

Prospectus



This Prospectus is dated 11 March 2022.

The Affin Hwang Versa Portfolio - Growth is constituted on 11 March 2022.

The constitution date for the Fund is also the launch date of the Fund.

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER. FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 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 Affin Hwang Asset Management Berhad and they collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, they confirm to the best of their knowledge and belief, that there are no false or misleading statements, or omission of other facts which would make any statement in the Prospectus false or misleading.

#### Statements of Disclaimer

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

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

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

#### **Additional Statements**

Investors should note that they may seek recourse under the *Capital Markets and Services Act 2007* for breaches of securities laws including any statement in the Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the Prospectus or the conduct of any other person in relation to the Fund.

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



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

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# **CORPORATE DIRECTORY**

#### The Manager/AHAM

#### **Affin Hwang Asset Management Berhad**

#### **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

Website: www.affinhwangam.com

#### **Board of Directors of the Manager**

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

#### The Trustee

#### **CIMB Commerce Trustee Berhad**

#### **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 9894

Website: www.cimb.com

Email: ss.corptrust@cimb.com

#### Trustee's Delegate

#### **CIMB Bank Berhad**

#### **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 8889

#### **Business Address**

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

Tel No. : (603) 2261 8888 Fax No. : (603) 2261 9892

# **ABBREVIATION**

**CIS** Collective investment schemes.

**FiMM** Federation of Investment Managers Malaysia.

**IUTA** Institutional Unit Trust Scheme Advisers.

MYR Ringgit Malaysia.

OTC Over-the-counter.

PHS Product Highlights Sheet.

SC Securities Commission Malaysia.

## **GLOSSARY**

the Act Means the Capital Markets and Services Act 2007 as originally enacted and amended

or modified from time to time.

**the Board** Means the board of directors of the Manager.

**Bursa Malaysia** Means the stock exchange operated by the Bursa Malaysia Securities Berhad including

such other name as it may be amended from time to time.

**Business Day** Means a day on which Bursa Malaysia is open for trading. The Manager may declare

certain Business Days a non-Business Day if one or more of the foreign markets in

which the Fund is invested in are closed for business.

Commencement Date Means the date on which sale of Units of the Fund is first made. The Commencement

Date is also the launch date of the Fund.

**Deed** Refers to the Deed dated 8 October 2021 entered into between the Manager and the

Trustee and includes any subsequent amendments and variations to the Deed.

**Financial Institution** Means (1) if the institution is in Malaysia –

(i) Licensed Bank;

(ii) Licensed Investment Bank; or

(iii) 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.

Forward Pricing Means the price of a Unit that is the NAV 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.

the Fund Refers to Affin Hwang Versa Portfolio - Growth.

**Guidelines** Refers to the *Guidelines on Unit Trust Funds* issued by the SC and as may be amended

from time to time.

LPD Means 31 August 2021 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.

**Licensed Bank** Means a bank licensed under Financial Services Act 2013.

Licensed Investment Bank Means an investment bank licensed under Financial Services Act 2013.

**Licensed Islamic Bank** Means an Islamic bank licensed under the Islamic Financial Services Act 2013.

Manager / AHAM Means Affin Hwang Asset Management Berhad.

medium to long-term Means a period of between three (3) years to five (5) years and above.

**Net Asset Value or NAV** Means the value of all the assets of the Fund less the value of all the liabilities of the Fund

at a valuation point.

NAV per Unit	Means the NAV of the Fund at a particular valuation point divided by the number of Units in Circulation at the same valuation point.
Prospectus	Means this prospectus and includes any supplementary or replacement prospectus, as the case may be.
Repurchase Charge	Means a charge imposed pursuant to a repurchase request.
Repurchase Price	Means the price payable to you by us for a Unit pursuant to a repurchase request and it shall be exclusive of any Repurchase Charge.
Sales Charge	Means a charge imposed pursuant to a purchase request.
Selling Price	Means the price payable by you for us to create a Unit in the Fund and it shall be exclusive of any Sales Charge.
Special Resolution	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 (3/4) of the Unit Holders present and voting at the meeting in person or by proxy; for the avoidance of doubt, "three-fourths (3/4) of the Unit Holders present and voting" means three-fourths (3/4) of the votes cast by the Unit Holders present and voting; for the purposes of terminating the Fund, "Special Resolution" means a Special Resolution passed at a meeting of Unit Holders duly convened in accordance with the Deed by a majority in number representing at least three-fourths (3/4) of the value of the Units held by the Unit Holders present and voting at the meeting in person or by proxy.
the Trustee	Refers to CIMB Commerce Trustee Berhad.
Unit(s)	Means an undivided share in the beneficial interest and/or right in the Fund and a measurement of the interest and/or right of a Unit Holder in the Fund and means a unit of the Fund.
Units in Circulation	Means Units created and fully paid for and which has not been cancelled.
	It is also the total number of Units issued at a particular valuation point.
Unit Holder(s) or you	Means the person / corporation registered as the holder of a Unit or Units including persons, where permitted, jointly registered.
Versa	Means the mobile application platform that enables investors to perform investment transactions such as, but not limited to, the subscription of Units, and redemption of Units.

# Note:

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

# **RISK FACTORS**

This section provides you with information on the risks associated with investing in the Fund.

#### **GENERAL RISKS**

#### Fund Management Risk

This risk refers to our day-to-day management of the Fund which will impact the performance of the Fund. For example, our investment decisions 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.

#### 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.

#### Loan Financing Risk

This risk occurs when you take a loan or financing to finance your investment. The inherent risk of investing with borrowed money includes you being unable to service the loan repayments. In the event Units are used as collateral, you may be required to top-up your existing instalment if the prices of Units fall below a certain level due to market conditions. Failing which, the Units may be sold at a lower net asset value per unit as compared to the net asset value per unit at the point of purchase towards settling the loan.

#### Operational Risk

This risk refers to the possibility of a breakdown in our internal controls and policies. The breakdown may be a result of human error, system failure or fraud where our employees collude with one another. This risk may cause monetary loss and/or inconvenience to you. We will regularly review our internal policies and system capability to mitigate this risk. Additionally, we maintain a strict segregation of duties to mitigate instances of fraudulent practices amongst our employees.

#### 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. Upon such event and in the best interest of the Unit Holders, the Trustee may suspend the repurchase of Units requests. Please refer to "Suspension of Dealing in Units" section of this Prospectus for more details.

#### **SPECIFIC RISKS**

Specific risks relating to the Fund are as below:

#### CIS Risk

Any adverse effect on the CIS which the Fund is investing in will impact the NAV of the Fund. For example, the respective CIS may be affected due to poor market conditions and as a result, the NAV of the Fund will be adversely affected as the performance of the Fund is dependent on the performance of the respective CIS. In addition, any mismanagement of the CIS or poor decisions taken on the CIS may adversely affect the NAV of the CIS and hence the Fund.

#### Credit And Default Risk

Credit risk relates to the creditworthiness of the issuers of the money market instruments and and the Financial Institutions where the deposits are placed (hereinafter referred as "investment") and their expected ability to make timely payment of interest and/or principal. Any adverse situations faced by the issuer may impact the value as well as liquidity of the investment. In the case of rated investment, this may lead to a credit downgrade. Default risk relates to the risk of an issuer and/or Financial Institution 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

Money market instruments are subject to profit rate fluctuations. Generally, movement in interest rates affects the prices of money market instruments inversely. For example, when interest rates rise, prices of money market instruments will fall. The fluctuations of the prices of money market instruments will also have an impact on the NAV of the Fund. This risk can largely be eliminated by holding money market instruments until their maturity. We also manage interest rate risk by considering each money market instruments' sensitivity to interest rate changes. When interest rates are expected to increase, the Fund would then likely seek to switch to money market instruments that are less sensitive to interet 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.

#### Currency Risk

As the investments of the Fund may be denominated in currencies other than the base currency, any fluctuation in the exchange rate between the base currency and the currencies in which the investments are denominated may have an impact on the value of these investments. You should note that any gains or losses arising from the fluctuation in the exchange rate may further increase or decrease the returns of the investment.

#### Related Party Transaction Risk

The Fund may invest in AHAM's CIS and may also have dealings with parties related to AHAM. Nevertheless, it is our policy that all transactions with related parties are to be executed on terms which are best available to the Fund and which are not less favourable to the Fund than an arms-length transaction between independent parties.

#### 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 to fall.

Specific risks relating to the collective investment schemes in which the Fund invests in are as below:

#### Stock Specific Risk

Prices of a particular stock may fluctuate in response to the circumstances affecting individual companies such as adverse financial performance, news of a possible merger or loss of key personnel of a company. Any adverse price movements of such stocks will adversely affect the performance of the CIS.

#### Credit And Default Risk

Credit risk relates to the creditworthiness of the issuers of the debt securities 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 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 Financial Institutions either defaulting on payments or failing to make payments in a timely manner which will in turn adversely affect the value of the investment.

#### > Interest Rate Risk

This risk refers to the impact of interest rate changes on the valuation of debt securities or money market instruments (hereinafter referred to 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.

It is important to note that any adverse effect on the equities, debt securities and money market instruments could adversely affect the performance of the CIS which the Fund is investing. This in turn may cause the NAV of the Fund to fall.

Specific risks relating to Versa are as below:

#### Cyber security Risk

This is the risk arising from cyber-attack on Versa's platform. Should Versa be compromised, it may result in unauthorised transactions pertaining to the Fund. Further to that, your investment-related information and personal data may be leaked. All transactions through Versa may be temporarily suspended due to a cyber-attack.

#### > Functionality Risk

This is the risk that arises when Versa does not operate as intended due to factors including but not limited to connectivity and interface issues. If the Versa does not function as expected, your transaction through Versa may not be correctly processed and/or completed.

#### > Risk associated with discontinuation risk from Versa

As the Fund's transactions are done through Versa, the continuous operation of Versa is crucial. The discontinuation of services provided by Versa may be due to but not limited to revocation of the license. Should such event happen, withdrawal from the Fund may be delayed.

#### **RISK MANAGEMENT**

In our day-to-day running of the business, we employ a proactive risk management approach to manage portfolio risks and operational risks. The Board has established a board compliance and 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 and 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 and 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 and risk oversight committee reports to the board compliance and risk management committee on a quarterly basis.

As the Fund will be investing a minimum of 95% of its NAV in CIS, the risk management of the Fund will largely be held at the level of the respective CIS that the Fund is invested into. Nevertheless, we will conduct 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 and any risks associated with it when making geographical selections. We also have in place a credit risk management process to reduce counterparty risk of derivatives whereby such risk arises when the counterparty is not able to meet their contractual obligations. Prior to entering into a contract with the counterparty, we will conduct an evaluation on the credit standing of the counterparty to ensure they are able to meet their contractual obligations. It is important to note that an event of downgrade does not constitute a default. If we view that the downgrade in the rating of the counterparty may lead to high credit risk, we will not hesitate to take preemptive measures to unwind these positions.

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 investment committee to ensure that the Fund's investment objective is met. Regular portfolio reviews by senior members of the investment team further reduce the risk of implementation inconsistencies and guidelines violations.

We will also closely monitor the performance of the underlying investments of the Fund and obtain regular updates from the respective managers of the CIS by looking at the CIS' standard deviation, tracking error and measures of excess return. The data obtained will be reviewed on a quarterly basis, or as and when extreme market conditions or price movement in CIS occur.

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 to the Fund. If necessary, you should consult your professional adviser(s) for a better understanding of the risks.

# ABOUT AFFIN HWANG VERSA PORTFOLIO - GROWTH

Fund Category : Mixed assets (Fund-of Funds)

Fund Type : Growth
Base Currency : MYR
Financial Year End : 31 July

**Distribution Policy** : The Fund is not expected to make distribution. However, incidental distribution may

be declared whenever appropriate.

Deed(s) : Deed dated 8 October 2021.

#### **INVESTMENT OBJECTIVE**

The Fund aims to provide investors with capital growth over a medium to long-term period through a portfolio of collective investment schemes.

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

#### **INITIAL OFFER PRICE AND INITIAL OFFER PERIOD**

The initial offer price is set at MYR 0.50 only.

The initial offer period shall be for a period of not more than twenty one (21) calendar days from the Commencement Date. The initial offer period may be shortened if we determine that it is in your best interest.

#### **BENCHMARK**

Maybank 12-month fixed deposit rate + 5% per annum

It is important to note that this is only a measurement of the Fund's performance and is not a guaranteed return.

#### ASSET ALLOCATION

- > A minimum of 95% of the Fund's NAV will be invested in CIS; and
- A maximum of 5% of the Fund's NAV in money market instruments and/or deposits.

#### **INVESTMENT STRATEGY**

In line with its objective, the investment strategy of the Fund is to invest in a diversified portfolio of CIS that will provide capital growth through exposure into global markets.

To offer investment diversification, the selection of CIS will be made based on the geographical and asset class focus to broaden the investment reach. Through its investment into CIS, the Fund will provide you with access into equities listed in global markets, as well as access into fixed income instruments such as debt securities, money market instruments and deposits, issued globally. We will look towards having a growth portfolio by holding optimal exposure into both equities and fixed income instruments respectively. Exposure into equities are generally considered to be able to provide higher returns as compared to fixed income instruments thus exposing you to the relatively higher risk that comes with equity investments. However, the Fund will also have exposure in fixed income instruments, which are generally considered to be of lower risk, and the optimal allocation is aimed at managing the overall volatility of the Fund.

In this respect, we take an active investment strategy in terms of its asset allocation, and geographical allocation decision. However, once a decision is made with regard to the actual allocation, the Fund will take a more passive stance by holding on to investments it already owns. Nevertheless, we will hold the flexibility to actively shift its asset and geographical allocation should it deem necessary based on the prevailing market conditions.

We may place the uninvested portion of the Fund in liquid assets such as money market instruments and/or deposits with Financial Institutions. However, we may also take temporary defensive positions that may be inconsistent with the Fund's principal strategy by holding up to all of the Fund's NAV in money market instruments and/or deposits with Financial Institutions in attempting to respond to adverse conditions that could negatively impact the financial markets.

#### **Derivatives**

The Fund may participate in non-MYR denominated assets, which we believe will be able to meet the Fund's objective. These non-MYR denominated assets may be hedged back to MYR, i.e. the base currency, to mitigate foreign currency risk.

The Fund may use derivatives, such as foreign exchange forward contracts, and cross currency swaps for hedging purposes only. Cross currency swaps and/or foreign exchange forward contracts may be used to hedge the principal and/or the returns of the foreign currency exposure of the Fund, depending on the Manager's view on the invested currency. The employment of derivatives under these circumstances is expected to reduce the impact of foreign currency movements on the Fund's NAV irrespective of the currency classes. While the hedging strategy 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 types of derivatives envisaged for hedging purposes include forwards and swaps which are OTC or traded on centralised exchanges.

#### **Cross Trades Policy**

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 the Compliance Unit of the Manager, and reported to the AHAM's compliance and risk management committee, to avoid conflicts of interests and manipulation that could have a negative impact on investors.

#### **PERMITTED INVESTMENTS**

- Units/shares in CIS;
- Money market instruments;
- Deposits;
- Derivatives; and
- Any other form of investments as may be permitted by the SC from time to time which is in line with the investment objective of the Fund.

#### INVESTMENT RESTRICTIONS AND LIMITS

- The Fund's assets must be relevant and consistent with the investment objective of the Fund.
- The Fund must not invest in:
  - i. a fund-of-funds;
  - ii. a feeder fund; and
  - iii. any sub-fund of an umbrella scheme which is a fund-of-funds or a feeder fund.

Investment spread limits and concentration limits:-

#### **Spread Limits**

- i. The Fund must invest in at least five (5) CIS at all times;
- The value of the Fund's investments in units/shares of any CIS must not exceed 30% of the Fund's NAV;
   and
- iii. The value of the Fund's investment in money market instruments issued by any single issuer must not exceed 15% of the Fund's NAV.
- iv. The value of the Fund's placements in deposits with any single financial institution shall not exceed 20% of the Fund's NAV.
- v. The aggregate value of the Fund's investments in money market instruments, deposits, OTC derivatives issued by or placed with, as the case may be, any single issuer/financial institution must not exceed 25% of the Fund's NAV;
- vi. The value of the Fund's investments in money market instruments issued by any group of companies must not exceed 20% of the Fund's NAV; and
- vii. For investments in derivatives:-
  - (a) The exposure to the underlying assets must not exceed the investment spread limits stipulated in the Guidelines; and
  - (b) The value of the Fund's OTC derivative transaction with any single counter-party shall not exceed 10% of the Fund's NAV.

#### **Concentration Limit**

- i. The Fund's investments in CIS must not exceed 25% of the units/shares in any CIS; and
- ii. The Fund's investments in money market instruments must not exceed 10% of the instruments issued by any single issuer. However, the limit does not apply to money market instruments that do not have a predetermined issue size.

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

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

#### VALUATION OF PERMITTED INVESTMENTS

We will ensure that the valuation of the Fund is 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:

#### Listed CIS

Valuation of listed CIS shall be based on market price i.e. closing bid price. 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 CIS for a period exceeding fourteen (14) days, or such shorter period as agreed by the Trustee, such listed CIS will be valued at fair value determined in good faith by us, based on the methods or bases approved by the Trustee after appropriate technical consultation.

#### Unlisted CIS

Unlisted CIS will be valued based on the last published repurchase price.

#### 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

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

#### Derivatives

The valuation of 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 (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 Bloomberg or Reuters. If the rates are not available on 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 we are unable to obtain quotation from 3 independent dealers, the FX Forwards will be valued in accordance with 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.

#### **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 of the Fund 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 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.

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

The Fund is not permitted to seek financing (including those within the meaning of the SC's Securities Borrowing and Lending Guidelines [SBL Guidelines]) in connection with its activities. However, the Fund may seek cash financing for the purpose of meeting repurchase requests for Units and for short-term bridging requirements. Such financings are subjected to the following:-

- the Fund's cash financing is only on a temporary basis and that financings are not persistent;
- > the financing period should not exceed one (1) month;
- the aggregate financings of the Fund should not exceed 10% of the Fund's NAV at the time the financing is incurred; and
- the Fund may only obtain financing from Financial Institutions; and

Except for securities lending as provided under the SBL Guidelines, none of the cash or investments of the Fund may be lent. Furthermore, 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 and possible repurchase of Units.

The Fund may create new classes of Units without having to seek Unit Holders' prior approval. 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 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 where joint application is allowed, 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.
- > Joint account is not available for this Fund through Versa. However, Unit Holders will be informed if joint account is allowed through Versa in the future.

#### **HOW TO PURCHASE UNITS?**

- > The Fund is available through Versa's platform and you will need to open a relevant account with Versa to transact. Versa and AHAM are regulated entities by the relevant authority and we impose requirements in the account opening to comply with the relevant laws, regulations and guidelines, including the need to perform the necessary checks and verifications of accounts. Therefore, your eligibility is also subject to those requirements.
- > Please note that the service is subject to the availability/functioning of Versa's platform and its connectivity with our infrastructures for the Fund.
- We may allow other modes of application from time to time.

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

- Once the relevant account is opened through Versa for investment into the Fund, you can invest:
  - i. directly from your bank account through wire transfer facility offered through Versa's platform (subject to any limit prescribed by the wire transfer facility provider); or
  - ii. by such other mode of payment that we and/or the relevant authorities approve from time to time.
- Any charges, fees and expenses incurred in facilitating the abovementioned mode or such other mode of payment shall be borne by you. Such mode of payment is subject to further limit(s), restriction(s) and/or terms and conditions that we and/or the relevant authorities may impose from time to time.

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

- The account opening and transactions can be performed through Versa's platform. Please note that the service is subject to the availability/functioning of Versa and its connectivity with our infrastructures for the Fund.
- During the initial offer period, if we receive your purchase request 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 request 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. on a Business Day ("or T day") will be transacted on the next Business Day (or "T + 1 day"), unless a prior arrangement is made to our satisfaction.
- With the implementation of automated process, you can transact through Versa's platform on any Business or non-Business Day. Any purchase request received or deemed to have been received by us on a non-Business Day will be transacted on the next Business Day, unless a prior arrangement is made to our satisfaction.
- > The processing of your purchase request is subject to you providing all required and accurate information to us through Versa's platform. Failure to complete the purchase request by you, non-receipt of the purchase request by us or receipt of inaccurate information by us will cause the purchase request to be cancelled automatically. If you wish to re-apply, you will have to re-initiate the purchase process through Versa's platform. For more information, you may refer to the Frequently Asked Questions and terms and conditions which are available on Versa's platform.

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

Minimum Initial Investment*	MYR 100
Minimum Additional Investment*	Nil
Minimum Holding of Units*	200 Units
Minimum Switching of Units*	200 Units

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

#### **HOW TO REPURCHASE UNITS?**

- The repurchase request can be performed through Versa's platform. Please note that the service is subject to the availability/functioning of Versa and its connectivity with our infrastructures for the Fund.
- > We may allow other modes of application from time to time.
- > 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.
- The withdrawal amount that you will receive is calculated by the withdrawal value less any other fees and charges, if any.
- > Payment of the repurchase proceeds will be made via bank transfer where proceeds will be transferred to your bank account.
- > Bank charges and other bank fees, if any, will be borne by you.

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

- The repurchase request can be performed through Versa's platform. Please note that the service is subject to the availability/functioning of Versa and its connectivity with our infrastructures for the Fund.
- > During the initial offer period, if we receive your repurchase request 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. on a Business Day (or "T day") will be transacted on the next Business Day (or "T + 1 day").
- You can transact through Versa's platform on any Business or non-Business Day. Any repurchase request received or deemed to have been received by us on a non-Business Day will be transacted on the next Business Day, unless a prior arrangement is made to our satisfaction.
- > Once processed, you will receive confirmation on the successful transaction through Versa's platform. The number of Units that you withdraw will be rounded down to four (4) decimal places.
- The processing of your withdrawal request is subject to you providing all required and accurate information to us through Versa's platform. Failure to complete the withdrawal request by you, non-receipt of the withdrawal request by us or receipt of inaccurate information by us will cause the withdrawal request to be cancelled automatically. If you wish to re-apply, you will have to re-initiate the withdrawal process through Versa's platform. For more information, you may refer to the Frequently Asked Questions and terms and conditions which are available on Versa's platform.

#### WHAT IS THE REPURCHASE PROCEEDS PAYOUT PERIOD?

> You will be paid within ten (10) days from the day the repurchase request is received by us, provided that all documentations are completed and verifiable.

#### WHERE TO PURCHASE AND REPURCHASE UNITS?

- Units can be purchased and repurchased through Versa's platform.
- You may obtain a copy of the Prospectus and PHS from Versa's platform. Alternatively, you may also visit our website at www.affinhwangam.com.

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

- You can seek assistance from our customer service personnel at our toll free number 1-800-88-7080 between 8.45 a.m. to 5.30 p.m. on a Business Day. Alternatively, you can email us at customercare@affinhwangam.com.
- You may also seek assistance directly from Versa at 03-7890 3500 between 9.00 a.m. to 5.00 p.m. on a Business Day. Alternatively, you may also email Versa at support@versa.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 NAV per Unit and the Sales Charge, on the day those Units were first purchased and you will be refunded within ten (10) days from the receipt of the cooling-off application.

Please note that the cooling-off right is applicable to you if you are an individual investor and are investing in any of our funds for the first time. However, if you are a staff of AHAM or a person registered with a body approved by the SC to deal in unit trusts, you are not entitled to this right.

We will process your cooling-off right if your cooling-off 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").

The processing is subject to receipt of a complete application and such other documents as may be required by us.

#### SWITCHING FACILITY

Switching facility enables you to switch into any funds (or its classes) that are available on Versa's platform, provided that the fund (or its class) is denominated in MYR, and it is subject to the terms and conditions applicable for the respective funds. However, you must meet the minimum holding of Units of 200 Units and the minimum investment amount of the fund (or its class) that you intend to switch into. Please note that the service is subject to the availability/functioning of Versa's platform and its connectivity with our infrastructures for the Fund. We may allow other modes of application from time to time.

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 that we deem to be contrary to the best interest of the Fund and/or the existing Unit Holders.

#### Switching from this Fund into other funds (or its classes) managed by us

You must complete a switching transaction request via Versa 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.

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

Suitabing Out Fund	Cuitabina la Fund	Pric	ing Day
Switching Out Fund	Switching In Fund	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	- T Day	1 Day
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

Transfer facility is not available for this Fund.

#### SUSPENSION OF DEALING IN UNITS

The Trustee may suspend the dealing in Units requests:

- where the platform is not or cannot be accessed, connected to and/or is not operating or functioning properly and/or is discontinued, as the case may be;
- 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
- 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.

#### **INCOME DISTRIBUTION**

The Fund is not expected to make distribution. However, incidental distribution may be declared whenever appropriate.

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. All distribution will be automatically reinvested into additional Units in the Fund if you do not select the mode of distribution in the application.

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 within 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.

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

#### **UNCLAIMED MONEYS**

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

# FEES, CHARGES AND EXPENSES

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

You should be aware that all fees, charges and expenses referred to or quoted in the Prospectus (including any supplementary 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) 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 the Fund.

SALES CHARGE		
Nil.		
REPURCHASE CHARGE		
Nil.		
TRANSFER FEE		

Not applicable as transfer facility is not available for this Fund.

#### **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

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 1.50% per annum of the NAV of the Fund (before deducting the management fee and trustee fee). This fee is calculated and accrued daily and payable monthly to the Manager.

Please note that the example below is for illustration only:

Assuming that the NAV of the Fund is MYR 130 million for that day, the accrued management fee for that day would be:

MYR 130,000,000 x 1.50% 365 days = MYR 5,342.47

#### 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), (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:

Assuming that the NAV of the Fund is MYR 130 million for that day, the accrued trustee fee for that day would be:

#### MYR 130,000,000 x 0.04%

365 days = MYR 142.47

#### **EXPENSES**

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

- Commissions/fees paid to brokers/dealers in effecting dealings in the investments of the Fund, shown on the contract notes or confirmation notes;
- (where the custodial function is delegated by the Trustee) charges and fees paid to the sub-custodians in respect of any foreign investments of the Fund;
- > Taxes and other duties charged on the Fund by the government and/or other authorities;
- Costs, fees and expenses properly incurred by the auditor appointed for the Fund;
- Costs, fees and expenses incurred for the valuation of any investments of the Fund by independent valuers for the benefit of the Fund;
- > Costs, fees and expenses incurred for any modification of the Deed save where such modification is for the benefit of the Manager and/or the Trustee;
- > Costs, fees and expenses incurred for any meeting of the Unit Holders save where such meeting is convened for the benefit of the Manager and/or the Trustee;
- Any tax now or hereafter imposed by law or required to be paid in connection with any costs, fees and expenses incurred by the Fund; and
- Any other expenses allowed under the Deed.

#### 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 commission can be retained by us or our delegates provided that:-

- the goods and services are of demonstrable benefit to the Unit Holder in the form of research and advisory services that assist in the decision-making process relating to the Fund's investments; and
- > any dealing with the broker or dealer is executed on terms which are the most favourable for the Fund.

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**

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

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

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

	MYR
Investments	195,000,000.00
Add other assets	5,700,000.00
Gross asset value	200,700,000.00
Less: Liabilities	700,000.00
NAV (before deduction of management fee and trustee fee for the day)	200,000,000.00
Less: Management fee for the day	8,219.18
Less: Trustee fee for the day	219.18
NAV	199,991,561.64
NAV per Unit*	0.6666

<sup>\*</sup> NAV per Unit is derived by dividing the NAV with the Units in Circulation.

The rounding policy is four (4) decimal points for the purposes of publication of the NAV per Unit. However, the rounding policy will not apply when calculating the Sales Charge and Repurchase Charge (where applicable). 5.03

#### **INCORRECT PRICING**

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

The Trustee will not consider an incorrect valuation and/or pricing of the Fund and/or the Units to be of minimal significance if the error involves a discrepancy of 0.5% or more of the NAV per Unit unless the total impact on your account is less than MYR 10.00. An incorrect valuation and/or pricing not considered to be of minimal significance by the Trustee will result in reimbursement of moneys in the following manner:

	Reimbursement by:	Receiving parties:
Over valuation and/or pricing in relation to the 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 is payable separately from the Selling Price and Repurchase Price.

During initial offer period, the Selling Price and/or the Repurchase Price is equivalent to the initial offer price. 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.

#### **Calculation of Selling Price**

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

Investment Amount	MYR 10,000.00	
Selling Price per Unit	MYR 0.50	
Number Of Units Received*	MYR 10,000 ÷ MYR 0.50 = 20,000 Units	
Sales Charge	0.00%	
Sales Charge Paid By Investor**	0.00% x MYR 0.50 x 20,000 Units = MYR 0	
Total Amount Paid By Investor***	MYR 10,000 + MYR 0 = MYR 10,000	

Formula for calculating:-

\* Number of Units received = Investment Amount
Selling Price per Unit

\*\* Sales Charge paid by investor = Sales Charge x Selling Price per Unit x Number of Units received

\*\*\* Total amount paid by investor = Amount invested + Sales Charge paid by investor

#### **Calculation of Repurchase Price**

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

Units Repurchased	20,000 Units	
Repurchase Price	MYR 0.50	
Repurchase Amount^	20,000 Units x MYR 0.50 = MYR 10,000	
Repurchase Charge	0.00%	
Repurchase Charge Paid By Investor^^	0.00% x MYR 10,000 = MYR 0	
Total Amount Received By Investor^^^	MYR 10,000 - MYR 0 = MYR 10,000	

Formula for calculating:-

^ Repurchase amount = Unit repurchased x Repurchase Price

^^ Repurchase Charge paid by investor = Repurchase Charge x Repurchase amount

^^^ Total amount received by investor = Repurchased 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 Institutional Unit Trust Adviser or using a nominee. In such an instance, the Units may not be registered in the name of the investor and thus not a registered Unit Holder. Please be advised that the Manager only recognises the rights attached to a registered Unit Holder.

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

#### **Rights Of Unit Holders**

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

- to receive 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;
- > to call for Unit Holders' meetings, and to vote for the removal of the Trustee or the Manager through a Special Resolution;
- > to exercise the cooling-off right (if applicable); and
- > to receive annual and interim reports.

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

#### **Liabilities Of Unit Holders**

- You would not be liable for any amount in excess of the purchase price paid for the Units as determined in accordance with the Deed at the time the Units were purchased and any charges payable in relation thereto; and
- > You shall not be under any obligation to indemnify the Manager and/or the Trustee in the event that the liabilities incurred by the Manager and/or the Trustee in the name of or on behalf of the Fund pursuant to and/or in the performance of the provisions of the Deed exceed the value of the assets of the Fund and any right of indemnity of the Manager and/or the Trustee shall be limited to recourse to the Fund.

## **Provisions Regarding Unit Holders' Meetings**

#### Quorum Required For Convening A Unit Holders' Meeting

The quorum required for a meeting of the Unit Holders shall be five (5) Unit Holders, whether present in person or by proxy, provided that if the Fund has five (5) or less Unit Holders, the quorum required for a meeting of the Unit Holders shall be two (2) Unit Holders, whether present in person or by proxy; if the meeting has been convened for the purpose of voting on a Special Resolution, the Unit Holders present in person or by proxy must hold in aggregate at least twenty five per centum (25%) of the Units in Circulation of the Fund at the time of the meeting.

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

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

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

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

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

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

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

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

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

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

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

#### **Termination Of The Fund**

#### Circumstances That May Lead To The Termination Of The Fund

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

- > The SC has withdrawn the authorisation of the Fund pursuant to Section 256E of the Act; or
- A Special Resolution is passed at a Unit Holders' meeting to terminate or wind up the Fund.

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

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

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

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

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

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

In any of the events set out above, the Manager shall upon receipt of a written notice from the Trustee ipso facto 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, Removal Or Replacement Of The Trustee

The Trustee may retire upon giving three (3) months' notice to the Manager of its desire to do so, or such shorter period as the Manager and the Trustee shall agree, and may by deed appoint in its stead a new trustee approved by the relevant authorities and under any relevant law.

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

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

- the Trustee has ceased to exist;
- the Trustee has not been validly appointed;
- the Trustee is not eligible to be appointed or to act as trustee under any relevant law;
- the Trustee has failed or refused to act as trustee in accordance with the provisions or covenants of the Deed or any relevant law;
- > a receiver has been appointed over the whole or a substantial part of the assets or undertaking of the Trustee and has not ceased to act under the appointment;
- a petition has been presented for the winding up of the Trustee (other than for the purpose of and followed by a reconstruction, unless during or following such reconstruction the Trustee becomes or is declared insolvent); or
- the Trustee is under investigation for conduct that contravenes the Trust Companies Act 1949, the Trustee Act 1949, the Companies Act 2016 or any relevant law.

#### **Fees And Charges**

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

Sales Charge	6.00% of the NAV per Unit.
Repurchase Charge	5.00% of the NAV per Unit.
Annual Management Fee	5.00% per annum of the NAV of the Fund.
Annual Trustee Fee 0.10% per annum of the NAV of the Fund (excluding foreign custod charges).	

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

The maximum Sales Charges and Repurchase Charge set out in this Prospectus can only be increased if the Manager has notified the Trustee in writing of the higher charges and the effective date for the higher charge.

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

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

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

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

#### **Permitted Expenses under the Deed**

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

- commissions or fees paid to brokers/dealers in effecting dealings in the investments of the Fund, shown on the contract notes or confirmation notes;
- taxes and other duties charged on the Fund by the government and/or other authorities;
- costs, fees and expenses properly incurred by the auditor appointed for the Fund;
- > costs, fees and expenses incurred for the valuation of any investments of the Fund by independent valuers for the benefit of the Fund;
- costs, fees and expenses incurred for any modification of the Deed save where such modification is for the benefit of the Manager and/or the Trustee;
- > costs, fees and expenses incurred for any meeting of the Unit Holders save where such meeting is convened for the benefit of the Manager and/or the Trustee;
- > costs, commissions, fees and expenses of the sale, purchase, insurance and any other dealing of any asset of the Fund;
- costs, fees and expenses incurred in engaging any specialist approved by the Trustee for investigating or evaluating any proposed investment of the Fund;
- costs, fees and expenses incurred in engaging any adviser for the benefit of the Fund;
- > costs, fees and expenses incurred in the preparation and audit of the taxation, returns and accounts of the Fund;
- > costs, fees and expenses incurred in the termination of the Fund or the removal of the Trustee or the Manager and the appointment of a new trustee or management company;
- costs, fees and expenses incurred in relation to any arbitration or other proceedings concerning the Fund or any asset of the Fund, including proceedings against the Trustee or the Manager by the other for the benefit of the Fund (save to the extent that legal costs incurred for the defence of either of them are not ordered by the court to be reimbursed by the Fund);

- remuneration and out of pocket expenses of the independent members of the investment committee of the Fund, unless the Manager decides otherwise;
- > 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;
- costs and expenses incurred in relation to the distribution of income (if any);
- > (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;
- Fees, charges, costs and expenses relating to the preparation, printing, posting and/or lodgement of documents and reports which the Manager and/or the Trustee may be obliged to prepare, print, post and/or lodge in relation to the Fund by virtue of any relevant law; and
- > any tax now or hereafter imposed by law or required to be paid in connection with any costs, fees and expenses incurred as mentioned above.

# THE MANAGER

#### **ABOUT AHAM**

AHAM was incorporated in Malaysia on 2 May 1997 and began its operations under the name Hwang—DBS Capital Berhad in 2001. In early 2014, AHAM was acquired by the Affin Banking Group ("Affin") and hence, is now supported by a home-grown financial services conglomerate. Affin has over 39 years of experience in the financial industry which focuses on commercial, Islamic and investment banking services, money broking, fund management and underwriting of life and general insurance business. Meanwhile, AHAM has more than 18 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.

AHAM distributes its funds through the following various channels:

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

The Manager's head office is located in Kuala Lumpur and has a total of seven (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

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

#### **Board of Directors**

Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad (Chairman, Non-independent Director)

Dato' Teng Chee Wai (Non-independent Director)

Ms Eleanor Seet Oon Hui (Non-independent Director)

Puan Mona Suraya binti Kamaruddin (Non-independent Director)

Encik Faizal Sham bin Abu Mansor (Independent Director)

Maj. Gen. Dato' Zulkiflee bin Mazlan (R) (Independent Director)

#### **Key Personnel**

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

Dato' Teng is the founder of the Manager. In his capacity as the managing director and executive director of the Manager, 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 the Manager 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 the Manager in 2002 as Head of Equities and assumed the role of Chief Investment Officer in September 2006. He has been responsible for successfully steering the Manager'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 the Manager to remain ahead of its peers. A decade later, he has built the investment team from just four (4) fund managers to a 40 strong group featuring an impressive resume across different investment specialties, coverage and geographies. Under his foresight and vision, the team has evolved

from being equity-heavy to encompass strong local and regional multi-asset and sector investment capabilities. His absolute return investment philosophy and bottom-up stock selection technique has garnered recognition for the Manager 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 the Manager'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.

#### **DESIGNATED FUND MANAGER**

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

#### **INVESTMENT COMMITTEE**

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

#### MATERIAL LITIGATION

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

For further information on AHAM, the investment committee and/or AHAM's delegate, you may obtain the details from our website at www.affinhwangam.com.

# THE TRUSTEE

#### **CIMB COMMERCE TRUSTEE BERHAD**

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

#### **Experience in Trustee Business**

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

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

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

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

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

#### Trustee's Delegate

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

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

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

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

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

# **VERSA**

#### **ABOUT VERSA**

Versa Asia Sdn Bhd is a wealthtech platform which enables customers to optimise, spend and grow their money through a single account. Versa was licensed as Registered Market Operators (E-services) by the SC on 5<sup>th</sup> August 2020. It has been established with the aim of providing the accessibility of wealth management products to the masses. Versa focuses to providing consumers with an avenue to invest, and optimise their returns with digital-first wealth management products.

The company's board of directors is led by the chairman, Dato' Noorazman Bin Abd Aziz, and is operated by the management and founder team. Currently the team comprises of 19 professionals who specialise in business operation, product management, technology development, marketing and compliance. Versa adheres to, and operates based on the requirements stipulated in the Registered Market Operators' licensing guidelines. Versa has launched its mobile application to the public in January 2021, and will continue to innovate and expand its product range to address the underserved.

The roles and responsibilities of Versa is to act as a primary distributor of the Fund via its mobile application.

# RELATED PARTIES TRANSACTION AND CONFLICT OF INTEREST

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

#### **Related Party Transactions**

Name of Party Involved in the Transaction	Nature of Transaction	Name of Related Party	Nature of Relationship
АНАМ	Placement of deposits, investments in money market instruments and derivatives	Affin Hwang Investment Bank Berhad (Affin Hwang IB)	Affin Hwang IB holds 63% equity interest in the Manager.

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

Nikko Asset Management International Limited, a substantial shareholder of AHAM, is wholly owned by Nikko Asset Management Co., Ltd. ("Nikko AM"). Nikko AM's office is situated in Japan where it provides investment management 63services, focused on sourcing, packaging and distributing retail investment fund products which are managed inhouse or outsourced to third party sub-advisers.

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

Name of Director	Name of Corporation or Business	Nature of Interest in Shareholding (Direct/Indirect)	Nature of Interest in Directorship
Dato' Teng Chee Wai	AIIMAN Asset Management Sdn. Bhd. ("AIIMAN") AIIMAN is wholly-owned by the Manager	Indirect interest	Non-independent Director
Puan Mona Suraya binti Kamaruddin	AIIMAN	-	Non-independent Director

#### **Conflict of Interest**

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 investment committee member's interests may conflict with that of the Fund, they are to refrain from participating in the decision-making process relating to the matter. Staff of AHAM are required to seek prior approval from the executive director or the managing director before dealing in any form of securities. All transactions with related parties are to be executed on terms which are best available to the Fund and which are no less favourable to the Fund than an arms-length transaction between independent parties.

# TAXATION OF THE FUND

8 September 2021

**Deloitte Tax Services Sdn Bhd** 

Level 16, Menara LGB 1 Jalan Wan Kadir Taman Tun Dr. Ismail 60000 Kuala Lumpur

Board of Directors

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

**Dear Sirs** 

#### Affin Hwang Versa Portfolio - Growth Taxation of the Fund and Unit Holders

1. This letter has been prepared for inclusion in the Prospectus (hereinafter referred to as "the Prospectus") in connection with the offer of units in the Affin Hwang Versa Portfolio - Growth (hereinafter referred to as "the Fund").

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

#### 2. Taxation of the Fund

#### 2.1 Income Tax

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

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

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

The income tax rate applicable to the Fund is 24%.

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

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

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

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

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

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

#### 2.2 Gains on Disposal of Investments

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

#### 2.3 Service Tax

The issuance of units by the Fund to investors will not be subject to Service Tax. Any distributions made by the Fund to unitholders are also not subject to Service Tax. The Fund would not be required to pay Service Tax on the acquisition of fund management services from the Fund Manager.

To the extent that the Fund invests in any financial services products (e.g. securities, derivatives, units in a fund or unit trust), the acquisition of these interests will also not be subject to Service Tax.

If the Fund acquires any imported taxable services from a service provider outside of Malaysia, these services would be subject to 6% Service Tax. The Fund would be required to file an SST-02A return on an ad hoc basis and report and pay this amount of tax to the Royal Malaysian Customs Department.

#### 3. Taxation of Unit Holders

#### 3.1 Taxable Distribution

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

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

Unit Holders	Malaysian Tax Rates for Year of Assessment 2021
Malaysian tax residents:	
■ Individual and non-corporate Unit Holders	<ul> <li>Progressive tax rates ranging from 0% to 30%</li> <li>For tax resident individual within the chargeable income band of RM50,000 to RM70,000, the tax rate will be reduced by 1%</li> </ul>
Co-operative societies	<ul> <li>Progressive tax rates ranging from 0% to 24%</li> </ul>
Malaysian tax residents:	
Trust bodies	■ 24%
Corporate Unit Holders	
i. A company with paid up capital in respect of ordinary shares of not more than RM2.5 million where the paid up capital in respect of ordinary shares of other companies within the same group as such company is not more than RM2.5 million (at the beginning of the basis period for a year of assessment) and having gross income from source or sources consisting of a business of not more than RM50 million for the basis period of a year assessment	<ul> <li>17% for every first RM600,000 of chargeable income</li> <li>24% for chargeable income in excess of RM600,000</li> </ul>
ii. Companies other than those in (i) above	■ 24%
Non-Malaysian tax residents:	
i. Individual and non-corporate Unit Holders	■ 30%
ii. Co-operative societies	■ 24%

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

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

#### 3.2 Tax Exempt Distribution

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

#### 3.3 Distribution Voucher

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

#### 3.4 Sale, Transfer or Redemption of Units

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

#### 3.5 Reinvestment of Distribution

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

#### 3.6 Unit Splits

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

#### **Appendix**

#### **Tax Exempt Income of Unit Trusts**

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

Provided that the exemption shall not apply to the interest paid or credited to a unit trust that is a wholesale fund which is a money market fund.

In addition to the above, the Minister of Finance ("MoF") has informed vide their letter dated 23 January 2020 to the SC that the tax exemption on interest income received by corporate investors for investment in retail money market fund will be withdrawn with effective from 1 July 2020. However, the MoF has agreed to defer the expiry date to 1 January 2022.

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

### RELEVANT INFORMATION

#### **INFORMATION AVENUES**

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

You may obtain the daily Fund price from our website at www.affinhwangam.com.

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

We will provide you with an annual report and an interim report within two (2) months after the end of the financial period the report covers. In addition, we will also send you a monthly statement confirming the current Unit holdings and transactions relating to your Units in the Fund.

THE FUND'S ANNUAL REPORT IS AVAILABLE UPON REQUEST.

#### Who should I contact if I need additional information of the Fund?

You can seek assistance from our customer service personnel at our toll free number 1-800-88-7080 between 8.45a.m. to 5.30p.m. on a Business Day. Alternatively, you can email us at customercare@affinhwangam.com.

#### **COMPLAINTS AVENUES**

#### How do I make a complaint?

You may e-mail us at customercare@affinhwangam.com with the following information:

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

#### ANTI-MONEY LAUNDERING POLICIES AND PROCEDURES

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

To meet our regulatory obligations to verify the identity of our clients and to verify the source of funds, we may request for additional information from you. Information requested may include, but not limited to, supporting documents, documentary evidence to support information given and could extend to documents regarding identity of beneficial owners (if applicable). We reserve the right to reject an application to invest in the Fund should clients fail to provide the information required. Furthermore, where a particular transaction is deemed suspicious, we have an obligation under the AMLATFPUAA to notify the relevant authority of the transaction.

# **CONSENTS**

- The Trustee has given their consent to the inclusion of its name in the form and context in which such name appear in this Prospectus and have 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 have 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 supplemental deed (if any) of the Fund;
- The Prospectus and supplementary or replacement prospectus (if any) of the Fund;
- > The latest annual and interim reports of the Fund;
- Each material contract disclosed in the Prospectus and, in the case of contracts not reduced into writing, a memorandum which gives full particulars of the contracts;
- The audited financial statements of AHAM and the Fund for the current financial year (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 this Prospectus; and
- Any consent given by experts disclosed in this Prospectus.

# **DIRECTORY OF SALES OFFICES**

#### **AFFIN HWANG ASSET MANAGEMENT BERHAD:**

**HEAD OFFICE** 

Ground Floor, Menara Boustead

69 Jalan Raja Chulan 50200 Kuala Lumpur Tel : 03 – 2116 6000 Fax : 03 – 2116 6100

Toll Free No: 1-800-88-7080

Email: customercare@affinhwangam.com

Website: www.affinhwangam.com

**PENANG** 

No. 10-C-23 and 10-C-24, Precinct 10

Jalan Tanjung Tokong 10470 Penang Tel: 04 – 899 8022 Fax: 04 – 899 1916

PERAK

1 Persiaran Greentown 6 Greentown Business Centre

30450 Ipoh, Perak Tel: 05 - 241 0668 Fax: 05 – 255 9696 **JOHOR** 

Unit 22-05, Level 22 Menara Landmark No. 12, Jalan Ngee Heng 80000 Johor Bahru

Johor

Tel: 07 – 227 8999 Fax: 07 – 223 8998

MELAKA Ground Floor

No. 584 Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel: 06 -281 2890 Fax: 06 -281 2937

SABAH

Unit 1.09(a), Level 1, Plaza Shell 29, Jalan Tunku Abdul Rahman 88000 Kota Kinabalu, Sabah

Tel: 088 - 252 881 Fax: 088 - 288 803 SARAWAK

Ground Floor, No. 69

Block 10, Jalan Laksamana Cheng Ho 93200 Kuching, Sarawak

Tel: 082 – 233 320 Fax: 082 – 233 663

1st Floor Lot 1201

1st Floor, Lot 1291 Jalan Melayu, MCLD 98000 Miri, Sarawak Tel: 085 - 418 403

Fax: 085 – 418 372

#### **AUTHORISED DISTRIBUTORS:**

For more information about our authorised distributors, kindly contact 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.

PROSPECTIVE UNIT HOLDERS SHOULD READ AND UNDERSTAND THE CONTENTS OF THE PROSPECTUS AND, IF NECESSARY, SHOULD CONSULT THEIR ADVISER(S).