Trustees Malaysia Berhad
The Trustee	TMF Trustees Malaysia Berhad
The Trustee's Delegate(Local & Foreign Custodian)	Standard Chartered Bank Malaysia Berhad

5. What are the possible outcomes of my investment?

The Fund intends to provide income return through its investment in Active Assets whilst seek to repay the capital raised at maturity* by investment in Defensive Assets. At Maturity Date, the gain in value of these Active Assets (if any) will be paid out as income distributions by the Fund to you, along with the maturity proceeds of the Fund, subject to the applicable Fund expenses and fees.

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

*The Fund is not a capital guaranteed nor a capital protected fund.

KEY RISKS

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

General risks of the fund

- **Market risk** – Market risk arises because of factors that affect the entire market place. Factors such as economic growth, political stability and social environment are some examples of conditions that have an impact on businesses, whether positive or negative. It stems from the fact that there are economy-wide perils, or instances of political or social instability which threaten all businesses. Hence, the Fund will be exposed to market uncertainties and fluctuations in the economic, political and social environment that will affect the market price of the investments either in a positive or negative way.
- **Fund management risk** – This risk refers to the day-to-day management of the Fund by us which will impact the performance of the Fund. For example, investment decisions undertaken by us as a result of an incorrect view of the market or any non-compliance with internal policies, investment mandate, the Deed, relevant law or guidelines due to factors such as human error, fraud, dishonesty or weaknesses in operational process and systems, may adversely affect the performance of the Fund.
- **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.
- **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.
- **Operational risk** - Operational risk is the risk of loss due to the breakdown, deficiencies or weaknesses in the operational support functions resulting in the operations or internal control processes producing an insufficient degree of customer quality or internal control by the Manager. Operational risk is typically associated with human error, system failure, fraud and inadequate or defective procedures and controls.

Specific risks

- **Credit and default risk** - Credit risk relates to the creditworthiness of the issuers of the money markets instruments and their expected ability to make timely payment of interest and/or principal. Any adverse situations faced by the issuer may impact the value as well as liquidity of the instruments. In the case of rated investments, this may lead to

Asset Management

a credit downgrade. Default risk relates to the risk of an issuer of the instruments either defaulting on payments or failing to make payments in a timely manner which will in turn adversely affect the value of the instruments. This could adversely affect the value of the Fund.

- **Interest rate risk** - This risk refers to the impact of interest rate changes on the valuation of the 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.
- **Counterparty risk** – Counterparty risk concerns the Fund’s investment in Active Assets. Counterparty risk is prevalent as the potential returns derived from the Active Assets are dependent on the ongoing ability and willingness of the issuer i.e. a financial institution to fulfil their respective financial commitments to the Fund in a timely manner. Bankruptcy, fraud or regulatory non-compliance arising out of and/or in connection with the issuer may impair the operations and/or the performance of the Fund. However, stringent credit selection process of the issuer of the Active Assets by us prior to commencement of the Active Assets and monitoring mechanisms established by us may potentially mitigate this risk. If, in our opinion there is material adverse change to an issuer we may consider unwinding the issuer’s Investments to mitigate potential losses that may arise.
- **Structured product risk** – This risk arises from investments into instruments such as structured warrants issued by a third party. The NAV of the Fund will be impacted by the valuation of the structured product. Factors that may impact the valuation of the structured products will include, but not limited to movement of the underlying asset, volatility of the underlying assets, interest rate levels, the correlation of the underlying assets and other such factors. Any change in the aforesaid factors would either positively or negatively impact the valuation of the structured products hence impacting the NAV of the Fund. As such, the Fund’s NAV will be exposed to potential price volatility, which will be dependent on the valuation of the structured products that the Fund invested in.
- **Derivatives risk** – The Fund may be investing in derivative such as option. Valuation of derivatives takes into account a multitude of factors such as movement of the underlying assets, the correlation of the underlying assets with the Fund, the implied future direction of the underlying assets and other factors. Any diverse changes of the factors mentioned above, may result in a lower NAV price and higher volatility for the Fund’s NAV.
- **Concentration risk** - The Fund will only purchase a single investment instruments which the Active Assets and as such there is a lack of diversification. The ability of the Fund to achieve its objective is dependent entirely on the performance of the Active Assets.
- **Currency risk** - Currency risk is also known as foreign exchange risk where the risk is associated with the Fund’s underlying investments which are denominated in different currencies than the Fund’s base currency, i.e. MYR. The impact of the exchange rate movement between MYR and the currencies of the underlying investments may result in depreciation or appreciation of the value of the Fund’s investments as expressed in MYR.
- **Country risk** - The foreign investments of the Fund may be affected by risks specific to the country in which it invests in. Such risks, which include changes in a country’s economic fundamentals, social and political stability, currency movements and foreign investment policies, may have an impact on the prices of the Fund’s investments in such countries. Consequently, it may also affect the Fund’s NAV.
- **Repurchase risk** – You are reminded to be prepared to commit your investment until the Maturity Date. Any repurchase request made by you will be based on Forward Pricing which is the NAV per Unit at the next valuation point. The NAV per Unit at that valuation point may be lower than your investment outlay. You are also reminded that exiting this Fund prior to the Maturity Date will attract a repurchase charge and this may further reduce any monies payable to you. If the sale of assets of the Fund cannot be liquidated at appropriate price or on adequate terms and is as such not in the interest of existing Unit Holders, the Trustee may refuse the said request in accordance with the Deed, irrespective of the size or amount of the repurchase request.

Note: Please refer to “Understanding the Risks of the Fund” in Information Memorandum for further details on each risk.

It is important to note that events affecting the investments cannot always be foreseen. Therefore, it is not possible to protect investments against all risks.

You are recommended to read the whole Information Memorandum to assess the risks associated with the Fund. If necessary, you should consult your professional adviser(s) for a better understanding of the risks.

FEES & CHARGES

7. What are the fees and charges involved?

There are fees and charges involved and you are advised to consider them before contributing to the Fund.

Asset Management

What will I be charged by the Manager?

Sales charge	1.80% on the Offer Price and it is non-negotiable
Repurchase charge	5.00% on the NAV per Unit, if repurchase of Units is made after the Investment Date of the Fund
Switching fee	Not applicable as the switching facility is not available for this Fund.
Transfer fee	Nil.

What are the key ongoing fees charged to the Fund?

Management fee	Nil.
Trustee fee	Up to 0.04% per annum of the NAV of the Fund

Note: Please refer to the Information Memorandum for further explanation and illustration of the Fund's fees, charges and expenses.

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

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

VALUATIONS AND EXITING FROM INVESTMENT

8. How often are valuations available?

The Fund will be valued on every Business Day and you may obtain the NAV and NAV per Unit of the Fund from our customer service via our toll free number 1-800-88-7080 or email to customercare@affinhwangam.com.

9. How can I exit from this investment and what are the risks and costs involved?

It is important to note that we will impose a Repurchase Charger of 5.00% on the NAV per Unit, if repurchase of Units is made after the Investment Date of the Fund. You may request to redeem your investment in the Fund at any point in time by completing the repurchase application form and returning it to us on any Business Day between 8.45 a.m. and 3.30 p.m. Payment will be made to you within 10 days from the day the repurchase request is received by us and provided that all documentations are completed and verifiable.

CONTACT INFORMATION

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

1. For internal dispute resolution, you may contact our customer service personnel:
 - (a) via phone to : 03 – 2116 6000
 - (b) via fax to : 03 – 2116 6100
 - (c) via toll free no. : 1-800-88-7080
 - (d) via email to : customercare@affinhwangam.com
 - (e) via letter : Affin Hwang Asset Management Berhad
Ground Floor, Menara Boustead
69, Jalan Raja Chulan
50200 Kuala Lumpur

Complaints should be made in writing with the following information:

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

Asset Management

- (d) other supporting documentary evidence (if any).
2. If you are dissatisfied with the outcome of the internal dispute resolution process, please refer your dispute to the Securities Industries Dispute Resolution Centre (SIDREC):
- (a) via phone to : 03-2282 2280
 - (b) via fax to : 03-2282-3855
 - (c) via email to : info@sidrec.com.my
 - (d) via letter to : Securities Industry Dispute Resolution Center (SIDREC)
Unit A-9-1 Level 9, Tower A, Menara UOA Bangsar, No. 5, Jalan Bangsar Utama 1
59000 Kuala Lumpur
3. You can also direct your complaint to the SC even if you have initiated a dispute resolution process with SIDREC. To make a complaint, please contact the SC's Investor Affairs & Complaints Department:
- (a) via phone to the Aduan Hotline at : 03 – 6204 8999
 - (b) via fax to : 03 – 6204 8991
 - (c) via e-mail to : aduan@seccom.com.my
 - (d) via online complaint form available at www.sc.com.my
 - (e) via letter to : Investor Affairs & Complaints Department
Securities Commission Malaysia, No 3 Persiaran Bukit
Kiara, Bukit Kiara, 50490 Kuala Lumpur
4. Federal of Investment Managers Malaysia (FIMM)'s Complaints Bureau:
- (a) via phone to : 03 – 20923800
 - (b) via fax to : 03 – 20932700
 - (c) via e-mail to : complaints@fimm.com.my
 - (d) via online complaint form available at : www.fimm.com.my
 - (e) via letter to : Legal, Secretarial & Regulatory Affairs
Federal of Investment Managers Malaysia
19-06-1, 6th Floor Wisma Tune, No. 19, Lorong Dungun
Damansara Heights, 50490 Kuala Lumpur

APPENDIX : GLOSSARY

Act	Means the Capital Markets and Services Act 2007 as originally enacted and amended or modified from time to time.
Base Currency	Means the currency in which the Fund is denominated i.e. MYR
Bursa Malaysia	Means the stock exchange managed and operated by Bursa Malaysia Securities Berhad including such other name as it may be changed to from time to time.
Business Day	A day on which the Bursa Malaysia is open for trading. The Manager may declare certain Business Days a non-Business Day when deemed necessary, such as in the event of market disruption.
Commencement Date	Means the date of this Information Memorandum and is the date on which sales of Units of the Fund may first be made. The Commencement Date is also the date of constitution of the Fund.
Deed	Refers to the Deed dated 16 December 2019 entered into between the Manager and the Trustee and includes any subsequent amendments and variations to the Deed.
Development Financial Institution	Means a development financial institution under the Development Financial Institutions Act 2002.
Defensive Assets	Means money market instruments and/or deposits.
deposits	Has the same meaning as per the definition of "deposit" in the Financial Services Act 2013. For the avoidance of doubt, it shall exclude structured deposit.
Financial Institution	Means (1) if the institution is in Malaysia –

Asset Management

	(i) Licensed Bank; (ii) Licensed Investment Bank; (iii) Development Financial Institutions (DFIs); or (iv) Licensed Islamic Bank; (2) if the institution is outside Malaysia, any institution that is licensed or registered or approved or authorised to provide financial services by the relevant banking regulator.
Fitch	Refers to Fitch Ratings Inc.
Fund	Means Affin Hwang Strategic Opportunity Fund 1.
FX	Means Forex
Guidelines	Refers to <i>Guidelines on Unlisted Capital Market Products Under The Lodge And Launch Framework</i> issued by the SC and as amended or modified from time to time.
Information Memorandum	Means the offer document in respect of this Fund as may be, replaced or amended from time to time.
Investment Date	Means the date on which the investment of the Fund may first be made and it is the date which begins on the next Business Day immediately after the expiry of the Offer Period.
Licensed Bank	Means a bank licensed under the Financial Services Act 2013.
Licensed Investment Bank	Means an investment bank licensed under the Financial Services Act 2013.
Licensed Islamic Bank	Means an Islamic bank licensed under the Islamic Financial Services Act 2013.
Manager or AHAM	Means Affin Hwang Asset Management Berhad.
MARC	Refers to Malaysian Rating Corporation Berhad.
Maturity Date	Means the date on which the Fund automatically terminates and is the date, which is the second (2nd) anniversary of the Investment Date; if the date is not a Business Day, the "Maturity Date" shall be the first Business Day following the date that is the second (2nd) anniversary of the Investment Date.
Moody's	Refers to Moody's Investors Service
NAV	Means the value of all the assets of the Fund less the value of all the liabilities of the Fund at a valuation point.
NAV per Unit	Means the NAV of the Fund at a particular valuation point divided by the number of Unit in Circulation at the same valuation point;
Offer Period	Means a period of not more than forty five (45) days from the Commencement Date of the Fund, whereby the Units of the Fund are open for sale at its Offer Price.
Offer Price	Means the fixed price for each Unit during the Offer Period.
Over-the-Counter (OTC)	OTC trades refer to trading of financial instruments directly between two parties without going through the securities exchange i.e. the financial instruments are not formally traded on a securities exchange.
Repurchase Charge	Means a charge imposed pursuant to a repurchase request.
Repurchase Price	Means the price payable to you by us for a Unit pursuant to a repurchase request and it shall be exclusive of any Repurchase Charge.

Asset Management

Sales Charge	Means a charge imposed pursuant to a purchase request.
Selling Price	Means the price payable by you to us to create a Unit in the Fund and it shall be exclusive of any Sales Charge.
Sophisticated Investor	<p>Refers to –</p> <ol style="list-style-type: none"> (1) an individual whose total net personal assets, or total net joint assets with his or her spouse, exceed MYR 3 million or its equivalent in foreign currencies, excluding the value of the individual's primary residence; (2) an individual who has a gross annual income exceeding MYR 300,000 or its equivalent in foreign currencies per annum in the preceding 12 months; (3) an individual who, jointly with his or her spouse, has a gross annual income exceeding MYR 400,000 or its equivalent in foreign currencies per annum in the preceding 12 months; (4) a corporation with total net assets exceeding MYR 10 million or its equivalent in foreign currencies based on the last audited accounts; (5) a partnership with total net assets exceeding MYR 10 million or its equivalent in foreign currencies; (6) a unit trust scheme or prescribed investment scheme; (7) a private retirement scheme; (8) a closed-end fund approved by SC; (9) a company that is registered as a trust company under the Trust Companies Act 1949 which has assets under management exceeding MYR 10 million or its equivalent in foreign currencies; (10) a corporation that is a public company under the Companies Act 2016 which is approved by the SC to be a trustee under the Act and has assets under management exceeding MYR 10 million or its equivalent in foreign currencies; (11) a statutory body established by an Act of Parliament or an enactment of any State; (12) a pension fund approved by the Director General of Inland Revenue under section 150 of the Income Tax Act 1967 [Act 53]; (13) central bank of Malaysia; (14) a holder of a capital markets services licence or an executive director or a chief executive officer of a holder of a capital markets services licence; (15) a licensed bank as defined in the Financial Services Act 2013; (16) a licensed Islamic bank as defined in the Islamic Financial Services Act 2013; (17) a licensed insurer as defined in the Financial Services Act 2013; (18) a licensed takaful operator as defined in the Islamic Financial Services Act 2013; (19) a Labuan bank or an insurance licensee as defined in the Labuan Financial Services and Securities Act 2010 [Act 704]; (20) a takaful licensee as defined in the Labuan Islamic Financial Services and Securities Act 2010 [Act 705]; and (21) such other investor(s) as may be permitted by the Securities Commission Malaysia from time to time and/or under the relevant guidelines for wholesale funds.
Special Resolution	<p>Means a resolution passed by a majority of not less than three quarter (¾) of Unit Holders voting at a meeting of the Unit Holders.</p> <p><i>For the purpose of terminating the Fund, a Special Resolution is passed by a majority in number representing at least three quarter (¾) of the value of Units held by the Unit</i></p>

Asset Management

	<i>Holders voting at the meeting in person or by proxy.</i>
Trustee	Refers to TMF Trustees Malaysia Berhad.
Unit or Units	Means an undivided share in the beneficial interest and/or right in the Fund and a measurement of the interest and/or right of a Unit Holder in the Fund and means a Unit of the Fund.
Units in Circulation	Means Units created and fully paid and which has not been cancelled. <i>It is also the total number of Units issued at a particular valuation point.</i>
Unit Holder or Unit Holders or you	Refers to the person for the time being who is in full compliance with the relevant laws and is a Sophisticated Investor pursuant to the Guidelines and the Information Memorandum, is registered pursuant to the Deed as a holder of Units, including a jointholder. In relation to the Fund, means all the Unit Holders of Units in the Fund

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