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**AFFIN HWANG**  
**CAPITAL**

Asset Management

Information Memorandum

# Affin Hwang **Single Bond Series 3**

**MANAGER**

Affin Hwang Asset Management Berhad  
Registration Number: 199701014290 (429786-T)

**TRUSTEE**

CIMB Commerce Trustee Berhad  
Registration Number: 199401027349 (313031-A)

This Information Memorandum is dated 15 July 2020.  
The Affin Hwang Single Bond Series 3 is constituted on 15 July 2020.  
*The constitution date for the Fund is also the launch date of the Fund.*

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INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS INFORMATION MEMORANDUM AND OBTAIN PROFESSIONAL ADVICE BEFORE SUBSCRIBING TO THE UNITS OF THE FUND. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.



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

This Information Memorandum has been seen and approved by the directors of Affin Hwang Asset Management Berhad and they collectively and individually accept full responsibility for the accuracy of all information contained herein and confirm, having made all enquiries which are reasonable in the circumstances, that to the best of their knowledge and belief, there are no other facts omitted which would make any statement herein misleading.

A copy of this Information Memorandum has been lodged with the Securities Commission Malaysia. The Securities Commission Malaysia will not be liable for any non-disclosure on the part of Affin Hwang Asset Management Berhad and takes no responsibility for the contents of this Information Memorandum, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from, or in reliance upon the whole or any part of the contents of this Information Memorandum.

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

This Information Memorandum is to be issued and distributed in Malaysia only. Consequently, no representation has been and will be made as to its compliance with the laws of any foreign jurisdiction.

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# CORPORATE DIRECTORY

## **The Manager/AHAM**

**Affin Hwang Asset Management Berhad 199701014290 (429786-T)**

### **Registered Office**

27<sup>th</sup> Floor, Menara Boustead, 69 Jalan Raja Chulan, 50200 Kuala Lumpur

Tel No. : (603) 2142 3700

Fax No. : (603) 2140 3799

### **Business Address**

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

Tel No. : (603) 2116 6000

Fax No. : (603) 2116 6100

Toll free line : 1-800-88-7080

E-mail : [customercare@affinhwangam.com](mailto:customercare@affinhwangam.com)

Website : [www.affinhwangam.com](http://www.affinhwangam.com)

## **Board of Directors of the Manager/AHAM**

- Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad (Chairman, Non-independent Director)
- Mr Teng Chee Wai (Non-independent Director)
- Ms Eleanor Seet Oon Hui (Non-independent Director)
- Mr Yip Kit Weng (Non-independent Director)
- Encik Faizal Sham bin Abu Mansor (Independent Director)
- Maj. Gen. Dato' Zulkiflee bin Mazlan (R) (Independent Director)

## **The Manager's Delegate - Fund Valuation and Accounting Function**

**CIMB Commerce Trustee Berhad 199401027349 (313031-A)**

### **Registered Address**

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

Tel No. : (603) 2261 8888

Fax No. : (603) 2261 0099

### **Business Address**

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

Tel No. : (603) 2261 8888

Fax No. : (603) 2261 9889

## **The Trustee**

**CIMB Commerce Trustee Berhad 199401027349 (313031-A)**

### **Registered Address**

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

Tel No. : (603) 2261 8888

Fax No. : (603) 2261 0099

### **Business Address**

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

Tel No. : (603) 2261 8888

Fax No. : (603) 2261 9889

## **Trustee's Delegate**

**CIMB Bank Berhad 197201001799 (13491-P)**

### **Registered Address**

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

Tel No. : (603) 2261 8888

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# ABBREVIATION

<b>AT1 Coco Bond</b>	Additional Tier 1 (AT1) Contingent Convertible (CoCo) bonds (AT1 CoCo Bond).
<b>FiMM</b>	Federation of Investment Managers Malaysia.
<b>IOSCO</b>	Internal Organisation of Securities Commission.
<b>MYR</b>	Malaysia Ringgit.
<b>PHS</b>	Product Highlights Sheet.
<b>SC</b>	Securities Commission Malaysia.

# GLOSSARY

<b>Act</b>	Means the Capital Markets and Services Act 2007 as may be amended from time to time.
<b>Base Currency</b>	Means the currency in which the Fund is denominated i.e. MYR.
<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 the Bursa Malaysia is open for trading.
<b>Call Date</b>	Means the date on which the bond can be redeemed by the issuer prior to maturity, either in full or in part. There can be more than one call date for the bond and the issuer can choose to exercise the call on any of the specified call dates. If the bond is called, it will be redeemed at the call price which is specified during the issuance.
<b>Commencement Date</b>	Means the date on which sale of Units of the Fund is first made. The Commencement Date is also the date of constitution of the Fund.
<b>Communiqué</b>	Refers to the notice issued by the Manager to the Unit Holders.
<b>Deed</b>	Refers to the deed dated 28 <sup>th</sup> May 2020 entered into between the Manager and the Trustee and includes any subsequent amendments and variations to the deed.
<b>Development Financial Institution</b>	Means a development financial institution under the Development Financial Institutions Act 2002.
<b>Early Termination</b>	Means an event where the Fund is unwound on or before its perpetual maturity
<b>Early Termination Date</b>	Means if the Manager has decided to trigger an Early Termination, the Fund will be terminated on the tenth (10 <sup>th</sup> ) Business Day immediately following the date the Manager has issued the Communiqué to the Unit Holders.
<b>Financial Institution</b>	Means (1) if the institution is in Malaysia – <div style="margin-left: 40px;">                     (i) Licensed Bank;                      (ii) Licensed Investment Bank;                      (iii) Development Financial Institution; or                      (iv) Licensed Islamic Bank;                      (2) if the institution is outside Malaysia, any institution that is licensed, registered, approved or authorised by the relevant banking regulator to provide financial services.                 </div>
<b>Forward Pricing</b>	Means the method of determining the price of a Unit which is the NAV per Unit at the next valuation point after an application for purchase or repurchase request is received by the Manager.
<b>Fund</b>	Means Affin Hwang Single Bond Series 3
<b>Guidelines</b>	Means the <i>Guidelines on Unlisted Capital Market Products Under The Lodge And Launch Framework</i> issued by the SC and as may be amended from time to time.
<b>Information Memorandum</b>	Means this offer document in respect of this Fund as may be replaced or amended 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>long term</b>	Means a period of five (5) years and above.
<b>Manager or AHAM</b>	Means Affin Hwang Asset Management Berhad.
<b>medium term</b>	Means a period of between three (3) to five (5) years.
<b>NAV</b>	Means the value of all the assets of the Fund less the value of all the liabilities of the Fund at a valuation point.
<b>NAV per Unit</b>	Means the NAV of the Fund at a particular valuation point divided by the number of Unit in Circulation at the same valuation point;
<b>Repurchase Charge</b>	Means a charge imposed pursuant to a repurchase request.
<b>Repurchase Price</b>	Means the NAV per Unit payable to a Unit Holder pursuant to a repurchase of a Unit; for the avoidance of doubt, the Repurchase Price does not include any Repurchase Charge which may be imposed. <i>The Repurchase Price is equivalent to the initial offer price during the initial offer period and NAV per Unit after the initial offer period. As such, any Repurchase Charge applicable is excluded from the calculation of the Repurchase Price.</i>
<b>Sales Charge</b>	Means a charge imposed pursuant to a purchase request.
<b>Selling Price</b>	Means the NAV per Unit payable by an applicant for a Unit pursuant to a successful application for Units; for the avoidance of doubt, the Selling Price does not include any Sales Charge which may be imposed. <i>The Selling Price is equivalent to the initial offer price during the initial offer period and NAV per Unit after the initial offer period. As such, any Sales Charge applicable is excluded from the calculation of the Selling Price.</i>
<b>Sophisticated Investor</b>	Refers to – <ul style="list-style-type: none"> <li>(1) an individual whose total net personal assets, or total net joint assets with his or her spouse, exceed MYR 3 million or its equivalent in foreign currencies, excluding the value of the individual's primary residence.</li> <li>(2) an individual who has a gross annual income exceeding MYR 300,000 or its equivalent in foreign currencies per annum in the preceding 12 months.</li> <li>(3) an individual who, jointly with his or her spouse, has a gross annual income exceeding MYR 400,000 or its equivalent in foreign currencies per annum in the preceding 12 months.</li> <li>(4) a corporation with total net assets exceeding MYR 10 million or its equivalent in foreign currencies based on the last audited accounts.</li> <li>(5) a partnership with total net assets exceeding MYR 10 million or its equivalent in foreign currencies.</li> <li>(6) a unit trust scheme or prescribed investment scheme.</li> <li>(7) a private retirement scheme.</li> <li>(8) a closed-end fund approved by SC.</li> <li>(9) a company that is registered as a trust company under the Trust Companies Act 1949 which has assets under management exceeding MYR 10 million or its equivalent in foreign currencies.</li> <li>(10) a corporation that is a public company under the Companies Act 2016 which is approved by the SC to be a trustee under the Act and has assets under management exceeding MYR 10 million or its equivalent in foreign currencies.</li> <li>(11) a statutory body established by an Act of Parliament or an enactment of any State.</li> <li>(12) a pension fund approved by the Director General of Inland Revenue under section 150 of the Income Tax Act 1967 [Act 53].</li> <li>(13) central bank of Malaysia.</li> <li>(14) a holder of a capital markets services licence or an executive director or a chief executive officer of a holder of a capital markets services licence.</li> <li>(15) a licensed bank as defined in the Financial Services Act 2013.</li> </ul>

	(16) a licensed Islamic bank as defined in the Islamic Financial Services Act 2013;
	(17) a licensed insurer as defined in the Financial Services Act 2013.
	(18) a licensed takaful operator as defined in the Islamic Financial Services Act 2013.
	(19) a Labuan bank or an insurance licensee as defined in the Labuan Financial Services and Securities Act 2010 [Act 704].
	(20) a takaful licensee as defined in the Labuan Islamic Financial Services and Securities Act 2010 [Act 705].
	(21) such other investor(s) as may be permitted by the Securities Commission Malaysia from time to time and/or under the relevant guidelines for wholesale funds.
<b>Special Resolution</b>	Means a resolution passed at a meeting of Unit Holders duly convened in accordance with the Deed by a majority of not less than three-fourths of the Unit Holders present and voting at the meeting in person or by proxy; for the avoidance of doubt, “three-fourths of the Unit Holders present and voting” means three-fourths of the votes cast by the Unit Holders present and voting; for the purposes of terminating the Fund, “Special Resolution” means a resolution passed at a meeting of Unit Holders duly convened in accordance with the Deed by a majority in number holding not less than three-fourths of the value of the votes cast by the Unit Holders present and voting at the meeting in person or by proxy.
<b>Trustee</b>	Refers to CIMB Commerce Trustee Berhad.
<b>Unit or Units</b>	Means an undivided share in the beneficial interest and/or right in the Fund and a measurement of the interest and/or right of a Unit Holder in the Fund and means a Unit of the Fund
<b>Units in Circulation</b>	Means Units created and fully paid and which has not been cancelled. <i>It is also the total number of Units issued at a particular valuation point.</i>
<b>Unit Holder, you</b>	Means the person for the time being who, in full compliance to the relevant laws is a Sophisticated Investor pursuant to the Guidelines including a jointholder.
<b>US Person</b>	Means a US citizen or US tax resident individual, (including a green-card holder, an individual with substantial US presence and an individual who has US permanent or mailing address), a US corporation, US partnership, US trust or US estate for US federal income tax purposes.

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

# ABOUT AFFIN HWANG SINGLE BOND SERIES 3

<b>Fund Category</b>	: Bond (Wholesale)
<b>Fund Type</b>	: Income
<b>Base Currency</b>	: MYR
<b>Financial Year End</b>	: 31 January
<b>Distribution Policy</b>	: Subject to the availability of income, the Fund will provide distribution on an annual basis.

## OFFER PERIOD AND OFFER PRICE

The initial offer price is set at MYR1.00 only.

The initial offer period shall be for a period of not more than forty-five (45) days from the Commencement Date. The initial offer period may be shortened or if we determine that it is in your best interest.

**The Fund may create new classes of Units in the future. You will be notified of the issuance of the new classes of Units by way of a communiqué and the prospective investors will be notified of the same by way of a supplemental/replacement information memorandum.**

## INVESTORS' PROFILE

The Fund is suitable for you, if you:

- seek regular income distribution;
- have a medium term to long term investment horizon; and
- have a low to medium risk tolerance.

## INVESTMENT OBJECTIVE

The Fund aims to provide regular income over the medium to long term period.

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

## PERFORMANCE BENCHMARK

12-month Malayan Banking Berhad Fixed Deposit Rate.

## ASSET ALLOCATION

- A minimum of 60% of the Fund's NAV to be invested in bond; and
- A maximum of 40% of the Fund's NAV to be invested in money market instruments, deposits and cash.

## INVESTMENT STRATEGY

The Fund will be investing at least 60% of the Fund's NAV in a single bond. Up to 40% of the Fund's NAV will be kept in liquid assets such as money market instruments, deposits and cash.

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 fundamental investment process will be driven by two main factors:

- Credit quality of the bond; and
- Yield of the bond

The Manager will aim to strike an overall balance between these two factors to deliver the best risk-adjusted return to Unit Holders.

The Fund's investment in the bond would consist of a corporate bond (including hybrid securities such as AT1 CoCo bonds). The Fund may invest in a foreign bond where the regulatory authority is an ordinary or associate member of the IOSCO. The selection of the bond will not be constrained by credit ratings of the issuance. However, the selection will depend largely on its quality, where the issuer displays strong ability to meet its financial obligations, healthy cash-flow, the collateral type, value, claims, priority as well as offer highest safety for timely payment of interest and principal.



This Fund has an **Early Termination** feature. If this feature is triggered, and it is subject to the requirements specified under “*How is an Early Termination triggered*”, we will return the investment proceeds to you. In the event of an Early Termination, the Fund will be terminated, without having to seek the Unit Holder’s prior approval, on the Early Termination Date, which will fall on a Business Day as decided by the Manager.

The payment of proceeds to be paid to you, however, is expected to be within two (2) weeks from the Early Termination Date and will not be more than one (1) month from the Early Termination Date.

In the event of redemption or Early Termination is triggered, we will ensure that the Fund has sufficient liquidity to meet the redemption. In an effort to manage and mitigate the risk:-

- The liquidity of the single bond will be screened and assessed during the selection process to ensure that the bond is liquid; and
- The bid-ask spread and transaction volume of the bond in the Fund will be monitored to mitigate the impact by redemption requests on NAV.

#### **Temporary Defensive Measure**

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 financial markets. To manage the risk of the Fund, we may shift the Fund’s focus and exposure into lower risk investments such as money market instruments, deposits and cash.

#### **Investments in Foreign Fixed Income Instruments**

The Fund may invest in a foreign bond where regulatory authority is an ordinary or associate members of the IOSCO. The Fund will also invest in money market instruments and deposits with financial institutions. The selection of the issuers will depend largely on the credit quality and liquidity of the issuer based on our internal credit rating model.

#### **Derivatives**

The Fund may employ derivatives, such as foreign exchange forward contracts, cross currency swaps or interest rate swaps primarily for hedging purposes. Cross currency swaps and/or foreign exchange forward contracts could be used to hedge the principal and/or the returns of the foreign currency denominated bond back to MYR while interest rate swaps could be used to hedge the interest rate exposure borne by the Fund. As prices of bonds are generally inversely related to yields and interest rates, the use of interest rate swap will enable us to exchange the fixed interest rate for floating interest rate with the intention to mitigate the potential decline in prices of the Fund’s investments. While the hedging strategy will assist with mitigating the potential foreign exchange losses by the Fund, any potential gains from the hedging strategy will be capped as well.

#### **Cross Trades**

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

#### **PERMITTED INVESTMENT**

The Fund will invest in the following investments:

- Bond;
- Money market instruments;
- Deposits;
- Derivatives; and
- Any other form of investments as may be determined by the Manager from time to time that is in line with the Fund’s objective.

#### **VALUATION POINT OF THE FUND**

The Fund will be valued at 6.00 p.m on every Business Day (or “trading day” or “T” day). However, if the Fund has exposure to investments outside of Malaysia, the Fund shall be valued at 11.00 a.m. on the next Business Day (or “T + 1”). All foreign assets are translated into the Base Currency based on the last available bid exchange rate quoted by Bloomberg/Reuters at 4.00 p.m. (United Kingdom time) which is equivalent to 11.00 p.m. or 12.00 midnight (Malaysian time) on the same day, or at such time as stipulated in the investment management standards issued by the FiMM.

## VALUATION OF ASSETS

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 to the Malaysian Financial Reporting Standard 9 issued by the Malaysian Accounting Standards Board. In the absence of daily price or value of the assets, we will use the latest available price or value of the assets respectively. The valuation bases for the permitted investments of the Fund are as below:

### ➤ **Bonds**

For unlisted MYR denominated bonds, valuation will be done using the price quoted by a Bond Pricing Agency (“BPA”) registered with the SC. If the Manager is of the view that the price quoted by BPA differs from the market price by more than 20 basis points, the Manager may use the market price, provided that the Manager records its basis for using a non-BPA price, obtains the necessary internal approvals to use the non-BPA price and keeps an audit trail of all decisions and basis for adopting the market yield. For unlisted foreign bonds, they will be valued using the average indicative yield quoted by 3 independent and reputable institutions. For listed bonds, the valuations shall be based on the market price i.e. closing bid price. Where no market value is publicly available or where the use of the quoted market value is inappropriate, or where no market price is available, including in the event of suspension in the quotation of the listed bonds for a period exceeding fourteen (14) days, or such shorter period as agreed by the Trustee, such listed bonds are valued at fair value determined in good faith by the Manager or its delegate, based on the methods or bases approved by the Trustee after appropriate technical consultation.

### ➤ **Money Market Instruments**

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

### ➤ **Deposits**

Valuation of deposits placed with Financial Institutions will be done by reference to the principal value of the deposits and the interests accrued thereon for the relevant period.

### ➤ **Derivatives and Structured Products**

The valuation of derivatives and structured products 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 structured products (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”), we will apply interpolation formula to compute the value of the FX Forwards based on the rates provided by the Bloomberg or Reuters. If the rates are not available on the Bloomberg or Reuters, the FX Forwards will be valued by reference to the average indicative rate quoted by at least 3 independent dealers. In the case where the Manager is unable to obtain quotation from 3 independent dealers, the FX Forwards will be valued in accordance with a fair value as determined by us in good faith, on methods or bases which have been verified by the auditor of the Fund and approved by the Trustee.

### ➤ **Any Other Investment**

Fair value as determined in good faith by us, on methods or bases which have been verified by the auditor of the Fund and approved by the Trustee.

# EARLY TERMINATION

## WHAT IS AN EARLY TERMINATION?

An Early Termination is an event where the Fund is unwound on or before its perpetual maturity, subject to a certain requirement being fulfilled (please refer to “How is an Early Termination triggered below”). Should this occur, the Fund will be terminated on an Early Termination Date. When an Early Termination occurs, we will return to you the NAV proportion to the number of Units held by you.

## HOW IS AN EARLY TERMINATION TRIGGERED?

The Fund’s Early Termination triggers when the Fund holds 100% in money market instruments, deposits and cash. This occurs when the issuer of the bond calls the bond, the bond matures or when the Manager disposes off all its holdings of the bond in view of the continued deterioration in the credit fundamentals of the bonds which would affect the performance of the Fund and hence, leading to the Manager exercising its discretion to act in the best interests of the Unit holders.

Once the above criteria is met, the Manager has the option to exercise the right to trigger an Early Termination without requiring a Unit Holders’ meeting by issuing an Early Termination Communiqué to you on the next Business Day of the day when above criteria is met.

If the Manager has decided to trigger an Early Termination, the Fund will terminate on the Early Termination Date, which will fall on the tenth (10<sup>th</sup>) Business Day immediately following the date we have issued the Communiqué to you.

## WHAT IS THE EXPECTED PAYOUT TO YOU ONCE AN EARLY TERMINATION IS TRIGGERED?

The Fund will early terminate on the tenth (10<sup>th</sup>) Business Day following the date the Early Termination Communiqué is issued. You will be paid based on the NAV of the Fund as at tenth (10<sup>th</sup>) Business Day from the date the Early Termination Communiqué is issued.

As a reminder, the Early Termination proceeds received by you based on the Early Termination NAV of the Fund may be subject to market conditions, liquidation costs and may be higher or lower than your initial NAV per Unit. The Early Termination NAV will be communicated to you via a Communiqué.

# ADDITIONAL INFORMATION IN RELATION TO THE BOND

## Bond Types

Although not exhaustive, the bond that the Fund invests in may be one or a combination of more than one of the following types:

➤ **Bullet Bond**

A bullet bond is a bond whose entire principal is paid at once on the specified maturity date. Bullet bonds cannot be early redeemed by the issuer, as such they are deemed non-callable.

➤ **Perpetual Bond**

Perpetual bonds are bonds which have no maturity date. Issuers pay coupons on perpetual bonds forever, and they do not have to redeem the principal.

➤ **Callable Bond**

Bonds with a call feature, or callable bonds, are bonds that can be early redeemed by the issuer prior to its maturity date.

➤ **AT1 CoCo Bond**

AT1 CoCo Bond are hybrid perpetual securities which are subordinated (rank lower) to debt but senior to common shares. These bonds are often callable after a call protection period, have deferrable coupon payments which may be non-cumulative, and may be converted into shares upon the occurrence of a trigger event. In addition, these securities form part of the issuer's total equity, but does not grant investors voting rights.

➤ **Deferable Coupon Bond**

The issuer of a deferrable coupon bond may elect to defer any payment of coupon for a period of time and this deferral may be cumulative or non-cumulative. If the terms of the bond are such that coupons are deferrable and non-cumulative, there is a risk that the bondholder may not get any returns on the investment. However, these bonds are normally structured to satisfy certain conditions before the issuer is entitled to defer payment of coupons, such as there can be no declaration or payment of dividends in respect of lower ranked securities, eg. common shares.

## When would the bond likely be called/not be called?

The bond is likely to be called when:

- interest rates fall adequately, allowing the issuer to refinance the bond at a lower rate;
- the issuer's credit quality improves adequately, allowing them to raise capital at cheaper rates relative to the bond;
- the issuer's capital position improves, allowing them to redeem the bond; and
- regulatory changes make it beneficial for the issuer to call the bond.

In contrast, if interest rates were to rise, the issuer's credit quality or capital position worsens, or if regulatory changes were disadvantageous, it would make the bond less likely to be called by the issuer. The following scenarios present different circumstances under which the bond is likely or not likely to be called.

### Scenario 1

The bond has a coupon rate of 5.00% p.a.. Upon reaching the first Call Date, the issuer is able to refinance the bond at a coupon rate of 4.00% p.a.. In this case, the issuer is likely to call the bond and re-issue at the lower rate of 4.00% p.a. as it is now cheaper to re-issue the bond.

### Scenario 2

The bond has a coupon rate of 5.00% p.a.. Upon reaching the first Call Date, the issuer is able to refinance the bond at a coupon rate of 6.00% p.a.. It is then unlikely that the issuer will call the bond as it is now more expensive to re-issue the bond.

### Scenario 3

The bond has a coupon rate of 5.00% p.a.. Upon reaching the first Call Date, the issuer is able to refinance the bond at a coupon rate of 4.00% p.a.. However, the issuer does not have sufficient capital to redeem the bond and therefore is not likely to call the bond.

**What happens when the bond is called?**

When the bond is called, the issuer redeems the bond from bondholders at the call price. The call price is determined upfront upon issuance and could be at par (100), at a discount (below 100) or at a premium (above 100). If the bond is called at a price lower than the stipulated call price, this is considered a default. If the bond is called, condition for an Early Termination event is satisfied and the Manager will have the option to fully trigger the Early Termination event (see *"How is an Early Termination triggered"*).

**Trigger / Loss-absorption Event**

A trigger / loss-absorption event is when the issuer may be required to cancel any accrued coupon that is owed to investors, convert the bonds into shares of the issuing company, or permanently write down partially or in full the principal amount of the bond. The conditions which satisfy a trigger event depends on each bond terms, but usually includes a breach of any capital adequacy ratio, a declaration by the relevant regulatory authority that a write-off is necessary (without which the issuer would become non-viable), a public injection of funds or equivalent support without which the issuer would become non-viable, or a breach of any other quantitative threshold used to gauge the financial viability of the issuer, eg. Common Equity Tier 1 (CET1) Ratio.

For example, an AT1 CoCo bond is issued with terms specifying that if the issuer's CET1 Ratio falls below 5.00% at any given time, then a trigger event will occur. Assuming that the issuer's CET1 Ratio breaches the threshold of 5.00%, the bond may be converted into shares or partially/fully written-off in order to raise the issuer's CET1 Ratio back to the minimum level of 5.00%.

# ABOUT THE FEES AND CHARGES

**There are fees and charges involved and you 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 Information Memorandum (including any supplemental information memorandum) 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) will charge any other applicable taxes on the fees, charges and expenses in accordance with any other relevant or applicable laws.

*The following are the charges that may be directly incurred by you*

## **SALES CHARGE**

Up to 2.00% of the initial offer price during the initial offer period, thereafter, on the NAV per Unit.

## **REPURCHASE CHARGE**

Nil.

## **TRANSFER FEE**

Nil.

## **SWITCHING FEE**

Nil.

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

## **ANNUAL MANAGEMENT FEE**

The management fee is up to 0.50% per annum of the NAV of the Fund, and is calculated using the Fund's Base Currency (before deducting the management fee and trustee fee). The management fee is accrued daily and payable monthly.

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

$$\begin{array}{lcl} \text{MYR 120 million} \times 0.50\% & & \\ 365 \text{ days} & & = \text{MYR 1,643.84 per day} \end{array}$$

## **ANNUAL TRUSTEE FEE**

The trustee fee is up to 0.04% per annum of the NAV of the Fund (excluding foreign custodian fees and charges), and is calculated using the Base Currency (before deducting the management fee and trustee fee). The trustee fee is accrued daily and payable monthly. In addition to the annual 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.

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

$$\begin{array}{lcl} \text{MYR 120 million} \times 0.04\% & & \\ 365 \text{ days} & & = \text{MYR 131.51 per day} \end{array}$$

## **ADMINISTRATIVE FEE**

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:

- Commissions or fees paid to brokers or dealers in effecting dealings in the investments of the Fund, shown on the contract notes or confirmation notes;
- (Where the custodial function is delegated by the Trustee) charges and fees paid to sub-custodians taking into custody any foreign assets of the Fund;
- Taxes and other duties charged on the Fund by the government and/or other authorities;

- Costs, fees and expenses properly incurred by the auditor appointed for the Fund;
- Costs, fees and expenses incurred for the valuation of any investment of the Fund by independent valuers for the benefit of the Fund;
- Costs, fees and expenses incurred for any modification of the Deed save where such modification is for the benefit of the Manager and/or the Trustee;
- Costs, fees and expenses incurred for any meeting of the Unit Holders save where such meeting is convened for the benefit of the Manager and/or the Trustee;
- Costs and expenses incurred in relation to the distribution of income (if any);
- Any tax now or hereafter imposed by law or required to be paid in connection with any costs, fees and expenses incurred by the Fund;
- Costs, fees and expenses incurred for the fund valuation and accounting of the Fund; and
- Other fees and expenses related to the Fund allowed under the Deed.

#### **MAXIMUM RATE OF FEES AND CHARGES ALLOWABLE BY THE DEED**

We may impose higher fees and charges up to the following stated maximum rate, provided that we have taken the necessary procedures to increase the fees and charges.

<b>Sales Charge</b>	6.00% of the NAV per Unit
<b>Repurchase Charge</b>	1.00% of the NAV per Unit
<b>Annual Management Fee</b>	3.00% per annum of the NAV of the Fund calculated and accrued daily
<b>Annual Trustee Fee</b>	0.10% per annum of the NAV of the Fund calculated and accrued daily (excluding foreign custodian fees and charges)

#### **REBATES AND SOFT COMMISSIONS**

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

The soft commission can be retained by us or any of our delegate thereof provided that the goods and services are of demonstrable benefit to the Unit Holders in the form of research and advisory services that assist in the decision-making process relating to the Fund's investments, and any dealing with the broker is executed on terms which are most favourable for the Fund.

# UNDERSTANDING THE RISKS OF THE FUND


Below are the risks associated with the investments of the Fund that you should consider before investing.

	GENERAL RISKS OF THE FUND
<b>Affected by variable factors and not guaranteed</b>	The performance of a unit trust fund is affected by many variable factors and is not guaranteed. These include overall economic and financial market conditions such as interest rate fluctuation and stability of local currency. While a track record may provide some insight on future performance, it is by no means guaranteed. The prices of Units may go down as well as up. Likewise, distribution may vary from year to year depending on the performance of the unit trust fund.
<b>Fund management risk</b>	This risk refers to the day-to-day management of the Fund by us which will impact the performance of the Fund. For example, investment decisions undertaken by us as a result of an incorrect view of the market or any non-compliance with internal policies, investment mandate, the Deed, relevant law or guidelines due to factors such as human error, fraud, dishonesty or weaknesses in operational process and systems, may adversely affect the performance of the Fund.
<b>Operational risk</b>	Operational risk is the risk of loss due to the breakdown, deficiencies or weaknesses in the operational support functions resulting in the operations or internal control processes producing an insufficient degree of customer quality or internal control by the Manager. Operational risk is typically associated with human error, system failure, fraud and inadequate or defective procedures and controls.
<b>Counterparty risk</b>	The Fund will be exposed to the credit risk of the parties with which it transacts and may also bear the risk of settlement default. Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. This would include the counterparties to any derivatives, repurchase/reverse repurchase agreement or securities lending agreement that it enters into. Trading in derivatives which have not been collateralised gives rise to direct counterparty exposure. The Fund mitigates much of its credit risk to its derivatives counterparties by receiving collateral with a value at least equal to the exposure to each counterparty but, to the extent that any derivative is not fully collateralised, a default by the counterparty may result in a reduction in the value of the Fund. A formal review of each new counterparty is completed and all approved counterparties are monitored and reviewed on an ongoing basis. The Fund maintains an active oversight of counterparty exposure and the collateral management process.

	SPECIFIC RISKS OF THE FUND
<b>Interest rate risk</b>	This risk refers to the impact of interest rate changes on the valuation of bonds or money market instruments (hereinafter referred as “investment”). When interest rates rise, the investment prices generally decline and this may lower the market value of the investment. The reverse may apply when interest rates fall.
<b>Credit and default risk</b>	Credit risk relates to the creditworthiness of the issuers of the bonds and money markets instruments (hereinafter referred as “investment”) and their expected ability to make timely payment of interest and/or principal. Any adverse situations faced by the issuer may impact the value as well as liquidity of the investment. In the case of rated investments, this may lead to a credit downgrade. Default risk relates to the risk of an issuer of the investment either defaulting on payments or failing to make payments in a timely manner which will in turn adversely affect the value of the investment. This could adversely affect the value of the Fund.
<b>Reinvestment risk</b>	Reinvestment risk refers to the risk that any distributions or proceeds will be unable to be reinvested at a rate comparable to the current investment’s rate of return. It is the likelihood that cash flows from the investment will earn less in a new security.



	SPECIFIC RISKS OF THE FUND
<b>Concentration risk</b>	This Fund invests in a single bond. Any adverse effect on the bond will inevitably affect the Fund as well. The performance of the Fund is also dependent on the performance of the bond. This risk may be mitigated as we are allowed to take temporary defensive positions in response to adverse market conditions.
<b>Country risk</b>	Investments of the Fund in any countries may be affected by changes in the economic and political climate, restriction on currency repatriation or other developments in the law or regulations of the countries in which the Fund invests. For example, the deteriorating economic condition of such countries may adversely affect the value of the investments undertaken by the Fund in those affected countries. This in turn may cause the NAV of the Fund or prices of Units to fall.
<b>Currency risk</b>	As the investments of the Fund may be denominated in currencies other than the Base Currency, any fluctuation in the exchange rate between the Base Currency and the currencies in which the investments are denominated may have an impact on the value of these investments. You should note that any gains or losses arising from the fluctuation in the exchange rate may further increase or decrease the returns of the investment.
<b>Political risk</b>	Political instability in the country which the Fund is invested may lead to a situation in which the Fund does not receive part or all of the monies owed to it in spite of the solvency of the issuer of the respective security or other assets. Currency or transfer restrictions or other legal changes, for example, may be significant in this regard.
<b>Regulatory risk</b>	The investments of the Fund would be exposed to changes in the laws and regulations in the countries that the Fund is invested in. These regulatory changes pose a risk to the Fund as it may materially impact the investments of the Fund. In an effort to manage and mitigate such risk, the Manager seeks to continuously keep abreast of regulatory developments (for example, by closely monitoring announcements on regulators' website and mainstream media) in that country. The Manager may dispose its investments in that particular country should the regulatory changes adversely impact the Unit Holders' interest or diminish returns to the Fund
<b>Liquidity risk</b>	Liquidity risk refers to two scenarios. The first is where an investment cannot be sold due to unavailability of a buyer for that investment. The second scenario exists where the investment, by its nature, is thinly traded. This will have the effect of causing the investment to be sold below its fair value which would adversely affect the NAV of the Fund. Upon such event and in the best interest of the Unit Holders, the Trustee may suspend the repurchase of Units requests. Please refer to " <i>Suspension of Dealing in Units</i> " section of this Information Memorandum for more details

 It is important to note that events affecting the investments cannot always be foreseen. Therefore, it is not possible to protect investments against all risks. You are recommended to read the whole Information Memorandum to assess the risks associated with the Fund. If necessary, you should consult your professional adviser(s) for a better understanding of the risks.

# DEALING INFORMATION

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

## WHO IS ELIGIBLE TO INVEST?

- You must be eighteen (18) years old and a Sophisticated Investor in order to invest in this Fund. Please refer to the “Glossary” chapter of this Information Memorandum for the details.
- Please note that if you are a US Person, you are not eligible to subscribe to the Units of the Fund. If we become aware that you are a US Person who holds Units of the Fund, we will issue a notice requiring you to:-
  - redeem your Units; or
  - transfer your Units to a non-US Person;
 within thirty (30) days from the date of the said notice.

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

<b>Minimum Initial Investment</b>	MYR 10,000
<b>Minimum Additional Investment</b>	MYR 1,000
<b>Minimum Repurchase Amount</b>	10,000 Units
<b>Minimum Holding of Units</b>	10,000 Units

- At our discretion, we may reduce the minimum initial investment amount, minimum additional investment amount, minimum repurchase amount and minimum holdings of units

## HOW TO PURCHASE UNITS?

- You may submit the purchase request by completing an application form and returning it to us between 8.45 a.m. to 3.30 p.m. on a Business Day.
- 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.

<b>Individual or Jointholder</b>	<b>Corporation</b>
<ul style="list-style-type: none"> <li>• Account opening form;</li> <li>• Suitability assessment form;</li> <li>• Personal data protection notice form;</li> <li>• A copy of identity card or passport or any other document of identification;</li> <li>• Foreign Account Tax Compliance Act (“FATCA”) and Common Reporting Standard (“CRS”) Self-certification Form.</li> </ul>	<ul style="list-style-type: none"> <li>• Account opening form;</li> <li>• Suitability assessment form;</li> <li>• Personal data protection notice form;</li> <li>• Certified true copy of memorandum and articles of association*;</li> <li>• Certified true copy of certificate of incorporation*;</li> <li>• Certified true copy of form 24 and form 49*;</li> <li>• Certified true copy of form 8, 9, 13, 20 and 44 (where applicable)*;</li> <li>• Latest audited financial statement;</li> <li>• Board resolution relating to the investment;</li> <li>• A list of the authorised signatories;</li> <li>• Specimen signatures of the respective signatories;</li> <li>• Foreign Account Tax Compliance Act (“FATCA”) and Common Reporting Standard (“CRS”) Self-certification Form.</li> </ul> <p><i>* or any other equivalent documentation issued by the authorities.</i></p>

## **HOW TO MAKE PAYMENT FOR PURCHASE APPLICATION?**

### **➤ Bank Transfer**

You may transfer the purchase payment into our bank account via telegraphic transfer or online transfer, and include your name in the transaction description for our reference. You may obtain our bank account details from our online download center at [www.affinhwangam.com](http://www.affinhwangam.com).

### **➤ Cheque, Bank Draft or Money Order**

Issuance of cheque, bank draft or money order should be made payable to “Affin Hwang Asset Management Berhad-CTA”, crossed and drawn on a local bank. You are required to write your name, identity card number or business registration number at the back of the cheque, bank draft or money order.

### **➤ Bank charges or other bank fees, if any, will be borne by you.**

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

- During the initial offer period, if we receive your purchase application on a Business Day, we will create your Units based on the initial offer price of the Fund. After the initial offer period, 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 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 prior arrangement is made to our satisfaction.
- Sale of Units will be honoured upon receipt of complete set of documents together with the proof of payments.

## **HOW TO REPURCHASE UNITS?**

- It is important to note that, you must meet the minimum holding of Units after a repurchase transaction.
- If the balance of your investment (i.e. total number of Units) is 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 Days.
- 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.
- Any incurred bank charges and other bank fees due to a bank transfer or other special arrangement method will be borne by you.

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

- During the initial offer period, if we receive your repurchase application on a Business Day, we will repurchase your Units based on the initial offer price of the Fund. After the initial offer period, 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 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”).
- 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 fourteen (14) days from the day the repurchase request is received by us, provided that all documentations are completed and verifiable.

## WHAT IS THE PRICING OF UNITS?

- 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.
- During the initial offer period, the Selling Price and Repurchase Price is equivalent to the initial offer price and thereafter, the NAV per Unit. Forward Pricing will be used to determine the Selling Price and the Repurchase Price after the initial offer period, i.e. the NAV per Unit as at the next valuation point after we receive the purchase request or repurchase request.

## WHERE TO PURCHASE AND REPURCHASE UNITS?

- Units can be purchased and repurchased at any of the location listed in the “Directory of Sales Offices” section.
- You may obtain a copy of the Information Memorandum, PHS and application forms from the abovementioned location. Alternatively, you may also visit our website at [www.affinhwangam.com](http://www.affinhwangam.com).

## WHAT ARE THE SWITCHING OPTIONS?

- You are able to switch 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 of, and it is subject to the terms and conditions applicable for the respective funds.

However, you must meet the Fund’s minimum holding of Units requirements and the minimum investment amount of the fund (or its class) that you intend to switch into.

- The process of the switching application is as below:

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.

You should note that the pricing day of a fund (or its class) may not be of the same day as 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

## CAN I TRANSFER MY UNITS TO ANOTHER PERSON?

- You are allowed to transfer your Units, whether fully or partially, to another person by completing the transfer transaction form and returning it to us on a Business Day. The transfer must be made in terms of Units and not in terms of MYR, 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 of a Class.

Please note that the person who is in receipt of the Units must be a Sophisticated Investor as well.

## HOW DO I RECEIVE THE INCOME DISTRIBUTION?

- You have the option to receive the income distribution in cash payment or additional Units (by way of reinvestment) by ticking the appropriate column in the application form. All distribution will be automatically reinvested into additional Units in the Fund if you do not select the mode of distribution in the application form.

Any distribution payable which is less than or equal to the amount of MYR 300.00 would be automatically reinvested.

### 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.

#### Reinvestment Process

We will create the Units based on the NAV per Unit at the income payment date which is two (2) Business Days after the distribution date. There will not be any additional cost for reinvestments of those additional Units, i.e. no Sales Charge will be imposed on such transaction.

#### **SUSPENSION OF DEALING IN UNITS**

- The Trustee may suspend the dealing in Units requests:
  - (i) where the Trustee considers that it is not in the interests of the existing Unit Holders to permit the assets of the Fund to be sold or that the assets cannot be liquidated at an appropriate price or on adequate terms and immediately call a Unit Holders' meeting to decide on the next course of action; or
  - (ii) without the consent of the Unit Holders, due to exceptional circumstances when there is a good and sufficient reason to do so having regard to the interests of the Unit Holders. In such case, the period of the suspension shall not exceed 21 days of the commencement of the suspension.

# RELATED PARTIES TO THE FUND

## ABOUT THE MANAGER - AHAM

AHAM was incorporated in Malaysia on 2 May 1997 and began operations under the name Hwang-DBS Capital Berhad in 2001. In early 2014, AHAM was acquired by the Affin Banking Group ("Affin") and hence, is now supported by a home-grown financial services conglomerate. Affin has over 39 years of experience in the financial industry which focuses on commercial, Islamic and investment banking services, money broking, fund management and underwriting of life and general insurance business. Meanwhile, AHAM has more than 16 years' experience in the fund management industry. Additionally, 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.

### Our Role as the Manager

We are responsible for the investment management and marketing of the Fund; servicing Unit Holders' needs; keeping proper administrative records of Unit Holders and the Fund; ensuring compliance with stringent internal procedures and guidelines of relevant authorities.

### Our Investment Team

Our investment team comprises a group of portfolio managers who possess the necessary expertise and experience to undertake the fund management of its unit trust funds. The investment team will meet at least once a week or more should the need arise. The designated fund manager of the Fund is:-

### Ms Esther Teo Keet Ying – Head, Fixed Income Investment

Ms Esther Teo is the Head of Fixed Income Investment. Prior to joining the Manager, she was attached with the fixed income division of RHB Asset Management Sdn. Bhd. covering both institutional and unit trust mandates for three (3) years. She began her career in KPMG Malaysia in 1999 as a consultant in financial advisory services specializing in corporate debt restructuring and recovery. Esther graduated from the University of Melbourne, Australia with a Bachelor of Commerce majoring in Accounting and Finance. She has also obtained her licence from the SC on 29 April 2004 to act as a fund manager.

## ABOUT THE TRUSTEE – CIMB COMMERCE TRUSTEE BERHAD

The Trustee was incorporated on 25 August 1994 and registered as a trust company under the Trust Companies Act, 1949. The Trustee is qualified to act as a trustee for collective investment schemes approved under the CMSA. The Trustee has been involved in unit trust industry as trustee since 1996. It acts as Trustee to various unit trust funds, real estate investment trust fund, wholesale funds, private retirement schemes and exchange-traded funds.

### 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. In performing these functions and duties, the Trustee has to exercise all due care and vigilance and is required to act in accordance with the provisions of the Deed, all relevant laws and the Guidelines. Apart from being the legal owner of the Fund's assets, the Trustee is also responsible for ensuring that the Manager performs its duties and obligations in accordance with the provisions of the Deed, all relevant laws and the Guidelines.

# RELEVANT INFORMATION

## SALIENT TERMS OF THE DEED

### Your Rights and Liabilities

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

- (a) To receive the distribution of income (if any), participate in any increase in the value of the Units and to enjoy such other rights and privileges as are provided for in 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; and
- (c) To receive quarterly and annual reports.

However, you would not have the right to require the transfer to you of any of the assets of the Fund. Neither would you have the right to interfere with or question the exercise by the Trustee or the Manager on the Trustee's behalf, of the rights of the Trustee as the registered owner of such assets.

You are not liable to the following:-

- (a) For any amount in excess of the purchase price paid for the Units as determined pursuant to the Deed at the time the Units were purchased and any charges payable in relation thereto; or
- (b) For any obligation to indemnify the Trustee and/or the Manager in the event that the liabilities incurred by the Trustee and 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 shall be five (5) Unit Holders (irrespective of the Class of Units) whether present in person or by proxy, provided that if the Fund or a Class of Units has five (5) or less Unit Holders (irrespective of the Class of Units), the quorum required for a meeting of the Unit Holders of the Fund or a Class of Units shall be two (2) Unit Holders (irrespective of the Class of Units), 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 Units) of the Fund or the particular Class of Units, as the case may be, at the time of the meeting

#### *Unit Holders' Meeting convened by the Unit Holders*

Unless otherwise required or allowed by the relevant laws, the Manager shall, within twenty-one (21) days of receiving a direction from not less than fifty (50) or one-tenth (1/10) of all the Unit Holders, whichever is less, summon a meeting of the Unit Holders by:

- sending by post at least seven (7) days before the date of the proposed meeting a notice of the proposed meeting to all the Unit Holders;
- publishing at least fourteen (14) days before the date of the proposed meeting an advertisement giving notice of the proposed meeting in a national language national newspaper published daily and another newspaper approved by the relevant authorities; and
- specifying in the notice the place and time of the meeting and the terms of the resolutions to be proposed at the meeting.

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

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

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

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

The Manager may for any purpose whatsoever summon a meeting of the Unit Holders by sending by post at least fourteen (14) days before the date of the proposed meeting, or such other time as may be prescribed by the relevant laws, a notice of the proposed meeting to all the Unit Holders. All such notices and advertisement to the Unit Holders shall specify the place, time and terms of the resolutions to be proposed.

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

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

- the Manager is in liquidation;
- in the opinion of the Trustee, the Manager has ceased to carry on business;
- in the opinion of the Trustee, the Manager has, to the prejudice of Unit Holders, failed to comply with the Deed or contravened any of the provisions of the Act;
- requiring the retirement or removal of the Manager;
- 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;
- securing the agreement of the Unit Holders to release the Trustee from any liability;
- deciding on the next course of action after the Trustee has suspended the sale and repurchase of Units pursuant to clause 6.9.1 of the Deed; or
- deciding on the reasonableness of the annual management fee charged to the Fund.

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

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

### **Early Termination of the Fund**

The trust hereby created shall automatically terminate and the Fund shall be automatically wound-up on the Early Termination Date.

The Early Termination Date being such a date as the Manager shall determine upon the occurrence of an Early Termination Event or on such other date as set out herein.

Note :- The Early Termination Event is where the Manager will may, but is not obliged to, at its sole and absolute discretion take such necessary steps to unwind or terminate the Fund without the need for Unit Holders' prior approval when the Fund holds all its assets in money market instruments, deposits and/or cash and, in the manner and upon such terms and conditions as set out herein.

### **Termination of the Fund**

The Fund may be terminated or wound up subject to a Special Resolution being passed at a Unit Holders' meeting to terminate or wind up the Fund.

### **Procedures to be taken to increase the Fees and Charges from the current amount stipulated in the Information Memorandum**

We may not charge a Sales Charge and/or Repurchase Charge (if any) at a rate higher than that disclosed in this Information Memorandum unless:-

- (a) we have notified the Trustee in writing of and the effective date for the higher charge; and
- (b) a supplemental/replacement information memorandum in respect of the Fund setting out the higher charge is issued.

We or the Trustee may not charge an annual management fee and/or an annual trustee fee at a rate higher than that disclosed in this Information Memorandum 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; and
- (c) a supplemental/replacement information memorandum stating the higher rate is issued thereafter.



## INCORRECT PRICING

We will take immediate action to rectify any incorrect valuation and/or pricing of the Fund and/or the Units and to notify the Trustee and the SC of the same unless the Trustee considers the incorrect valuation and/or pricing of the Fund and/or the Units is of minimal significance.

The Trustee will not consider an incorrect valuation and/or pricing of the Fund and/or the Units to be of minimal significance if the error involves a discrepancy of 0.5% or more of the NAV per Unit unless the total impact on your account is less than MYR 10.00 or its foreign currency equivalent, if applicable. 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

## POLICY ON GEARING AND MINIMUM LIQUID ASSETS REQUIREMENTS

The Fund is not permitted to borrow cash or other assets (including the borrowing of securities within the meaning of the SC's Securities Borrowing and Lending Guidelines [SBL Guidelines]) in connection with its activities.

Except for securities lending as provided under the SBL Guidelines, none of the cash or investments of the Fund may be lent. Further, the Fund may not assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person. In structuring the portfolio of the Fund, we will maintain sufficient liquid assets to ensure short term liquidity in the Fund to meet operating expenses.

## UNCLAIMED MONIES

Any monies payable to you which remain unclaimed after twelve (12) months from the date of payment will be paid to the Registrar of Unclaimed Monies by the Manager in accordance with the requirements of the Unclaimed Moneys Act 1965.

# INVESTORS INFORMATION

## How can I keep track of my investment?

You may obtain the daily Fund price from our website at [www.affinhwangam.com](http://www.affinhwangam.com). The daily prices are based on information available one (1) Business Day prior to publication.

We will provide you with an annual report and a quarterly 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.

## 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 e-mail us at [customercare@affinhwangam.com](mailto:customercare@affinhwangam.com).

## ANTI-MONEY LAUNDERING POLICIES AND PROCEDURES

Pursuant to the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (“AMLATFPUAA”) and SC’s Guidelines on Prevention of Money Laundering and Terrorism Financing for Capital Market Intermediaries, it is our responsibility to prevent AHAM from being used for money laundering and terrorism financing activities. To this end, we have established an Anti-Money Laundering/Counter-Financing of Terrorism Framework (AML/CFT Framework) and put in place anti-money laundering process and procedures to combat such activities. This includes a robust due diligence process and procedures for client on-boarding (such as know-your-client procedures and customer due diligence) as well as ongoing monitoring of clients’ transactions to detect any suspicious transactions.

To meet our regulatory obligations to verify the identity of our clients and to verify the source of funds, we may request for additional information from you. Information requested may include, but not limited to, supporting documents, documentary evidence to support information given and could extend to documents regarding identity of beneficial owners (if applicable). We reserve the right to reject an application to invest in the Fund should clients failed 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.

## DIRECTORY OF SALES OFFICE

AFFIN HWANG ASSET MANAGEMENT BERHAD:

### HEAD OFFICE

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Tel : 03 – 2116 6000  
Fax : 03 – 2116 6100  
Toll Free No : 1-800-88-7080  
Email: [customercare@affinhwangam.com](mailto:customercare@affinhwangam.com)  
Website: [www.affinhwangam.com](http://www.affinhwangam.com)

### PENANG

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Fax : 04 – 899 1916

### PERAK

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### JOHOR

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Fax : 07 – 223 8998

### MELAKA

Ground Floor  
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### SABAH

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