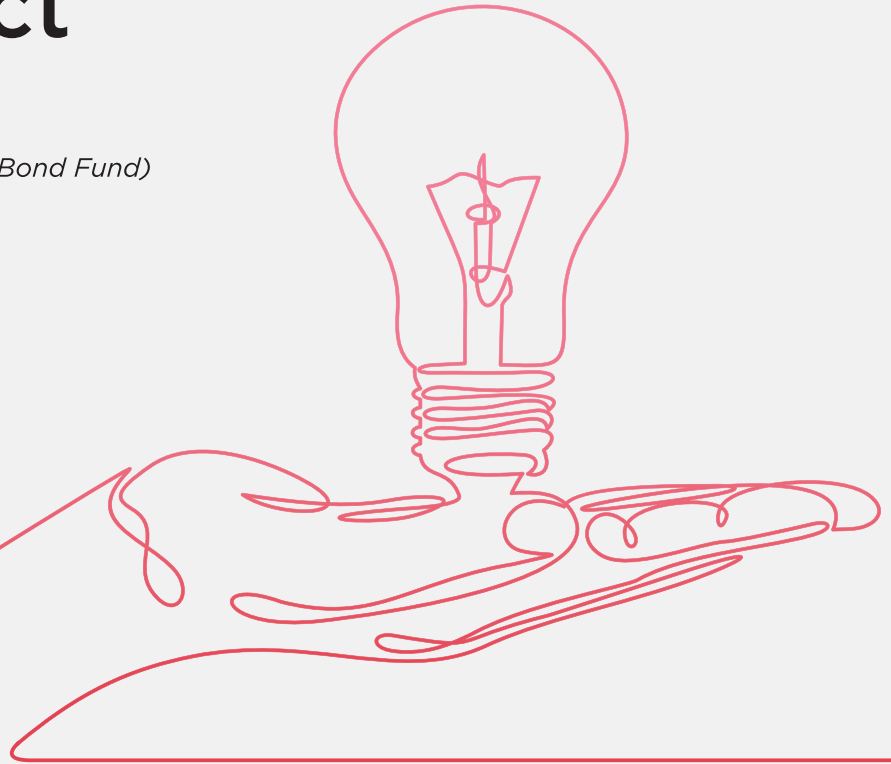


Prospectus

# AHAM Select Bond Fund

*(Formerly known as Affin Hwang Select Bond Fund)*



MANAGER

**AHAM Asset Management Berhad**

(Formerly known as Affin Hwang Asset Management Berhad)  
Registration No.: 199701014290 (429786-T)

TRUSTEE

**HSBC (Malaysia) Trustee Berhad**

Registration No.: 193701000084 (1281-T)

This Prospectus is dated 22 November 2022.

The AHAM Select Bond Fund was constituted on 28 July 2003\*.

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

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER. THIS IS A REPLACEMENT PROSPECTUS THAT REPLACES AND SUPERCEDES THE PROSPECTUS DATED 18 JULY 2017 AND THE FIRST SUPPELEMENTAL PROPSECTUS DATED 17 SEPTEMBER 2021. FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 4.



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

### **Responsibility Statements**

This Prospectus has been reviewed and approved by the directors of AHAM Asset Management Berhad (*formerly known as Affin Hwang Asset Management Berhad*) (“AHAM”) 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 the 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 AHAM, 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.

**INVESTORS SHOULD BE AWARE THAT THE CAPITAL OF THE FUND WILL BE ERODED WHEN THE FUND DECLARES DISTRIBUTION OUT OF CAPITAL AS THE DISTRIBUTION IS ACHIEVED BY FORGOING THE POTENTIAL FOR FUTURE CAPITAL GROWTH AND THIS CYCLE MAY CONTINUE UNTIL ALL CAPITAL IS DEPLETED.**



**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.**

# TABLE OF CONTENTS

ABBREVIATION	1
GLOSSARY	1
RISK FACTORS	4
ABOUT AHAM SELECT BOND FUND	8
DEALING INFORMATION	14
FEES, CHARGES AND EXPENSES	20
PRICING	23
SALIENT TERMS OF THE DEED	26
THE MANAGER	33
THE TRUSTEE	34
RELATED PARTIES TRANSACTION AND CONFLICT OF INTEREST	36
<b>TAX ADVISER'S LETTER</b>	37
RELEVANT INFORMATION	43
CONSENTS	44
DOCUMENTS AVAILABLE FOR INSPECTION	45
DIRECTORY OF SALES OFFICE	46

# CORPORATE DIRECTORY

## **The Manager/AHAM**

**AHAM Asset Management Berhad**

*(formerly known as Affin Hwang Asset Management Berhad)*

### **Registered Office**

3<sup>rd</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@aham.com.my](mailto:customercare@aham.com.my)

Website : [www.aham.com.my](http://www.aham.com.my)

## **The Trustee**

**HSBC (Malaysia) Trustee Berhad**

### **Registered Office & Business Address**

Level 19, Menara IQ, Lingkaran TRX, 55188 Tun Razak Exchange, Kuala Lumpur

Tel No. : (603) 2075 7800

Fax No. : (603) 2179 6511

E-mail : [fs.client.services.myh@hsbc.com.my](mailto:fs.client.services.myh@hsbc.com.my)

## ABBREVIATION

<b>FIMM</b>	Federation of Investment Managers Malaysia.
<b>IUTA</b>	Institutional Unit Trust Scheme Advisers.
<b>RM</b>	Ringgit Malaysia.
<b>PHS</b>	Product Highlights Sheet.
<b>SC</b>	Securities Commission Malaysia.
<b>USD</b>	United States Dollars.

## GLOSSARY

<b>the Act</b>	Means the Capital Markets and Services Act 2007 as originally enacted and amended or modified from time to time.
<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 and/or one or more of the foreign markets in which the Fund is invested in are open for business/trading.
<b>Class(es)</b>	Means any class of Units representing similar interests in the assets of the Fund although a class of Units of the Fund may have different features from another class of Units of the same Fund.
<b>CVC Capital Partners Asia Fund V</b>	Means collectively (1) CVC Capital Partners Asia V L.P.; (2) CVC Capital Partners Investment Asia V L.P.; and (3) CVC Capital Partners Asia V Associates L.P.
<b>Deed</b>	Refers to the deed dated 1 July 2003 as amended by first supplemental deed dated 29 December 2005, second supplemental deed dated 18 June 2007, third supplemental deed dated 15 October 2008, fourth supplemental deed dated 18 January 2012, fifth supplemental deed dated 3 May 2013, sixth supplemental deed dated 27 June 2014, seventh supplemental deed dated 28 April 2017 and eighth supplemental deed dated 24 August 2022 entered into between the Manager and the Trustee.
<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>eligible markets</b>	Means an exchange, government securities market or an over-the-counter (OTC) market– <ul style="list-style-type: none"> <li>a) that is regulated by a regulatory authority of that jurisdiction;</li> <li>b) that is open to the public or to a substantial number of market participants; and</li> <li>c) on which financial instruments are regularly traded.</li> </ul>
<b>financial institution</b>	Means <ul style="list-style-type: none"> <li>a) 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; or</li> </ul> </li> <li>b) if the institution is outside Malaysia, any institution that is licensed, registered, approved or authorised by the relevant banking regulator to provide financial services.</li> </ul>
<b>Forward Pricing</b>	Means the price of a Unit which 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 AHAM Select Bond Fund ( <i>formerly known as Affin Hwang Select Bond Fund</i> ).
<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>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>Hedged-class</b>	Means a particular Class that aims to reduce the effect of exchange rate fluctuations between the base currency of the Fund and the currency in which the Unit Holders are exposed to through the NAV hedging method carried out by the Fund. The NAV hedging method is undertaken to mitigate substantial currency movements between the base currency of the Fund and the currency of the Hedged-class.
<b>LPD</b>	Means 30 August 2022 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>Manager/AHAM</b>	Refers to AHAM Asset Management Berhad ( <i>formerly known as Affin Hwang Asset Management Berhad</i> ).
<b>Medium to long-term</b>	Means a period between three (3) to five (5) years.
<b>Net Asset Value or NAV</b>	Means the value of all the Fund's assets less the value of all the Fund's liabilities at a valuation point. Where the Fund has more than one Class, there shall be a Net Asset Value of the Fund attributable to each Class.
<b>NAV per Unit</b>	Means the NAV of the Fund at a particular valuation point divided by the number of Units in Circulation at the same valuation point; where the Fund has more than one Class, there shall be a Net Asset Value per Unit for each Class; the Net Asset Value per Unit of a Class at a particular valuation point shall be the Net Asset Value of the Fund attributable to that Class divided by the number of Units in Circulation of that Class at the same valuation point.
<b>Prospectus</b>	Means this prospectus and includes any supplemental or replacement prospectus, as the case may be.
<b>Repurchase Charge</b>	Means a charge imposed pursuant to a repurchase request.
<b>Repurchase Price</b>	Means the price payable to you by us pursuant to a repurchase of a Unit and it shall be exclusive of any Repurchase Charge.
<b>Sales Charge</b>	Means a charge imposed pursuant to a purchase request.
<b>Selling Price</b>	Means the price payable by you for us to create a Unit in the Fund and it shall be exclusive of any Sales Charge.
<b>short-term</b>	Means a period of less than three (3) years.
<b>Special Resolution</b>	Means a resolution passed by a majority of not less than three quarter ( $\frac{3}{4}$ ) of Unit Holders voting at a meeting of Unit Holders. <i>For the purpose of terminating the Fund or a Class, a special resolution is passed by a majority in number representing at least three quarter (<math>\frac{3}{4}</math>) of the value of Units held by Unit Holders voting at the meeting.</i> <i>For the purpose of terminating a Class, a special resolution passed by Unit Holders of that particular Class voting at the meeting is required.</i>
<b>Trustee</b>	Refers to HSBC (Malaysia) Trustee Berhad.
<b>Unit(s)</b>	Means a measurement of the right or interest of a Unit Holder in the Fund and

	where multiple Classes are issued means a unit of that Class.
<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), investor(s), you</b>	Means the person / corporation registered as the holder of a Unit or Units including persons jointly registered.

**Note:**

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, fraud, dishonesty or weaknesses in operational process and systems, may adversely affect the performance of the Fund.

### **Performance risk**

The performance of the Fund depends on the financial instruments that the Fund purchases. If the instruments do not perform within expectation or if there is a default, then, the performance of the Fund will be impacted negatively. The performance of the Fund may also be impacted if the allocation of assets is not properly done. This is where the experience and expertise of the fund managers are important and the risk on the lack of experience and expertise of the fund managers has been highlighted above. On that basis, there is never a guarantee that investing in the Fund will produce the desired investment returns or distribution of income.

### **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 and subsequently the value of Unit Holders' investments in 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 regularly 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/financed money includes you being unable to service the loan/financing 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/financing.

### **Suspension of repurchase request risk**

Having considered the best interests of Unit Holders, the repurchase requests by the Unit Holders may be subject to suspension due to exceptional circumstances, where the market value or fair value of a material portion of the Fund's assets cannot be determined. In such case, Unit Holders will not be able to redeem their Units and will be compelled to remain invested in the Fund for a longer period of time. Hence, their investments will continue to be subject to the risks inherent to the Fund.

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## **SPECIFIC RISKS**

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The specific risks associated with the securities/instruments in which the Fund will invest are as tabulated below:-

### **Credit and default risk**

Credit risk relates to the creditworthiness of the issuers of the bonds or money market instruments and the financial institutions where the deposits are placed (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 and/or the financial institution 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 and/or a financial institution 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 bonds or money market instruments (hereinafter referred to as "investment"). Generally, movement in interest rates affects the prices of investment inversely. For example, when interest rates rise, prices of investment will fall. The fluctuations of the prices of investment will also have an impact on the NAV of the Fund. This risk can largely be eliminated by holding the investment until their maturity. We also manage interest rate risk by considering each investment's sensitivity to interest rate changes. When interest rates are expected to increase, the Fund would then likely seek to switch to investment that are less sensitive to interest rate changes. For investments in deposits, the fluctuations in the interest rates will not affect the placement of deposits but will result in the opportunity loss by the Fund if the placement of deposits is made at lower interest rate.

### **Embedded derivatives risk**

The NAV of the Fund will be impacted by the valuation of the embedded derivatives. Factors that may impact the valuation of the embedded derivatives will include, but not be 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 embedded derivatives 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 embedded derivatives that the Fund invested in.

### **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 in. For example, the deteriorating economic condition of such countries may adversely affect the value of the investments undertaken by the Fund in those affected countries. This in turn may cause the NAV of the Fund or prices of Units to fall.

### **Currency risk**

As the investments of the Fund may be denominated in currencies other than the base currency of the Fund, any fluctuation in the exchange rate between the base currency of the Fund 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.

#### Currency risk at the Hedged-class level

Currency hedging reduces the effect of exchange rate movements for the Hedged-class, but it does not entirely eliminate currency risk between the Hedged-class and the base currency of the Fund (not a perfect hedge). Hence, the unhedged portion of the respective Hedged-class will still be affected by the exchange rate movements and it may cause fluctuations of NAV of the respective Hedged-class. You should note, however, that if the exchange rate moves favourably, the Hedged-class will not benefit from any upside in currency movement due to the hedging strategy. In addition, hedging is subject to a minimum investment size of entering into a forward contract and the cost of hedging which may affect returns of the respective Hedged-class.

### **Regulatory risk**

The investments of the Fund would be exposed to changes in the laws and regulations in the countries the Fund is invested in. These regulatory changes pose a risk to the Fund as it may materially impact the investments of the Fund. In an effort to manage and mitigate such risk, the Manager seeks to continuously keep abreast of regulatory developments (for example, by closely monitoring announcements on regulators' website and mainstream media) in that country. 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.

### **Distribution out of capital risk**

The Fund may distribute income out of capital. Such capital distributions represent a return or withdrawal of part of the amount of your original investment and/or capital gains attributable to the original investment and will result in a reduction in the NAV per Unit of the Classes and reduce the capital available for future investment and capital growth. Future capital growth may therefore be constrained.

## **RISK MANAGEMENT**

In our day-to-day running of the business, we employ a proactive risk management approach to manage portfolio risks, operational risks and liquidity 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 respective 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.

To manage non-compliance risks, we use information technology system that is able to monitor the trading of investment 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 person(s) or members of a committee undertaking the oversight function of the Fund 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 embedded derivatives whereby such risk arises when the counterparty is not able to meet their contractual obligations. Prior to entering into a contract with the counterparties, we will conduct an evaluation on the credit standing of the counterparties 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 counterparty may have 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 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.

### **Liquidity Risk Management**

We have established liquidity risk management policies to enable us to identify, monitor and manage the liquidity risk of the Fund in order to meet the repurchase requests from the Unit Holders with minimal impact to the Fund as well as safeguarding the interests of the remaining Unit Holders. Such policies take into account, amongst others, the asset class of the Fund and the redemption policy of the Fund. To manage the liquidity risk, we have put in place the following procedures:

- a) The Fund may hold a maximum of 30% of its NAV in money market instruments and/or deposits. This will allow the Fund to have sufficient buffer to meet the Unit Holders' repurchase request;
- b) Regular review by the designated fund manager on the Fund's investment portfolio including its liquidity profile;
- c) Daily monitoring of the Fund's net flows and periodic liquidity stress testing of the Fund's assets against repurchase requests during normal and adverse market conditions are performed as pre-emptive measures in tracking the Fund's liquidity status. This will ensure that we are prepared and able to take the necessary action proactively to address any liquidity concerns, which would mitigate the potential risks in meeting Unit Holders' repurchase requests; and
- d) Suspension of repurchase requests from the Unit Holders under exceptional circumstances where the market value or fair value of a material portion of the Fund's assets cannot be determined. During the suspension period, the repurchase requests from the Unit Holders will be accepted but will not be processed. Such repurchase requests will only be processed on the next Business Day once the suspension is lifted. That said, the action to suspend repurchase requests from the Unit Holders shall be exercised only as a last resort by the Manager having considered the best interests of Unit Holders.

**! 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 AHAM SELECT BOND FUND

- Fund Category** : Bond
- Fund Type** : Income
- Base Currency** : RM
- Launch Date** : 28 July 2003
- Financial Year End** : 31 March
- Distribution Policy** : Subject to the availability of income, the Fund will distribute income on a quarterly basis. However, the amount of income available for distribution may fluctuate from year to year.
- At our discretion, the Fund may distribute (1) realised income, (2) realised capital gains, (3) unrealised income, (4) unrealised capital gains, (5) capital, or (6) a combination of any of the above.
- Deed** : Deed dated 1 July 2003, first supplemental deed dated 29 December 2005, second supplemental deed dated 18 June 2007, third supplemental deed dated 15 October 2008, fourth supplemental deed dated 18 January 2012, fifth supplemental deed dated 3 May 2013, sixth supplemental deed dated 27 June 2014, seventh supplemental deed dated 28 April 2017 and eighth supplemental deed dated 24 August 2022.

## INVESTMENT OBJECTIVE

To provide investors with a steady income stream over the medium to long-term period through investments primarily in bonds and other fixed income securities.

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

## BENCHMARK

Maybank 12-month fixed deposit rate\*

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

*(Source: Maybank 12-month fixed deposit rate at <http://www.maybank2u.com>)*

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

*Note: The performance of the Maybank 12-month fixed deposit rate benchmark will be measured in RM terms to gauge the returns of RM denominated investments.*

## ASSET ALLOCATION

Bonds	Minimum 70%
Money market instruments and/or deposits	Maximum 30%

## INVESTMENT STRATEGY

The Fund will focus on achieving its objective by investing a minimum 70% of the Fund's NAV in bonds and a maximum 30% of the Fund's NAV in money market instruments and/or deposits.

We will combine a top-down and bottom-up investment approach to identify investment opportunities. Macroeconomic trends and market analysis are the important considerations in deriving the top-down perspective on interest rate outlook, fixed income markets and currency movements. For its bottom-up approach, we would conduct analysis on the issuers to assess its ability to service its debt obligations.

The Fund's investment in bonds would consist of government and corporate bonds. The selection of bonds will not be constrained by credit ratings of issuances. However, the selection will depend largely on its quality where the respective issuers display strong ability to meet their financial obligations, healthy cash-flow, the collateral type, value, claims priority as well as offer highest safety for timely payment of interest and principal.

To achieve its objective, the Fund will also have the flexibility to hold exposure in collective investment schemes that have similar investment objectives to the Fund.

### **Foreign Investments**

The Fund may invest in investments listed or issued in foreign markets. The decision to invest into foreign markets will be opportunistically driven where we would seek out investments that could provide a potential to enhance the returns of the Fund. The Fund will invest only into countries which are eligible markets.

### **Derivatives and Embedded Derivatives**

Derivative trades may be carried out for hedging purposes through financial instruments including, but not limited to, forward contracts, futures contracts and swaps. Future and forward contracts are generally contracts between two (2) parties to trade an asset at an agreed price on a pre-determined future date. Swaps, whereas, is an agreement to swap or exchange two (2) financial instruments between two (2) parties.

The intention of hedging is to preserve the value of the asset from any adverse price movements. For example, to hedge against foreign currency exchange risk, the Fund may enter into a currency forward contract to offset any adverse foreign currency movements by determining an agreed rate for an agreed tenure with its counterparty. While these hedging transactions will assist with mitigating the potential foreign exchange losses by the Fund, any potential foreign exchange gains from the hedging strategy will be capped as well.

The Fund may also invest in embedded derivatives such as, but not limited to, credit linked notes. Investment in these embedded derivatives will provide the Fund with the exposure to the reference asset. Each of these embedded derivatives has its own targeted maturity and will expose investors to the price fluctuations of, in the case of a credit linked note, the credit that the credit linked note is linked to. As a result, any fluctuation in the price of the embedded derivative may also lead to fluctuations in the NAV of the Fund i.e. if the price of the embedded derivative sees a drop in price, the NAV of the Fund will also be negatively impacted. As the credit linked note is structured by an external party, investments in the embedded derivative will also expose the Fund to counterparty risk, which we will attempt to mitigate by carrying out a stringent selection process on its counterparty prior to an investment being made. Risk of embedded derivatives will also be mitigated by limiting the Fund's total exposure to not more than 10% of the Fund's NAV.

The Fund adopts commitment approach to measure the Fund's global exposure to derivatives and embedded derivatives. The commitment approach is a methodology that aggregates the underlying market values or notional values of derivatives and/or embedded derivatives after taking into account the possible effects of netting and/or hedging arrangements. The Fund's global exposure from the derivatives position must not exceed 100% of NAV of the Fund at all times.

### Temporary Defensive Position

We hold the option to take temporary defensive positions that may be inconsistent with the Fund's principal strategy and asset allocation to protect the Fund against adverse market conditions that may impact the financial markets. To manage the risk of the Fund, we may shift the Fund's assets to be temporarily invested in money market instruments and/or deposits.

### Cross Trades Policy

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

## PERMITTED INVESTMENTS

- Listed securities on eligible markets;
- Unlisted securities including, without limitation, securities that have been approved by the relevant regulatory authorities for the listing of and quotation for such securities;
- Debentures;
- Money market instruments;
- Deposits;
- Derivatives, for the purpose of hedging only;
- Warrants;
- Embedded derivatives;
- Units or shares in collective investment schemes; and
- 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

Subject to the Guidelines, the purchase of permitted investments stated above shall not contravene the following limits, unless otherwise revised by the SC from time to time:

- (a) The Fund's assets must be relevant and consistent with the investment objective of the Fund;
- (b) The aggregate value of the Fund's investments in bonds that are not traded or dealt in or under the rules of an eligible market must not exceed 15% of the Fund's NAV, subject to a maximum limit of 10% of the Fund's NAV in a single issuer ("Exposure Limit");
- (c) The value of the Fund's placements in deposits with any single financial institution shall not exceed 20% of the Fund's NAV ("Single Financial Institution Limit");
- (d) The Single Financial Institution Limit does not apply to placements of deposits arising from:
  - (i) Subscription monies received prior to the commencement of investment by the Fund;
  - (ii) Liquidation of investments prior to the terminate on of the Fund, where the placement of deposits with various financial institutions would not be in the best interests of Unit Holders; or
  - (iii) Monies held for the settlement of redemption or other payment obligations, where the placement of deposits with various financial institutions would not be in the best interests of Unit Holders;
- (e) For investments in derivatives/embedded derivatives, the exposure to the underlying assets of that derivative/embedded derivative must not exceed the investment restrictions or limitations applicable to such underlying assets and investments stipulated in the Guidelines and the value of the Fund's over-the-counter (OTC) derivative transaction with any single counter-party shall not exceed 10% of the Fund's NAV;

- (f) The Fund's global exposure from derivatives position shall not exceed the Fund's NAV at all times;
- (g) The aggregate value of the Fund's investments in or exposure to, a single issuer through bonds, money market instruments, deposits, underlying assets of derivatives and counterparty exposure arising from the use of OTC derivatives shall not exceed 25% of the Fund's NAV ("Single Issuer Aggregate Limit"). In determining the Single Issuer Aggregate Limit, the value of the Fund's investments in instruments in Exposure Limit above issued by the same issuer must be included in the calculation;
- (h) The value of the Fund's investment in units or shares of any collective investment scheme must not exceed 20% of the Fund's NAV provided that the collective investment scheme complies with the requirements of the Guidelines;
- (i) The value of the Fund's investments in units or shares of a collective investment scheme that invests in real estate must not exceed 15% of the Fund's NAV;
- (j) The warrants that the Fund invests in shall carry the right in respect of a security traded in or under the rules of an eligible market;
- (k) The value of the Fund's investments in bonds and money market instruments issued by any single issuer must not exceed 20% of the Fund's NAV ("Single Issuer Limit"). In determining the Single Issuer Limit, the value of the Fund's investments in instruments in Exposure Limit above issued by the same issuer must be included in the calculation;
- (l) The Single Issuer Limit above may be increased to 30% if the bonds are rated by any Malaysian or global rating agency to have the highest long-term credit rating;
- (m) Where the Single Issuer Limit is increased to 30% pursuant to above, the Single Issuer Aggregate Limit may be raised to 30% of the Fund's NAV;
- (n) The value of the Fund's investments in bonds and money market instruments issued by any group of companies must not exceed 30% of the Fund's NAV "(Group Limit)". In determining the Group Limit, the value of the Fund's investments in instruments in Exposure Limit above issued by the issuers within the same group of companies must be included in the calculation;
- (o) The Single Issuer Limit may be raised to 35% of the Fund's NAV if the issuing entity is, or the issue is guaranteed by, either a foreign government, foreign government agency, foreign central bank or supranational, that has a minimum long-term credit rating of investment grade (including gradation and subcategories) by an international rating agency;
- (p) Where the Single Issuer Limit is increased to 35% of the Fund's NAV the Single Issuer Aggregate Limit may be raised, subject to the Group Limit not exceeding 35% of the Fund's NAV;
- (q) The Fund's investments in transferable securities (other than bonds) must not exceed 10% of the securities issued by any single issuer;
- (r) The Fund's investments in bonds must not exceed 20% of the bonds issued by any single issuer. This limit may be disregarded at the time of acquisition if at that time of acquisition the gross amount of bonds in issue cannot be determined;
- (s) The Fund's investments in money market instruments shall not exceed 10% of the instruments issued by any single issuer. *This does not apply to money market instruments that do not have a pre-determined issue size;*
- (t) The Fund's investments in collective investment schemes shall not exceed 25% of the units/shares in the collective investment scheme; and
- (u) Any other investment limits or restrictions imposed by the relevant regulatory authorities or pursuant to any laws and regulations applicable to the Fund.

Please note that the above restrictions and limits do not apply to securities or instruments issued or guaranteed by the Malaysian government or Bank Negara Malaysia.

In respect of the above investment restrictions and limits, any breach as a result of any (a) appreciation or depreciation in value of the Fund's investments; (b) repurchase of Units or payment made out of the Fund; (c) change in capital of a corporation in which the Fund has invested in; or (d) downgrade in or cessation of a credit rating, must be rectified as soon as practicable within three months from the date of the breach unless otherwise specified in the Guidelines. Nevertheless, the three-month period may be extended if it is in the best interests of Unit Holders and the Trustee's consent has been obtained. Such extension must be subject to at least a monthly review by the Trustee.

## VALUATION OF THE FUND

We will ensure that the valuation of the Fund is carried out in a fair manner in accordance to the relevant laws and Guidelines. We will obtain the daily price or value of the assets for the purpose of valuing the Fund in accordance with 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:

### Listed Securities

Valuation of investments in listed securities shall be based on the closing price or last known transacted price on the eligible market on which the investment is quoted. If the price is not representative of its fair value or is not available to the market, including in the event of suspension in the quotation of the securities for a period exceeding fourteen (14) days, or such shorter period as agreed by the Trustee, the investments will be valued at fair value as determined in good faith by the Manager or its delegate, based on the methods or bases verified by the auditor of the Fund and approved by the Trustee.

### Unlisted Securities

For unlisted RM denominated debt securities, valuation will be done using the price quoted by a bond pricing agency ("BPA") registered with the SC. For non-RM denominated unlisted debt securities, valuation will be based on the average indicative price quoted by independent and reputable financial institutions. Where the Manager is of the view that the price quoted by BPA differs from the fair value or where reliable market quotations are not available, the fair value will be determined in good faith by the Manager using methods and bases which have been verified by the auditor of the Fund and approved by the Trustee.

For other unlisted securities, valuation will be based on fair value as determined in good faith by the Manager using methods or bases which have been verified by the auditor of the Fund and approved by the Trustee.

### Deposits

Valuation of 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.

### Money Market Instruments

Valuation of RM denominated money market instruments will be done using the price quoted by a BPA registered with the SC. For non-RM denominated money market instruments, valuation will be done using an average of quotations provided by reputable financial institutions. Where the Manager is of the view that the price quoted by BPA differs from the fair value or where reliable market quotations are not available, the fair value will be determined in good faith by the Manager. This may be determined by reference to the valuation of other money market instruments which are comparable in rating, yield, expected maturity date and/or other characteristics.

### Collective Investment Scheme

Unlisted collective investment schemes will be valued based on its the last published repurchase price. For listed collective investment schemes, valuation will be done in a similar manner used in the valuation of listed securities as described above.

### Derivatives and Embedded Derivatives

Valuation of derivatives and embedded derivatives will be based on the prices provided by the respective issuers. The issuers generate the market valuation through the use of their own proprietary valuation models, which incorporate all the relevant and available market data with respect to the derivatives and embedded derivatives (e.g. interest rates, movement of the underlying assets, volatility of the underlying assets, the correlation of the underlying assets and such other factors). For foreign exchange forward contracts ("FX Forwards"), interpolation formula is applied to compute the value of the FX Forwards based on the rates provided by Bloomberg or Reuters. If the rates are not available on Bloomberg or Reuters, the FX Forwards will be valued based on fair value as determined in good faith by the Manager, on methods or bases which have been verified by the auditor of the Fund and approved by the Trustee.

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



## VALUATION POINT FOR THE FUND

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 day”). All foreign assets are translated into RM based on the last available bid exchange rate quoted by Bloomberg or Reuters at 4.00 p.m. (United Kingdom time) which is equivalent to 11.00 p.m. or 12 midnight (Malaysian time) on the same day, or at such time as stipulated in the investment management standards issued by the FiMM.

## FINANCING AND SECURITIES LENDING

The Fund is not permitted to borrow cash or other assets in connection with its activities. However, the Fund may borrow cash for the purpose of meeting repurchase requests for Units and for bridging requirements. Such borrowings are subjected 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.

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.

**The Fund may create new Classes without having to seek Unit Holders’ prior approval. You will be notified of the issuance of the new Classes by way of a communiqué and the prospective investors will be notified of the same by way of a supplemental/replacement prospectus.**

# 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.

### HOW TO PURCHASE UNITS?

- If you intend to invest in the USD Hedged-class, you are required to have a foreign currency account (USD) with any financial institution as all transactions relating to the USD Hedged-class will ONLY be made via telegraphic transfers.
- You may submit the purchase request by completing an application form and returning it to us between 8.45 a.m. to 3.30 p.m. on a Business Day.
- You are required to provide us with the following completed forms and documents. However, we reserve the right to request for additional documentations before we process the purchase application.

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; and</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; and</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?

- 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.aham.com.my](http://www.aham.com.my).
- Bank charges or other bank fees, if any, will be borne by you.

## WHAT IS THE PROCESS OF THE PURCHASE APPLICATION?

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

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

	USD Hedged-class	RM Class
Minimum Initial Investment*	USD 1,000	RM 1,000
Minimum Additional Investment*	USD 100	RM 100
Minimum Repurchase Amount*	200 Units	200 Units
Minimum Holding of Units*	2,000 Units	2,000 Units
Minimum Switching of Units *	200 Units	200 Units

*\*At our discretion, we may reduce the transaction value and Units, including for transactions made via digital channels, subject to the terms and conditions disclosed in the respective channels.*

## WHAT IS THE DIFFERENCE BETWEEN PURCHASING USD HEDGED-CLASS AND OTHER CLASSES?

- You should note that there are differences when purchasing Units in RM Class and USD Hedged-class.

For illustration purposes, please refer to the table below:-

Classes	RM Class	USD Hedged-class
NAV per Unit	RM 0.7302	USD 0.50
Currency exchange rate	RM 1 = RM 1	RM 1 = USD 0.25
Invested amount	RM 50,000 x RM 1 = RM 50,000	RM 50,000 x USD 0.25 = USD 12,500
Units received	RM 50,000 ÷ RM 0.7302 = 68,474 Units	USD 12,500 ÷ USD 0.50 = 25,000 Units

*Invested amount = RM 50,000 x currency exchange rate of the Class*

*Units received = Invested amount ÷ NAV per Unit of the Class*

By purchasing Units in the RM Class, you will receive more Units for every RM invested in the Fund (i.e. 68,474 Units) compared to purchasing Units in the USD Hedged-class (i.e. 25,000 Units). Higher investment value in the base currency of the Fund (regardless of unit holdings) may give you an advantage when voting at Unit Holders meetings as you have more voting rights due to the larger investment value in the base currency of the Fund owned (except in situations where a show of hands is required to pass a resolution). However, you should also note that in a Unit Holders’ meeting to terminate the Fund, a Special Resolution may only be passed by a majority in number representing at least  $\frac{3}{4}$  of the value of the Units held by Unit Holders voting at the meeting, and not based on number of Units owned.

## **HOW TO REPURCHASE UNITS?**

- It is important to note that, you must meet the above minimum holding of Units after a repurchase transaction.

If you insist on making a repurchase request knowing that after the transaction you will hold less than the minimum holding of Units, we may withdraw all your holding of Units and pay the proceeds to you.

We may, with the consent of the Trustee, reserve the right to defer your repurchase request if such transaction would adversely affect the Fund or the interest of the Unit Holders.

- 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.
- Payment of the repurchase proceeds will be made via bank transfer where proceeds will be transferred to your bank account. Where Units are held jointly, payment will be made to the person whose name appears first in the register of Unit Holders.
- Bank charges and other bank fees, if any, will be borne by you.

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

- For a repurchase request received or deemed to have been received by us at or before 3.30 p.m. on a Business Day (or "T day"), Units will be repurchased based on the NAV per Unit of a Class for that Business Day. Any repurchase request received after 3.30 p.m. will be transacted on the next Business Day (or "T + 1 day").
- Repurchase of Units must be made in terms of Units or value, provided it meets the minimum repurchase amount for each Class.
- 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 seven (7) Business 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.aham.com.my](http://www.aham.com.my).

## **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 [customercare@aham.com.my](mailto:customercare@aham.com.my).

## **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 prices mentioned below and the Sales Charge imposed on the day those Units were purchased.

- If the price of a Unit on the day the Units were first purchased ("original price") is higher than the price of a Unit at the point of exercise of the cooling-off right ("market price"), you will be refunded based on the market price at the point of cooling-off; or
- If the market price is higher than the original price, you will be refunded based on the original price at the point of cooling-off.

You will be refunded within seven (7) Business Days from our 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 trust funds, you are not entitled to this right.

We will process your cooling-off request if your request is received or deemed to have been received by us at or before 3.30 p.m. on a Business Day (or "T day"). Any cooling-off request received after 3.30 p.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.

## SWITCHING FACILITY

Switching facility enables you to switch:

- between Classes of the Fund; or
- into any of our funds (or its classes), provided that the fund (or its class) is denominated in the same currency as the Class that you intend to switch out, and it is subject to the terms and conditions applicable for the respective funds.

However, you must meet the minimum holding of Units requirements of the Class that you switched out from and the minimum investment amount of the fund (or its class) that you intend to switch into. The minimum holding of Units for the respective Classes is as below:

USD Hedged-class	RM Class
2,000 Units*	2,000 Units*

The minimum amount per switch of the Fund is as follows:

USD Hedged-class	RM Class
200 Units*	200 Units*

\*At our discretion, we may reduce the transaction of Units, including for transactions via digital channels, subject to terms and conditions disclosed in the respective channels.

You are also to note that we reserve the right to reject any switching requests that are regarded as disruptive to efficient portfolio management, or request that we deem to be contrary to the best interest of the Fund and/or the existing Unit Holders of a particular Class.

The process of the switching application is as below:

### ➤ **Switching between Classes of the Fund**

You must complete a switching transaction form and submit it to us together with relevant supporting documents, if any. If we receive your switching request at or before the cut-off time of 3.30 p.m. on a Business Day, we will process it using the NAV per Unit of a Class for that Business Day (or "T day"). If we receive your switching request after 3.30 p.m., we will process it using the NAV per Unit of a Class calculated at the end of the next Business Day (or "T + 1 day").

➤ **Switching from the Classes of this Fund into other funds (or its class) managed by AHAM**

You must complete a switching transaction form and submit it to us at or before the cut-off time of 3.30 p.m. on a Business Day (or “T day”) together with relevant supporting documents, if any. If we receive your switching request after 3.30 p.m., we will process your request on the next Business Day (or “T + 1 day”).

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

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

## 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. The transfer must be made in terms of Units and not USD or RM value. There is no minimum amount of Units required to effect a transfer except that the transferor and transferee must hold the minimum holdings of Units to remain as a Unit Holder.

It is important to note that we are at liberty to disregard or refuse to process the transfer application if the processing of such instruction will 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.

## SUSPENSION OF DEALING IN UNITS

The Manager may, in consultation with the Trustee and having considered the interests of the Unit Holders, suspend the dealing in Units\* due to exceptional circumstances, where there is good and sufficient reason to do so. The Manager will cease the suspension as soon as practicable after the exceptional circumstances have ceased, and in any event, within twenty-one (21) days from the commencement of suspension.

The period of suspension may be extended if the Manager satisfies the Trustee that it is in the best interest of the Unit Holders for the dealing in Units to remain suspended, subject to a weekly review by the Trustee.

The Trustee may suspend the dealing in Units, if the Trustee, on its own accord, considers that exceptional circumstances have been triggered. In such a case, the Trustee shall immediately call for a Unit Holders’ meeting to decide on the next course of action.

\*The action to impose suspension shall only be exercised as a last resort by the Manager, as disclosed in “Liquidity Risk Management” section on page 7.

## DISTRIBUTION POLICY

Subject to the availability of income, the Fund will distribute income on a quarterly basis. However, the amount of income available for distribution may fluctuate from year to year.

At our discretion, the Fund may distribute (1) realised income, (2) realised capital gains (3) unrealised income, (4) unrealised capital gains, (5) capital, or (6) a combination of any of the above. The rationale for distribution out of capital is to allow the Fund the ability to distribute income on a regular basis in accordance with the income distribution policy of the Fund.

Having the option to tap into the additional sources of income from (3) unrealised income, (4) unrealised capital gains and/or (5) capital (collectively known as "distribution out of capital") would give the Manager the flexibility to increase the amount of income distributable to Unit Holders after taking the distribution out of capital risk into consideration.

Distribution out of capital has a risk of eroding the capital of the Fund. Payment of distribution out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distribution involving any payment out of capital of the Fund will result in an immediate reduction of the NAV per Unit. As a result, the value of future returns would be diminished.

Income distribution, if any, will be paid out in the currencies in which the Classes are denominated. You may elect the mode of distribution in cash payment or additional Units by way of reinvestment by ticking the appropriate column in the application form. You may also inform us, at any time before the income distribution date of your wish of receiving cash payment or additional Units via reinvestment. All distribution will be automatically reinvested into additional Units in the Fund if you do not elect the mode of distribution in the application form.

Any distribution payable which is less than USD/RM 300.00 will be automatically reinvested on your behalf.

Notwithstanding the above, we may also reinvest the distribution proceeds which remain unclaimed after twelve (12) months from the date of payment, provided that you still have an account with us.

### Cash Payment Process

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

To enable the cash payment process, Unit Holders investing in Classes other than RM Class are required to have a foreign currency account with any financial institution denominated in the respective currency Classes.

### Reinvestment Process

We will create Units based on the NAV per Unit of the Class at the income payment date which is within two (2) Business Days after the distribution date.

There will not be any cost for reinvestments of those additional Units i.e. no Sales Charge will be imposed on such reinvestment.

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

## UNCLAIMED MONIES

Any monies payable to you which remain unclaimed after twelve (12) months from the date of payment will be dealt as follows:-

- a) we may reinvest unclaimed distribution proceeds provided that you still have an account with us; or
- b) we will pay to the Registrar of Unclaimed Monies 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 them before investing in the Fund.

You should be aware that all fees, charges and expenses referred to or quoted in this Prospectus (including any supplemental prospectus) and the Deed (including any supplemental deed) are referred to or quoted as being exclusive of any other applicable taxes. We (including the Trustee and other service providers of the Fund) will charge any other applicable taxes on the fees, charges and expenses in accordance with any other relevant or applicable laws.

## CHARGES

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

### SALES CHARGE

Up to 2.00%\* of the NAV per Unit of a Class.

*\* Investors may negotiate for a lower charge.*

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

### REPURCHASE CHARGE

Nil.

### TRANSFER FEE

Nil..

### SWITCHING FEE

The Manager does not impose any switching fee. However, if the amount of sales charge of the fund (or class) that the Unit Holder intends to switch into is higher than the sales charge imposed by the fund (or class) being switched from, then the difference in the sales charge between the two (2) funds (or classes) shall be borne by the Unit Holder. .

## FEES AND EXPENSES

With the issuance of multiple Classes in this Fund, the fees and expenses for the Fund are apportioned based on the size of the Class relative to the whole Fund, which is also known as multi-class ratio. This apportionment is expressed as a ratio and calculated as a percentage.

As an illustration, assuming there is an indirect fee chargeable to the Fund of USD 100 and assuming further the size of the USD Hedged-class over the size of the Fund is 60% whereas the size of the RM Class over the size of the Fund is 40%, the ratio of the apportionment based on the percentage will be 60:40, 60% being borne by the USD Hedged-class and 40% being borne by the RM Class.

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

The annual management fee is up to 1.00% per annum of the NAV of the Fund and is calculated using the base currency of the Fund (before deducting the management fee and trustee fee). This management fee is calculated and accrued daily and payable monthly to the Manager.

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

Assuming that the NAV of the Fund is RM256,603,864.00 for that day, the accrued management fee for that day would be:-

$$\frac{\text{RM } 256,603,864.00 \times 1.00\%}{365 \text{ days}} = \text{RM } 7,030.24 \text{ per day}$$

The management fee is payable monthly to the Manager and is apportioned to each Class based on the multi-class ratio.

### ANNUAL TRUSTEE FEE

The annual trustee fee is up to 0.07% per annum of the NAV of the Fund, subject to a minimum of RM 18,000 per annum (excluding foreign custodian fees and charges) and is calculated using the base currency of the Fund (before deducting the management fee and trustee fee). In addition to the trustee fee, the Trustee may be reimbursed by the Fund for any expenses properly incurred by it in the performance of its duties and responsibilities.

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 RM 256,603,864.00 for the day, the accrued trustee fee for the day would be:-

$$\frac{\text{RM } 256,603,864.00 \times 0.07\%}{365 \text{ days}} = \text{RM } 492.11 \text{ per day}$$

The trustee fee is payable monthly to the Trustee and is apportioned to each Class based on the multi-class ratio.

### ADMINISTRATIVE FEES

Only fees and expenses (or part thereof) that 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 brokers/dealers in affecting 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 sub-custodians taking into custody any foreign assets or 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 any modification of the Deed of the Fund 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, fees and expenses incurred for the fund valuation and accounting of the Fund performed by a fund valuation agent; and
- Other fees/expenses permitted in the Deed.

All Fund expenses are apportioned to each Class based on the multi-class ratio.

Expenses related to the issuance of this Prospectus will be borne by the Manager.

## REBATES AND SOFT COMMISSIONS

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

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

- the soft commissions bring direct benefit or advantage to the management of the Fund and may include research and advisory related services;
- any dealing with the broker or dealer is executed on terms which are the most favourable for the Fund; and
- the availability of soft commissions is not the sole or primary purpose to perform or arrange transactions with such broker or dealer, and we or our delegates will not enter into unnecessary trades in order to achieve a sufficient volume of transactions to qualify for soft commissions.

**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.**

# PRICING

## COMPUTATION OF NAV AND NAV PER UNIT

In this section, you will be introduced to certain terms used to explain how the Fund arrives at its NAV and consequently, NAV per Unit for each Class of the Fund. Under this section, please note the following definition:-

“Value of the Fund before Income & Expenses”	Refers to the current value of the Fund inclusive of purchases and/or repurchases before the next valuation point.
“Value of a Class before Income & Expenses”	Refers to the current value of a Class inclusive of purchases and/or repurchases before the next valuation point.

You should also note that 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 of a Class is the NAV of the Fund attributable to a Class divided by the number of Units in Circulation of that particular Class, at the same valuation point.

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

For illustration purposes, the following is the computation of NAV per Unit for a particular day for the Classes. The multi-class ratio will vary and be apportioned accordingly when further Class(es) are introduced by us:

	Fund (RM)	USD Hedged- class (USD)	RM Class (RM)
Value of the Fund / Class before Income & Expenses	430,000,000.00	172,000,000.00	258,000,000
<b>Multi-class ratio *</b>	<b>100.00%</b>	<b>40%</b>	<b>60%</b>
Add: Income	2,700,000.00	1,080,000.00	1,620,000.00
Gross asset value / GAV	432,700,000.00	173,080,000.00	259,620,000.00
Less: Fund expenses	(150,000.00)	(60,000.00)	(90,000.00)
<b>NAV of the Fund (before deduction of management and trustee fees)</b>	<b>432,550,000.00</b>	<b>173,020,000.00</b>	<b>259,530,000.00</b>
Less: Management fee for the day (1.00% p.a.)	(11,850.68)	(4,740.27)	(7,110.41)
Less: Trustee fee for the day (0.07% p.a.)	(829.55)	(331.82)	(497.73)
<b>NAV</b>	<b>432,537,319.77</b>	<b>173,014,927.91</b>	<b>259,522,391.86</b>
Total Units in Circulation	435,000,000	174,000,000	261,000,000
NAV per Unit in base currency of the Fund **		0.9943	0.9943
<b>Currency exchange rate</b>	RM 1 = RM 1	USD 1 = RM 4	RM 1 = RM 1
<b>NAV per Unit in currency Class ***</b>		<b>3.9772</b>	<b>0.9943</b>

### Notes:

\* Multi-class ratio is apportioned based on the size of the Class relative to the whole Fund. This means the multi-class ratio is calculated by taking the Value of a Class before Income & Expenses for a particular day and dividing it with the Value of the Fund before Income & Expenses for that same day. This apportionment is expressed as a ratio and calculated as a percentage.

\*\* NAV per Unit of a Class is derived by dividing the NAV of a Class with Units in Circulation of the particular Class.

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

\*\*\* NAV per Unit in currency Class is derived from the NAV per Unit of a Class in the base currency of the Fund multiplied by the currency exchange rate for the particular Class.

## 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 RM 10.00 or in the case of a foreign currency Class, less than 10.00 denominated in the foreign currency denomination of the Class. An incorrect valuation and/or pricing not considered to be of minimal significance by the Trustee will result in reimbursement of moneys in the following manner:

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

## 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 Repurchase Charge are payable separately from the Selling Price and Repurchase Price.

Forward Pricing will be used to determine the Selling Price and the Repurchase Price of the respective Classes, i.e. the NAV per Unit of each Class as at the next valuation point after we receive the purchase request or repurchase request.

### Calculation of Selling Price

For illustration purposes, let's assume the following:

Class	USD Hedged-class	RM Class
Investment Amount	USD 10,000.00	RM 10,000.00
Selling Price per Unit	USD 0.50	RM 0.50
Number Of Units Received*	USD 10,000.00 ÷ USD 0.50 = 20,000 Units	RM 10,000.00 ÷ RM 0.50 = 20,000 Units
Sales Charge	2.00%	2.00%
Sales Charge Paid By Investor**	2.00% x USD 0.50 x 20,000 Units = USD 200.00	2.00% x RM 0.50 x 20,000 Units = RM 200.00
Total Amount Paid By Investor***	USD 10,000 + USD 200 = USD 10,200	RM 10,000 + RM 200 = RM 10,200

Formula for calculating:-

$$\text{* Number of Units received} = \frac{\text{Investment amount}}{\text{Selling Price per Unit}}$$

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

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

## Calculation of Repurchase Price

For illustration purposes, let's assume the following:

<i>Class</i>	USD Class	RM Class
<i>Units Repurchased</i>	20,000 Units	20,000 Units
<i>Repurchase Price per Unit</i>	USD 0.50	RM 0.50
<i>Repurchase Amount<sup>^</sup></i>	20,000 Units x USD 0.50 = USD 10,000.00	20,000 Units x RM 0.50 = RM 10,000.00
<i>Repurchase Charge</i>	0.00%	0.00%
<i>Repurchase Charge Paid By Investor<sup>^^</sup></i>	0.00% x USD 10,000.00 = USD 0.00	0.00% x RM 10,000.00 = RM 0.00
<i>Total Amount Received By Investor<sup>^^^</sup></i>	USD 10,000 - USD 0.00 = USD 10,000.00	RM 10,000 - RM 0.00 = RM 10,000.00

Formula for calculating:-

<sup>^</sup> Repurchase Amount = Unit repurchased x Repurchase Price per Unit

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

<sup>^^^</sup> Total amount received by investor = Repurchase Amount - Repurchase 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**

A Unit Holder has the right, among others, to the following:

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

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

### **Liabilities of Unit Holders**

- (a) No Unit Holder is 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;
- (b) Unit Holders shall not be under any obligation to indemnify the Trustee and/or the Manager in the event that the liabilities incurred by the Trustee and/or the Manager in the name of or on behalf of the Fund pursuant to and/or in the performance of the provisions of the Deed exceed the value of the assets of the Fund, and any right of indemnity of the Trustee and/or the Manager shall be limited to recourse to the Fund.

## **Provisions regarding Unit Holders' Meetings**

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

The quorum required for a meeting of the Unit Holders of the Fund or a Class, as the case may be, shall be five (5) Unit Holders (irrespective of the Class), whether present in person or by proxy; however, if the Fund or a Class, as the case may be, has five (5) or less Unit Holders (irrespective of the Class), the quorum required for a meeting of the Unit Holders of the Fund or a Class, as the case may be, shall be two (2) Unit Holders (irrespective of the Class), 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 (irrespective of the Class) of the Fund or a particular Class, as the case may be, at the time of the meeting.

If the Fund or a Class, as the case may be, has only one (1) remaining Unit Holder, such Unit Holder, whether present in person or by proxy, shall constitute the quorum required for the meeting of the Unit Holders of the Fund or a Class, as the case may be.

### **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), whichever is less, of all the Unit Holders of the Fund or of a particular Class, as the case may be, at the registered office of the Manager, summon a meeting of the Unit Holders of the Fund or of that Class, as the case may be, by:

- (a) sending by post at least seven (7) days before the date of the proposed meeting a notice of the proposed meeting to all the Unit Holders of the Fund or Unit Holders of a particular Class, as the case may be, 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;
- (b) publishing at least fourteen (14) days before the date of the proposed meeting an advertisement giving notice of the proposed meeting in a national language newspaper published daily and another newspaper approved by the relevant authorities; and
- (c) 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 apply to the Manager to summon a meeting for any purpose including, without limitation, for the purpose of:

- (a) requiring the retirement or removal of the Manager;
- (b) requiring the retirement or removal of the Trustee;
- (c) considering the most recent financial statements of the Fund;
- (d) giving to the Trustee such directions as the meeting thinks proper; or
- (e) considering any matter in relation to the Deed,

provided always that the Manager shall not be obliged to summon such a meeting unless a direction has been received from not less than fifty (50) or one-tenth (1/10), whichever is less, of all the Unit Holders of the Fund or all the Unit Holders of a particular Class.

The Unit Holders of a particular Class may direct the Manager to summon a meeting only in respect of matters relating to that Class.

For the avoidance of doubt, a meeting summoned for the purposes of (a) and (b) above cannot be convened where the Unit Holders consist solely from a particular Class.

#### **Unit Holders meeting convened by Manager or Trustee**

Unless otherwise required or allowed by the relevant laws, the Manager or Trustee may convene a Unit Holders' meeting by giving Unit Holders' at least fourteen (14) days' written notice specifying the place, time and terms of the resolutions to be proposed.

Provided that where the Trustee summons a meeting in the event:

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

Or where the Trustee summons a meeting for the purpose of:

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

then, a meeting of the Unit Holders summoned by the Trustee shall be summoned by:

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

## **Termination of the Fund**

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

The Fund may be terminated or wound up as provided for under the Deed as follows:-

- (a) the Manager may wind up the Fund by way of a Special Resolution; and
- (b) a Special Resolution is passed at a Unit Holders' meeting to terminate or wind up the Fund, following occurrence of events stipulated in the Deed.

Notwithstanding the aforesaid, the Manager may, in consultation with the Trustee, determine the trust and wind up the Fund without having to obtain the prior approval of the Unit Holders upon the occurrence of any of the following events:

- (a) if any new law shall be passed which renders it illegal; or
- (b) if in the reasonable opinion of the Manager it is impracticable or inadvisable to continue the Fund and the termination of the Fund is in the best interests of the Unit Holders.

If the Fund is left with no Unit Holder, the Manager shall also be entitled to terminate the Fund.

### **Procedure for the Termination of the Fund**

Upon the termination of the Fund, the Trustee shall:

- (a) sell all the assets of the Fund then remaining in its hands and pay out of the Fund any liabilities of the Fund; such sale and payment shall be carried out and completed in such manner and within such period as the Trustee considers to be in the best interests of the Unit Holders; and
- (b) from time to time distribute to the Unit Holders, in proportion to the number of Units held by them respectively:
  - (1) the net cash proceeds available for the purpose of such distribution and derived from the sale of the investments and assets of the Fund less any payments for liabilities of the Fund; and
  - (2) any available cash produce,

provided always that the Trustee shall not be bound, except in the case of final distribution, to distribute any of the moneys for the time being in his hands the amount of which is insufficient for payment to the Unit Holders of RM 0.50 (fifty cent) or its foreign currency equivalent, if applicable in respect of each Unit and provided also that the Trustee shall be entitled to retain out of any such moneys in his hands full provision for all costs, charges, taxes, expenses, claims and demands incurred, made or anticipated by the Trustee in connection with or arising out of the winding-up of the Fund and, out of the moneys so retained, to be indemnified against any such costs, charges, taxes, expenses, claims and demands; each such distribution shall be made only against the production of such evidence as the Trustee may require of the title of the Unit Holder relating to the Units in respect of which the distribution is made.

In the event of the Fund being terminated:

- (a) the Trustee shall be at liberty to call upon the Manager to grant the Trustee, and the Manager shall so grant, a full and complete release from the Deed;
- (b) the Manager shall indemnify the Trustee against any claims arising out of the Trustee's execution of the Deed provided always that such claims have not been caused by any failure on the part of the Trustee to exercise the degree of care and diligence required of a trustee as contemplated by the Deed and all relevant laws;
- (c) the Manager and the Trustee shall notify the relevant authorities in such manner as may be prescribed by any relevant law; and
- (d) the Manager or the Trustee shall notify the Unit Holders in such manner as may be prescribed by any relevant law.



Where the termination of the Fund and the winding-up of the Fund have been occasioned by any of the events set out herein:

- (a) if the Manager has gone into liquidation, except for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee and the relevant authorities;
- (b) if, in the opinion of the Trustee, the Manager has ceased to carry on business; or
- (c) if, in the opinion of the Trustee, the Manager has to the prejudice of Unit Holders failed to comply with the provisions of the Deed or contravened any of the provisions of any relevant law,

the Trustee shall summon for a Unit Holders meeting to get directions from the Unit Holders and also arrange for a final review and audit of the final accounts of the Fund by the auditor of the Fund; in all other cases of termination of the trust and winding-up of the Fund, such final review and audit by the auditor of the Fund shall be arranged by the Manager.

## Termination of a Class

### Circumstances that may lead to a termination of a Class

The Manager may terminate a Class in accordance with the relevant laws. The Manager may only terminate a Class if the termination of that Class does not prejudice the interests of Unit Holders of any other Class.

Notwithstanding the aforesaid, the Manager may in consultation with the Trustee, terminate a particular Class without having to obtain the prior approval of the Unit Holders upon the occurrence of any of the following events:

- (a) if any new law shall be passed which renders it illegal; or
- (b) if in the reasonable opinion of the Manager it is impracticable or inadvisable to continue a Class and the termination of the Class is in the best interests of the Unit Holders.

### Procedure for the Termination of a Class

If at a meeting of Unit Holders to terminate a Class, a Special Resolution to terminate the Class is passed by the Unit Holders of that particular Class:

- (a) the Trustee shall cease to create and cancel Units of that Class;
- (b) the Manager shall cease to deal in the Units of that Class;
- (c) the Trustee and the Manager shall notify the relevant authorities in writing of the passing of the Special Resolution; and
- (d) the Trustee or the Manager shall as soon as practicable inform all Unit Holders of the Fund of the termination of that Class.

The Trustee shall then arrange for a final review and audit of the final accounts of the Fund attributable to that Class by the auditor. Upon the completion of the termination of that Class, the Trustee and the Manager shall notify the relevant authorities of the completion of the termination of that Class.

## Fees And Charges

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

<b>Sales Charge</b>	10.00% of the NAV per Unit of a Class
<b>Repurchase Charge</b>	5.00% of the NAV per Unit of a Class
<b>Annual management fee</b>	3.00% per annum of the NAV of the Fund
<b>Annual trustee fee</b>	0.30% per annum of the NAV of the Fund subject to a minimum of RM18,000 per annum calculated and accrued daily (excluding foreign custodian fees and charges)

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

### **Sales Charge**

A higher Sales Charge than that disclosed in this Prospectus may only be imposed if:-

- (a) the Manager has notified the Trustee in writing of the higher charge and the effective date for the higher charge;
- (b) a supplemental/replacement prospectus setting out the higher charge is registered, lodged and issued; and
- (c) such time as may be prescribed by any relevant law has elapsed since the effective date of the supplemental/replacement prospectus.

### **Repurchase Charge**

A higher Repurchase Charge than that disclosed in this Prospectus may only be imposed if:-

- (a) the Manager has notified the Trustee in writing of the higher charge and the effective date of the charge;
- (b) a supplemental/ replacement prospectus setting out the higher charge is registered, lodged and issued; and
- (c) such time as may be prescribed by any relevant law has elapsed since the effective date of the supplemental/ replacement prospectus.

### **Annual Management Fee**

The Manager may not charge an annual management fee at a rate higher than that disclosed in this Prospectus unless:

- (a) the Manager has come to an agreement with the Trustee on the higher rate;
- (b) the Manager has notified the Unit Holders of the higher rate and the date on which such higher rate is to become effective; such time as may be prescribed by any relevant law shall have elapsed since the notice is sent;
- (c) a supplemental/ replacement prospectus stating the higher rate is registered, lodged and issued; and
- (d) such time as may be prescribed by any relevant law shall have elapsed since the date of the supplemental/ replacement prospectus.

### **Annual Trustee Fee**

The Trustee may not charge an annual trustee fee at a rate higher than that disclosed in this Prospectus unless:

- (a) the Manager has come to an agreement with the Trustee on the higher rate;
- (b) the Manager has notified the Unit Holders of the higher rate and the date on which such higher rate is to become effective; such time as may be prescribed by any relevant law shall have elapsed since the notice is sent;
- (c) a supplemental/ replacement prospectus stating the higher rate is registered, lodged and issued; and
- (d) such time as may be prescribed by any relevant law shall have elapsed since the date of the supplemental/ replacement prospectus.

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

Any increase of any such fees and/or charges from the maximum amount stipulated in the Deed shall require Unit Holder's approval and will be in accordance to the procedure stipulated in the Deed.

## Other Expenses Permitted under the Deed

Only the expenses (or part thereof) which are directly related and necessary to the operation and administration of the Fund may be charged to the Fund. These would include (but are not limited to) the following:

- (a) commissions/fees paid to brokers in effecting dealings in the investments of the Fund, shown on the contract notes or confirmation notes;
- (b) taxes and other duties charged on the Fund by the government and/or other authorities;
- (c) costs, fees and expenses properly incurred by the auditor appointed for the Fund;
- (d) costs, fees and expenses incurred for the fund valuation and accounting of the Fund performed by a fund valuation agent;
- (e) 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;
- (f) 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;
- (g) costs, commissions, fees and expenses of the sale, purchase, insurance and any other dealing of any asset of the Fund;
- (h) costs, fees and expenses incurred in engaging any specialist approved by the Trustee for investigating or evaluating any proposed investment of the Fund;
- (i) costs, fees and expenses incurred in engaging any adviser for the benefit of the Fund;
- (j) costs, fees and expenses incurred in the preparation and audit of the taxation, returns and accounts of the Fund;
- (k) costs, fees and expenses incurred in the termination of the Fund or a Class or the removal of the Trustee or the Manager and the appointment of a new trustee or management company;
- (l) 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);
- (m) remuneration and out of pocket expenses of the person(s) or members of a committee undertaking the oversight function of the Fund, unless the Manager decides otherwise;
- (n) 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;
- (o) (where the custodial function is delegated by the Trustee) charges and fees paid to sub-custodians taking into custody any foreign assets or investments if the Fund; and
- (p) 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.

All Fund expenses are apportioned to each Class based on the multi-class ratio.

## 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 shorter period as the Manager and the Trustee may agree upon, and subject to the fulfilment of the following conditions:

- (a) 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;
- (b) such corporation shall enter into such deed or deeds as are referred to in clause 2.3.2 of the Deed; and
- (c) 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.

### **Power of Trustee to Remove or Replace the Manager**

The Manager may be removed by the Trustee on the grounds that the Manager:

- (a) 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; or 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
- (b) 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 it to do so after the Trustee has given notice to it 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.

In any of the above said grounds, the Manager shall upon receipt of a written notice from the Trustee cease to be the management company of the Fund. 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 or Removal or Replacement of the Trustee**

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

The Trustee may be removed and another trustee may be appointed by Special Resolution of the Unit Holders at a Unit Holders' meeting convened in accordance with the Deed or as stipulated in the Act.

### **Powers of the Manager to Remove the Trustee**

The Trustee may be removed and another Trustee may be appointed by a Special Resolution of the Unit Holders at a Unit Holders' meeting convened in accordance with the Deed.

The Manager shall take all reasonable steps to replace the 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 was not eligible to be appointed or to act as trustee under any relevant laws;
- (d) The Trustee has failed or refused to act as trustee in accordance with the provisions or covenants of the Deed or any relevant laws;
- (e) A receiver has been appointed over the whole or a substantial part of the assets or undertaking of the existing Trustee and has not ceased to act under that appointment, or a petition is presented for the winding up of the existing Trustee (other than for the purpose of and followed by a reconstruction, unless during or following such reconstruction the existing Trustee becomes or is declared to be insolvent); or
- (f) The Trustee is under investigation for conduct that contravenes the Trust Companies Act 1949, the Trustee Act 1949, the Companies Act 2016 or any securities law.

# 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. AHAM has more than 20 years' experience in the fund management industry. In late 2022, AHAM's ultimate major shareholder is CVC Capital Partners Asia Fund V, a private equity fund managed by CVC Capital Partners ("CVC"), which has approximately 68.35% controlling interest in AHAM. CVC is a global private equity and investment advisory firm with approximately USD125 billion of assets under its management. AHAM is also 27% 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 & CUTA (Corporate Unit Trust Scheme Advisers); and
- Unit trust consultants.

AHAM's head office is located in Kuala Lumpur and has a total of 7 main sales offices located in Peninsular and East Malaysia. The sales offices are in Penang, Ipoh, Johor Bahru, Melaka, 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, and ensuring compliance with stringent internal procedures and guidelines of relevant authorities.

### **Key Personnel**

#### **Dato' Teng Chee Wai – Managing Director**

Dato' Teng is the founder of AHAM. In his capacity as the managing director and executive director of AHAM, Dato' 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. Dato' 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. Dato' 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. Dato' 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 forty (40) strong group of fund managers 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.

**For further information on AHAM including material litigation (if any), the Board, the designated fund manager of the Fund and/or AHAM's delegate, you may obtain the details from our website at [www.aham.com.my](http://www.aham.com.my).**

# THE TRUSTEE

## HSBC (MALAYSIA) TRUSTEE BERHAD

The Trustee is a company incorporated in Malaysia since 1937 and registered as a trust company under the Trust Companies Act 1949, with its registered address at Level 19, Menara IQ, Lingkaran TRX, 55188 Tun Razak Exchange, Kuala Lumpur.

### **Experience in Trustee Business**

Since 1993, the Trustee has acquired experience in the administration of trusts and has been appointed as trustee for unit trust funds, exchange traded funds, wholesale funds and funds under private retirement scheme.

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

The Trustee's main functions are to act as trustee and custodian of the assets of the Fund and to safeguard the interests of Unit Holders of the Fund. In performing these functions, the Trustee has to exercise all due care, diligence and vigilance and is required to act in accordance with the provisions of the Deed, the Act and the SC's guidelines. Apart from being the legal owner of the Fund's assets, the Trustee is also responsible for ensuring that AHAM performs its duties and obligations in accordance with the provisions of the Deed, the Act and the SC's guidelines. In respect of monies paid by an investor for the application of units, the Trustee's responsibility arises when the monies are received in the relevant account of the Trustee for the Fund and in respect of repurchase request, the Trustee's responsibility is discharged once it has paid the repurchase amount to AHAM.

### **Trustee's Statement of Responsibility**

The Trustee has given its willingness to assume the position as Trustee of the Fund and all the obligations in accordance with the Deed, all relevant laws and rules of law. The Trustee shall be entitled to be indemnified out of the Fund against all losses, damages or expenses incurred by the Trustee in performing any of its duties or exercising any of its powers under the Deed. The right to indemnity shall not extend to loss occasioned by breach of trust, wilful default, negligence, fraud or failure to show the degree of care and diligence required of the Trustee having regard to the provisions of the Deed.

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

As at LPD, the Trustee 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/financial position of the Trustee and any of its delegates.

### **Trustee's Delegate**

The Trustee has appointed the Hongkong and Shanghai Banking Corporation Ltd as custodian of both the local and foreign assets of the Fund. For quoted and unquoted local investments of the Fund, the assets are held through HSBC Nominees (Tempatan) Sdn Bhd and/or HSBC Bank Malaysia Berhad. The Hongkong and Shanghai Banking Corporation Ltd is a wholly owned subsidiary of HSBC Holdings Plc, the holding company of the HSBC Group. The custodian's comprehensive custody and clearing services cover traditional settlement processing and safekeeping as well as corporate related services including cash and security reporting, income collection and corporate events processing. All investments are registered in the name of the Trustee or to the order of the Trustee. The custodian acts only in accordance with instructions from the Trustee.

The Trustee shall be responsible for the acts and omissions of its delegate as though they were its own acts and omissions.

However, the Trustee is not liable for the acts, omissions or failure of third party depository such as central securities depositories, or clearing and/or settlement systems and/or authorised depository institutions, where the law or regulation of the relevant jurisdiction requires the Trustee to deal or hold any asset of the Fund through such third parties.

### Particulars of the Trustee's Delegate

For foreign asset:

The Hongkong and Shanghai Banking Corporation Limited  
6/F, Tower 1, HSBC Centre, 1 Sham Mong Road, Hong Kong.  
Telephone No: (852) 2288 1111

For local asset:

(i) The Hongkong and Shanghai Banking Corporation Limited (as custodian) and assets held through HSBC Nominees (Tempatan) Sdn Bhd  
Level 21, Menara IQ, Lingkaran TRX, 55188 Tun Razak Exchange, Kuala Lumpur.  
Telephone No: (603) 2075 3000 Fax No: (603) 8894 2588

(ii) The Hongkong and Shanghai Banking Corporation Limited (as custodian) and assets held through HSBC Bank Malaysia Berhad  
Level 21, Menara IQ, Lingkaran TRX, 55188 Tun Razak Exchange, Kuala Lumpur.  
Telephone No: (603) 2075 3000 Fax No: (603) 8894 2588

### **Policy on Dealing with Related-Party Transactions/Conflict of Interest**

As trustee for the Fund, there may be related party transaction involving or in connection with the Fund in the following events:-

- 1) Where the Fund invests in instruments offered by the related party of the Trustee (e.g placement of monies, embedded derivatives, etc);
- 2) Where the Fund is being distributed by the related party of the Trustee as IUTA;
- 3) Where the assets of the Fund are being custodised by the related party of the Trustee both as sub-custodian and/or global custodian of the Fund (Trustee's delegate); and
- 4) Where the Fund obtains financing as permitted under the Guidelines from the related party of the Trustee.

The Trustee has in place policies and procedures to deal with conflict of interest, if any. The Trustee will not make improper use of its position as the owner of the Fund's assets to gain, directly or indirectly, any advantage or cause detriment to the interests of Unit Holders. Any related party transaction is to be made 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.

Subject to the above and any local regulations, the Trustee and/or its related group of companies may deal with each other, the Fund or any Unit Holder or enter into any contract or transaction with each other, the Fund or any Unit Holder or retain for its own benefit any profits or benefits derived from any such contract or transaction or act in the same or similar capacity in relation to any other scheme.

### **Anti-money Laundering and Anti-Terrorism Financing Provisions**

The Trustee has in place policies and procedures across the HSBC Group, which may exceed local regulations. Subject to any local regulations, the Trustee shall not be liable for any loss resulting from compliance of such policies, except in the case of negligence, willful default or fraud of the Trustee.

### **Statement of Disclaimer**

The Trustee is not liable for doing or failing to do any act for the purpose of complying with law, regulation or court orders.

### **Consent to Disclosure**

The Trustee shall be entitled to process, transfer, release and disclose from time to time any information relating to the Fund, Manager and Unit Holders for purposes of performing its duties and obligations in accordance to the Deed, the Act, SC's guidelines and any other legal and/or regulatory obligations such as conducting financial crime risk management, to the Trustee's parent company, subsidiaries, associate companies, affiliates, delegates, service providers, agents and any governing or regulatory authority, whether within or outside Malaysia (who may also subsequently process, transfer, release and disclose such information for any of the above mentioned purposes) on the basis that the recipients shall continue to maintain the confidentiality of information disclosed, as required by law, regulation or directive, or in relation to any legal action, or to any court, regulatory agency, government body or authority.

# RELATED PARTIES TRANSACTION AND CONFLICT OF INTEREST

As at LPD, the Manager is not aware of any existing and/or proposed related party transactions or potential conflict of interest situations or other subsisting contracts of arrangements involving the Fund.

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

## **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 person(s) or members of a committee undertaking the oversight function's interests may conflict with that of the Fund, they are to refrain from participating in the decision-making process relating to the matter. Staff of AHAM are required to seek prior approval from the executive director or the managing director of AHAM 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 no less favourable to the Fund than an arm's length transaction between independent parties.



# TAX ADVISER'S LETTER

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

**Ernst & Young Tax Consultants Sdn Bhd**

Level 23A Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
50490 Kuala Lumpur

13 September 2022

**The Board of Directors**

**AHAM Asset Management Berhad**

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

Dear Sirs

## **Taxation of the unit trust fund and unit holders**

This letter has been prepared for inclusion in this Replacement Prospectus in connection with the offer of units in the unit trust known as AHAM Select Bond Fund (formerly known as Affin Hwang Select Bond Fund) (hereinafter referred to as "the Fund").

The purpose of this letter is to provide prospective unit holders with an overview of the impact of taxation on the Fund and the unit holders.

## **Taxation of the Fund**

The taxation of the Fund is subject to the provisions of the Malaysian Income Tax Act 1967 (MITA), particularly Sections 61 and 63B.

Subject to certain exemptions, the income of the Fund comprising profits and other investment income derived from or accruing in Malaysia after deducting tax allowable expenses, is subject to Malaysian income tax at the rate of 24% with effect from the year of assessment 2016.

Tax allowable expenses would comprise expenses falling under Section 33(1) and Section 63B of the MITA. Section 33(1) permits a deduction for expenses that are wholly and exclusively incurred in the production of gross income. In addition, Section 63B allows unit trusts a deduction for a portion of other expenses (referred to as 'permitted expenses') not directly related to the production of income, as explained below.

"Permitted expenses" refer to the following expenses incurred by the Fund which are not deductible under Section 33(1) of the MITA:

- the manager's remuneration,
- maintenance of the register of unit holders,
- share registration expenses,
- secretarial, audit and accounting fees, telephone charges, printing and stationery costs and postage.

These expenses are given a partial deduction under Section 63B of the MITA, based on the following formula:

$$A \times \frac{B}{4C}$$

- where
- A is the total of the permitted expenses incurred for that basis period;
  - B is gross income consisting of dividend<sup>1</sup>, interest and rent chargeable to tax for that basis period; and
  - C is the aggregate of the gross income consisting of dividend<sup>1</sup> and interest (whether such dividend or interest is exempt or not) and rent, and gains made from the realisation of investments (whether chargeable to tax or not) for that basis period,

provided that the amount of deduction to be made shall not be less than 10% of the total permitted expenses incurred for that basis period.

### Exempt income

The following income of the Fund is exempt from income tax:

- **Malaysian sourced dividends**

All Malaysian-sourced dividends should be exempt from income tax.

- **Malaysian sourced interest**

- (i) interest from securities or bonds issued or guaranteed by the Government of Malaysia;
- (ii) interest from debentures or *sukuk*, other than convertible loan stock, approved or authorized by, or lodged with, the Securities Commission;
- (iii) interest from Bon Simpanan Malaysia issued by Bank Negara Malaysia;
- (iv) interest derived from Malaysia and paid or credited by banks licensed under the Financial Services Act 2013 or the Islamic Financial Services Act 2013<sup>2</sup>;
- (v) interest derived from Malaysia and paid or credited by any development financial institution prescribed under the Development Financial Institutions Act 2002<sup>2</sup>;
- (vi) interest from *sukuk* originating from Malaysia, other than convertible loan stock, issued in any currency other than Ringgit and approved or authorized by, or lodged with, the Securities Commission or approved by the Labuan Financial Services Authority (LFSA)<sup>3</sup>; and
- (vii) interest which is specifically exempted by way of statutory orders or any other specific exemption provided by the Minister.

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<sup>1</sup> Pursuant to Section 15 of the Finance Act 2011, with effect from the year of assessment 2011, dividend income is deemed to include income distributed by a unit trust which includes distributions from Real Estate Investment Trusts.

<sup>2</sup> Effective from 1 January 2019, the income tax exemption for a unit trust fund, pursuant to Paragraph 35A, Schedule 6 of the MITA shall not apply to a wholesale fund which is a money market fund.

<sup>3</sup> Effective from the year of assessment 2017, the exemption shall not apply to interest paid or credited to a company in the same group or interest paid or credited to a bank licensed under the Financial Services Act 2013 or the Islamic Financial Services Act 2013; or a development financial institution prescribed under the Development Financial Institutions Act 2002.

- **Discount**

Tax exemption is given on discount paid or credited to any unit trust in respect of investments as specified in items (i), (ii) and (iii) above.

### **Foreign-sourced income**

Pursuant to the Finance Act 2021, income derived by a resident person from sources outside Malaysia and received in Malaysia from 1 January 2022 will no longer be exempt from tax. Foreign-sourced income (FSI) received in Malaysia during the transitional period from 1 January 2022 to 30 June 2022 will be taxed at 3% of gross. From 1 July 2022 onwards, FSI received in Malaysia will be taxed at the prevailing tax rate(s) of the taxpayer and based on applicable tax rules. Bilateral or unilateral tax credits may be allowed if the same income has suffered foreign tax, and where relevant conditions are met.

Income Tax (Exemption) (No. 6) Order 2022 has been issued to exempt a “qualifying person”<sup>4</sup> from the payment of income tax in respect of dividend income, which is received in Malaysia from outside Malaysia, effective from 1 January 2022 to 31 December 2026. The exemption will however not apply to a person carrying on the business of banking, insurance or sea or air transport. The exemption available to a qualifying person is subject to the following conditions:

- The dividend income has been subjected to tax “of a similar character to income tax” under the laws of the foreign jurisdiction where the income arose; and
- The highest rate of tax “of a similar character to income tax” charged under the laws of the foreign jurisdiction where the income arose was not less than 15%.

The qualifying person is also required to comply with the conditions imposed by the Ministry of Finance, which will be specified in guidelines to be issued by the Inland Revenue Board. Any deduction in relation to such exempted FSI shall be disregarded for the purpose of ascertaining the chargeable income of the qualifying person.

As the definition of “qualifying person” does not include unit trust funds, it would mean that such taxpayers would technically not qualify for the exemption, unless there are further updates thereto.

### **Gains from the realisation of investments**

Pursuant to Section 61(1) (b) of the MITA, gains from the realisation of investments will not be treated as income of the Fund and hence, are not subject to income tax. Such gains may be subject to real property gains tax (RPGT) under the Real Property Gains Tax Act 1976 (RPGT Act), if the gains are derived from the disposal of chargeable assets, as defined in the RPGT Act.

### **Implementation of Sales and Service Tax (“SST”)**

Sales and Service Tax (“SST”) was re-introduced effective 1 September 2018. Sales Tax of 10% (most common rate) or 5% is charged by Malaysian manufacturers of taxable goods or upon importation into Malaysia of such taxable goods, unless specifically exempted under the Sales Tax (Goods Exempted From Tax) Order 2018. Service Tax at the rate of 6% is charged on certain prescribed taxable services performed by taxable persons as stipulated under Service Tax Regulations 2018. The input tax recovery mechanism under the previous GST regime does not apply to SST. Therefore, any SST incurred is not recoverable and will form a cost element for businesses.

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<sup>4</sup> “Qualifying person” in this context means a person resident in Malaysia who is:

- (a) An individual who has dividend income received in Malaysia from outside Malaysia in relation to a partnership business in Malaysia;
- (b) A limited liability partnership which is registered under the Limited Liability Partnerships Act 2012; or
- (c) A company which is incorporated or registered under the Companies Act 2016.

Based on the Service Tax Regulations 2018, a unit trust fund is neither regarded as a taxable person nor as providing taxable services and is therefore not liable for SST registration. Where the Fund incurs expenses such as management fees, the management services provided by asset and fund managers who are licensed or registered with Securities Commission Malaysia for carrying out the regulated activity of fund management under the Capital Markets and Services Act 2007, are specifically excluded from the scope of Service Tax. As for other fees, such as trustee fees and other administrative charges, these may be subject to 6% service tax provided they fall within the scope of service tax (i.e. are provided by a “taxable person”, who exceeds the required annual threshold (in most cases RM 500,000 per annum) and the services qualify as “taxable services”).

### **Taxation of unit holders**

For Malaysian income tax purposes, unit holders will be taxed on their share of the distributions received from the Fund.

The income of unit holders from their investment in the Fund broadly falls under the following categories:

1. taxable distributions; and
2. non-taxable and exempt distributions.

In addition, unit holders may also realise a gain from the sale of units.

The tax implications of each of the above categories are explained below:

#### **1. Taxable distributions**

Distributions received from the Fund will have to be grossed up to take into account the underlying tax paid by the Fund and the unit holder will be taxed on the grossed up amount.

Such distributions carry a tax credit, which will be available for set-off against any Malaysian income tax payable by the unit holder. Should the tax deducted at source exceed the tax liability of the unit holder, the excess is refundable to the unit holder.

Please refer to the paragraph below for the income tax rates applicable to the grossed up distributions.

#### **2. Non-taxable and exempt distributions**

Tax exempt distributions made out of gains from the realisation of investments and exempt income earned by the Fund will not be subject to Malaysian income tax in the hands of the unit holders.

A retail money market fund is exempted from tax on its interest income derived from Malaysia, pursuant to Paragraph 35A of Schedule 6 of the ITA. Pursuant to the Finance Act 2021, with effect from 1 January 2022, distributions by a retail money market fund from such tax exempt interest income, to a unit holder other than an individual, will no longer be exempt from tax. The distribution to unit holders other than individuals will be subject to withholding tax at 24%. This would be a final tax for non-residents. Malaysian residents are required to include the distributions in their tax returns and claim a credit in respect of the withholding tax suffered. Individuals will continue to be exempt from tax on such distributions.

## Rates of tax

The Malaysian income tax chargeable on the unit holders would depend on their tax residence status and whether they are individuals, corporations or trust bodies. The relevant income tax rates are as follows:

Unit holders	Malaysian income tax rates
<p>Malaysian tax resident:</p> <ul style="list-style-type: none"> <li>• Individual and non-corporate unit holders (such as associations and societies)</li> <li>• Co-operatives<sup>5</sup></li> <li>• Trust bodies</li> <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 (at the beginning of the basis period for the year of assessment) and gross income from a source or sources consisting of a business not exceeding RM50 million for the basis period for the year of assessment<sup>6 7</sup></li> <li>(ii) Companies other than (i) above</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Progressive tax rates ranging from 0% to 30%</li> <li>• Progressive tax rates ranging from 0% to 24%</li> <li>• 24%</li> <li>• First RM600,000 of chargeable income @ 17%</li> <li>• Chargeable income in excess of RM600,000 @ 24%</li> <li>• 24%</li> </ul>
<p>Non-Malaysian tax resident (Note 1):</p> <ul style="list-style-type: none"> <li>• Individual and non-corporate unit holders</li> <li>• Corporate unit holders and trust bodies</li> </ul>	<ul style="list-style-type: none"> <li>• 30%</li> <li>• 24%</li> </ul>

<sup>5</sup> Pursuant to Paragraph 12(1), Schedule 6 of the MITA, the income of any co-operative society—  
(a) in respect of a period of five years commencing from the date of registration of such co-operative society; and  
(b) thereafter where the members' funds [as defined in Paragraph 12(2)] of such co-operative society as at the first day of the basis period for the year of assessment is less than seven hundred and fifty thousand ringgit, is exempt from tax.

<sup>6</sup> A company would not be eligible for the 17% tax rate on the first RM600,000 of chargeable income if:-  
(a) more than 50% of the paid up capital in respect of the ordinary shares of the company is directly or indirectly owned by a related company which has paid up capital in respect of ordinary shares of more than RM2.5 million at the beginning of a basis period for a year of assessment;  
(b) the company owns directly or indirectly more than 50% of the paid up capital in respect of the ordinary shares of a related company which has paid up capital in respect of ordinary shares of more than RM2.5 million at the beginning of a basis period for a year of assessment; and  
(c) more than 50% of the paid up capital in respect of the ordinary shares of the company and a related company which has a paid up capital in respect of ordinary shares of more than RM2.5 million at the beginning of a basis period for a year of assessment is directly or indirectly owned by another company.

<sup>7</sup> The above excludes a business trust and a company which is established for the issuance of asset-backed securities in a securitization transaction approved by the Securities Commission.

Note 1:

Non-resident unit holders may be subject to tax in their respective countries depending on the provisions of the tax legislation in the respective countries and any existing double taxation arrangements with Malaysia.

**Gains from sale of units**

Gains arising from the realisation of investments will generally not be subject to income tax in the hands of unit holders unless they are insurance companies, financial institutions or traders / dealers in securities.

**Unit splits and reinvestment of distributions**

Unit holders may also receive new units as a result of unit splits or may choose to reinvest their distributions. The income tax implications of these are as follows:

- Unit splits – new units issued by the Fund pursuant to a unit split will not be subject to income tax in the hands of the unit holders.
- Reinvestment of distributions – unit holders may choose to reinvest their income distribution in new units by informing the Manager. In this event, the unit holder will be deemed to have received the distribution and reinvested it with the Fund.

We hereby confirm that, as at the date of this letter, the statements made in this letter correctly reflect our understanding of the tax position under current Malaysian tax legislation and the related interpretation and practice thereof, all of which are subject to change, possibly on a retrospective basis. We have not been retained (unless specifically instructed hereafter), nor are we obligated to monitor or update the statements for future conditions that may affect these statements.

The statements made in this letter are not intended to be a complete analysis of the tax consequences relating to an investor in the Fund. As the particular circumstances of each investor may differ, we recommend that investors obtain independent advice on the tax issues associated with an investment in the Fund.

Yours faithfully

**Ernst & Young Tax Consultants Sdn Bhd**

Koh Leh Kien  
Partner

Ernst & Young Tax Consultants Sdn Bhd has given its consent to the inclusion of the Taxation Adviser's Letter in the form and context in which it appears in this Replacement Prospectus and has not withdrawn such consent before the date of issue of this Replacement Prospectus.

## RELEVANT INFORMATION

### INFORMATION AVENUES

#### **How can I keep track of my contribution?**

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

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 a semi-annual 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 8.45 a.m. to 5.30 p.m. on a Business Day. Alternatively, you can email us at [customercare@aham.com.my](mailto:customercare@aham.com.my).

### COMPLAINTS AVENUES

#### **How do I make a complaint?**

You may e-mail us at [customercare@aham.com.my](mailto:customercare@aham.com.my) 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 Reporting Institutions in the Capital Market, 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.

## CONSENTS

- The Trustee has given its consent to the inclusion of its name in the form and context in which such name appears in this Prospectus and has not subsequently withdrawn such consent before the issuance of this Prospectus; and
- The tax adviser has given its consent to the inclusion of its name and the tax adviser's letter in the form and context in which such name and tax adviser's letter appear in this Prospectus and has not subsequently withdrawn such consent before the issuance of this Prospectus.



## 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 deed (if any) of the Fund;
- The Prospectus and supplemental or replacement prospectus (if any) of the Fund;
- The latest annual and semi – annual 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 contract;
- The audited financial statements of AHAM and the Fund for the current financial year (where applicable) and the last three (3) financial years or if less than three (3) years from the date of incorporation or commencement;
- All 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; and
- Any consent given by experts disclosed the Prospectus.

# DIRECTORY OF SALES OFFICES

**AHAM ASSET MANAGEMENT BERHAD (FORMERLY KNOWN AS AFFIN HWANG ASSET MANAGEMENT BERHAD):**

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