Out think. Out perform.



Information Memorandum

# Affin Hwang RMB Bond Fund

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

TRUSTEE
HSBC (Malaysia) Trustee Berhad
193701000084 (1281-T)

This Information Memorandum is dated 25 May 2021.

The Affin Hwang RMB Bond Fund was constituted on 25 May 2021.

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 INFORMATION MEMORANDUM AND OBTAIN PROFESSIONAL ADVICE BEFORE SUBSCRIBING TO THE UNITS OF THE FUND. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.



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

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

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

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

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## CORPORATE DIRECTORY

## The Manager/AHAM

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

## **Registered Office**

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

Tel No. : (603) 2142 3700 Fax No. : (603) 2140 3799

**Business Address** 

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

Tel No.: (603) 2116 6000 Fax No.: (603) 2116 6100 Toll free line: 1-800-88-7080

E-mail: customercare@affinhwangam.com

Website: www.affinhwangam.com

## Board of Directors of the Manager/AHAM

- Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad (Chairman, Non-independent Director)
- Mr Teng Chee Wai (Non-independent Director)
- Ms Eleanor Seet Oon Hui (Non-independent Director)
- 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 Manager's Delegate - Fund Valuation Agent

## HSBC (Malaysia) Trustee Berhad 193701000084 (1281-T)

## **Registered Office & Business Address**

13th Floor, Bangunan HSBC, South Tower, No.2, Leboh Ampang, 50100 Kuala Lumpur

Tel No.: (603) 2075 7800 Fax No.: (603) 8894 2611

## The Trustee

## HSBC (Malaysia) Trustee Berhad 193701000084 (1281-T)

## **Registered Office & Business Address**

13th Floor, Bangunan HSBC, South Tower, No.2, Leboh Ampang, 50100 Kuala Lumpur

Tel No.: (603) 2075 7800 Fax No.: (603) 8894 2611

## Trustee's Delegate

(Local Custodian)

## The Hong Kong and Shanghai Banking Corporation Limited

(as Custodian) and assets held through:-

## HSBC Nominees (Tempatan) Sdn Bhd 199301004117 (258854-D)

Bangunan HSBC, No. 2, Leboh Ampang, 50100 Kuala Lumpur

Tel No. : (603) 2075 3000 Fax No. : (603) 8894 2588

## HSBC Bank Malaysia Berhad (Co. No. 198401015221 (127776-V))

No 2 Leboh Ampang 50100 Kuala Lumpur

Telephone No: (603) 2075 3000

Fax No: (603) 8894 2588

## Trustee's Delegate

(Foreign Custodian)

## The Hongkong And Shanghai Banking Corporation Limited

6<sup>th</sup> Floor, Tower 1, HSBC Centre

1 Sham Mong Road Kowloon, Hong Kong Tel: (852) 2288 1111

## **ABBREVIATION**

FiMM Federation of Investment Managers Malaysia.

IOSCO Internal Organisation of Securities Commission.

MYR Malaysia Ringgit.

PHS Product Highlights Sheet.
PRC People's Republic of China.

RMB Renminbi Yuan.

SC Securities Commission Malaysia.

## **GLOSSARY**

Act Means the Capital Markets and Services Act 2007 as may be amended from time to

time.

**Base Currency** Means the currency in which the Fund is denominated i.e. RMB.

**Bond Connect** Means an investment channel that gives overseas investors access to fixed income

markets in mainland China via trading infrastructure in Hong Kong.

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

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

Business Day Means a day on which the 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.

Class(es) Means any number of class(es) of Unit(s) representing similar interests in the assets

of the Fund and a "Class" means any one class of Units.

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

Date is also the date of constitution of the Fund.

**communiqué** Refers to the notice issued by the Manager to the Unit Holders.

**Deed** Refers to the deed dated 7<sup>th</sup> May 2021 entered into between the Manager and the

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

**deposits** Has the same meaning as per the definition of "deposit" in the Financial Services Act

2013. For the avoidance of doubt, it shall exclude structured deposit.

**Development Financial** 

Institution

Means a development financial institution under the Development Financial

Institutions Act 2002.

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

(i) Licensed Bank;

(ii) Licensed Investment Bank;

(iii) Development Financial Institution; or

(iv) Licensed Islamic Bank;

(2) if the institution is outside Malaysia, any institution that is licensed, registered, approved or authorised by the relevant banking regulator to

provide financial services.

**Forward Pricing** Means the method of determining the price of a Unit which is the NAV per Unit at the

next valuation point after an application for purchase or repurchase request is

received by the Manager.

**Fund** Means Affin Hwang RMB Bond Fund.

Guidelines Means the Guidelines on Unlisted Capital Market Products Under The Lodge And

Launch Framework issued by the SC and as may be amended from time to time.

Information Memorandum Means this offer document in respect of this Fund as may be replaced or amended

from time to time.

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

Licensed Investment Bank Means an investment bank licensed under the Financial Services Act 2013. **Licensed Islamic Bank** Means an Islamic bank licensed under the Islamic Financial Services Act 2013. Manager or AHAM Means Affin Hwang Asset Management Berhad. 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. Where the Fund has more than one Class, there shall be a NAV attributable to each Class. **NAV** per Unit Means the NAV of the Fund at a particular valuation point divided by the number of Unit in Circulation at the same valuation point; **Repurchase Charge** Means a charge imposed pursuant to a repurchase request. **Repurchase Price** Means the NAV per Unit payable to a Unit Holder pursuant to a repurchase of a Unit; for the avoidance of doubt, the Repurchase Price does not include any Repurchase Charge which may be imposed. The Repurchase Price is equivalent to the initial offer price during the initial offer period and NAV per Unit after the initial offer period. As such, any Repurchase Charge applicable is excluded from the calculation of the Repurchase Price. **Sales Charge** Means a charge imposed pursuant to a purchase request. **Selling Price** Means the NAV per Unit payable by an applicant for a Unit pursuant to a successful application for Units; for the avoidance of doubt, the Selling Price does not include any Sales Charge which may be imposed. The Selling Price is equivalent to the initial offer price during the initial offer period and NAV per Unit after the initial offer period. As such, any Sales Charge applicable is excluded from the calculation of the Selling Price. **Sophisticated Investor** Refers to -(1) an individual whose total net personal assets, or total net joint assets with his or her spouse, exceed MYR 3 million or its equivalent in foreign currencies, excluding the value of the individual's primary residence. an individual who has a gross annual income exceeding MYR 300,000 or its (2) equivalent in foreign currencies per annum in the preceding 12 months. an individual who, jointly with his or her spouse, has a gross annual income (3) exceeding MYR 400,000 or its equivalent in foreign currencies per annum in the preceding 12 months. a corporation with total net assets exceeding MYR 10 million or its equivalent (4) in foreign currencies based on the last audited accounts. (5) a partnership with total net assets exceeding MYR 10 million or its equivalent in foreign currencies. (6) a unit trust scheme or prescribed investment scheme. (7)a private retirement scheme. (8) a closed-end fund approved by SC. (9)a company that is registered as a trust company under the Trust Companies Act 1949 which has assets under management exceeding MYR 10 million or its equivalent in foreign currencies. (10)a corporation that is a public company under the Companies Act 2016 which is approved by the SC to be a trustee under the Act and has assets under management exceeding MYR 10 million or its equivalent in foreign currencies.

- (11) a statutory body established by an Act of Parliament or an enactment of any State.
- (12) a pension fund approved by the Director General of Inland Revenue under section 150 of the Income Tax Act 1967 [Act 53].
- (13) central bank of Malaysia.
- (14) a holder of a capital markets services licence or an executive director or a chief executive officer of a holder of a capital markets services licence.
- (15) a licensed bank as defined in the Financial Services Act 2013.
- (16) a licensed Islamic bank as defined in the Islamic Financial Services Act 2013;

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

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

## ABOUT AFFIN HWANG RMB BOND FUND

FUND CATEGORY : Bond (Wholesale) BASE CURRENCY : RMB

FUND TYPE : Income FINANCIAL YEAR END : 31 January

#### DISTRIBUTION POLICY

Depending on the level of income the Fund generates, the Fund will provide distribution on an annual basis.

#### INVESTMENT OBJECTIVE

The Fund aims to provide investors with regular income.

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

## PERFORMANCE BENCHMARK

1 Year China Household Savings Deposit Rate Index

#### ASSET ALLOCATION

- A minimum of 70% of the Fund's NAV will be invested in bonds; and
- > A maximum of 30% of the Fund's NAV will be invested in money market instruments and deposits; and
- A maximum of 10% of the Fund's NAV will be invested in structured products.

## **INVESTMENT STRATEGY**

The Fund will focus on achieving its objective by investing a minimum 70% of the Fund's NAV in bonds with at least 50% of its NAV in RMB denominated bonds. The Fund will also invest a maximum of 30% of its NAV in money market instruments and deposits as well as up to 10% of its NAV in structured products.

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

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

To achieve its objective, the Fund will also have the flexibility to hold exposure up to 20% of the Fund's NAV in collective investment schemes that have similar investment objective to the Fund.

The Fund also may invest into foreign markets other than PRC where the regulatory authorities are the ordinary or associate members of the IOSCO.

The Fund is actively managed and the frequency of trading of securities is dependent on market opportunities.

## **Derivatives**

We may use derivatives, such as foreign exchange forward contracts and cross currency swaps, mainly for hedging purposes. 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 any of the Class(es) against the Base Currency. The employment of derivatives under these circumstances is expected to reduce the impact of foreign currency movements of the Fund's NAV, irrespective of the currency classes. While the hedging strategy will assist in mitigating the potential foreign exchange losses by the Fund, any potential foreign exchange gains from the hedging strategy will be capped as well. The Fund may also employ derivatives for investment purposes to enhance the returns of the Fund by taking a view on the underlying asset or currency and establish a long position to gain a specific underlying exposure. The types of derivatives envisaged for investment purposes include forwards and swaps which are OTC or traded on centralised exchanges.

## **Structured Products**

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

## **Temporary Defensive Position**

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

## **Cross Trades**

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

## PERMITTED INVESTMENT

The Fund will invest in the following investments:

- Bonds;
- Money market instruments;
- Deposits;
- Derivatives;
- Units/shares in collective investment schemes;
- Structured products; and
- Any other form of investments as may be determined by the Manager from time to time that is in line with the Fund's investment objective.

## **VALUATION POINT OF THE FUND**

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

## **VALUATION OF ASSETS**

We will ensure that the valuation of the Fund is carried out in a fair manner in accordance to the relevant laws and Guidelines. We will obtain the daily price or value of the assets for the purpose of valuing the Fund in accordance to the Malaysian Financial Reporting Standard 9 issued by the Malaysian Accounting Standards Board. In the absence of daily price or value of the assets, we will use the latest available price or value of the assets respectively. The valuation bases for the permitted investments of the Fund are as below:

## Bonds

For unlisted MYR denominated bonds, valuation will be done using the price quoted by a Bond Pricing Agency ("BPA") registered with the SC. If the Manager is of the view that the price quoted by BPA differs from the market price by more than 20 basis points, the Manager may use the market price, provided that the Manager records its basis for using a non-BPA price, obtains the necessary internal approvals to use the non-BPA price and keeps

an audit trail of all decisions and basis for adopting the market yield. For unlisted foreign bonds, they will be valued using the average indicative yield quoted by 3 independent and reputable institutions. For listed bonds, the valuations shall be based on the market price i.e. closing bid price. Where no market value is publicly available or where the use of the quoted market value is inappropriate, or where no market price is available, including in the event of suspension in the quotation of the listed bonds for a period exceeding fourteen (14) days, or such shorter period as agreed by the Trustee, such listed bonds are valued at fair value determined in good faith by the Manager or its delegate, based on the methods or bases approved by the Trustee after appropriate technical consultation.

## Money Market Instruments

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

## Deposits

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

## Derivatives or Structured Products

The valuation of derivatives or structured products will be based on the prices provided by the respective issuers. The issuers generate the market valuation through the use of their own proprietary valuation models, which incorporate all the relevant and available market data with respect to the derivatives or structured products (e.g. interest rates, movement of the underlying assets, volatility of the underlying assets, the correlation of the underlying assets and such other factors). For foreign exchange forward contracts ("FX Forwards"), we will apply interpolation formula to compute the value of the FX Forwards based on the rates provided by the Bloomberg or Reuters. If the rates are not available on the Bloomberg or Reuters, the FX Forwards will be valued by reference to the average indicative rate quoted by at least 3 independent dealers. In the case where the Manager is unable to obtain quotation from 3 independent dealers, the FX Forwards will be valued in accordance with a fair value as determined by us in good faith, on methods or bases which have been verified by the auditor of the Fund and approved by the Trustee.

## Collective investment schemes

An unlisted collective investment schemes will be valued based on its last published repurchase price. For listed collective investment schemes, the valuations shall be based on the market price of the respective collective investment schemes. 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 collective investment schemes for a period exceeding fourteen (14) days, or such shorter period as agreed by the Trustee, such investments are valued at fair value determined in good faith by the Manager, based on the methods or bases approved by the Trustee after appropriate technical consultation and verified by the auditors of the Fund.

## > Any Other Investment

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

## **ABOUT THE CLASSES**

If you intend to invest in a Class other than MYR Class, you are required to have a foreign currency account with any Financial Institution as all transactions relating to any foreign currency will ONLY be made through bank transfers.

Classes		RMB Class		MYR Class
Initial Offer Price	RMB 0.50 MYR 0.50			
	The initial offer price is the Selling Price and Repurchase Price for each Unit during the initial offer period.			
Initial Offer Period	The initial offer period shall be for a period of not more than forty-five (45) days from the Commencement Date. The initial offer period may be shortened if we determine that it is in your best interest.			
Minimum Initial Investment*	RMB 5,000 MYR 5,000			
Minimum Additional Investment*	RMB 1,000		MYR 1,000	
Minimum Units		5,000 Units		5,000 Units
Held*	If the balance of your investment (i.e. total number of Units) is less than the minimum holding of Units, you will be required to make an additional investment in order to meet the required minimum balance of investment. Otherwise, we may withdraw all your holding of Units in the Fund and pay the proceeds to you.			
Minimum Units of Repurchase*	5,000 Units		5,000 Units	
Minimum Units Per Switch*	1,000 Units		1,000 Units	
Unitholdings in Different Classes	You should note that there are differences when purchasing Units of the RMB Class and other Classes. For illustration purposes, assuming you have RMB 10,000 to invest:			
	Class(es)	RMB Class		MYR Class
	NAV per Unit	RMB 0.50		MYR 0.50
	Currency	RMB 1		RMB 1
	exchange rate	= RMB 1		= MYR 0.63
	Invested   RMB 10,000 x RMB 1 = RMB 10,000   RMB 10,000 x MYR 0.63 = MYR 6,300		RMB 10,000 x MYR 0.63 = MYR 6,300	
				MYR 6,300 ÷ MYR 0.50 = 12,600 Units
	Invested amount = RMB 10,000 x currency exchange rate of the Class  Units received = Invested amount ÷ NAV per Unit of the Class  By purchasing Units of the RMB Class and MYR Class, you will receive less Units for every MYR (i.e. 12,600 Units), compared to purchasing Units in RMB Class (i.e. 20,000 Units). Upon a poll, the votes by every Unit Holder present in person or by proxy is proportionate to the value of Units held by him or her. Hence, holding more number of Units may not give you an advantage when voting at Unit Holders' meetings. You should note that in a Unit Holders' meeting to terminate the Fund, a Special Resolution will only be passed by a majority in number representing at least three-fourths of the value of the Units held by the Unit Holders present and voting at the meeting in person or by proxy.			

The Fund may create new Classes and/or new Hedged-classes in respect of the Fund in the future without having to seek Unit Holders' prior approval. You will be notified of the issuance of the new Classes and/or new Hedged-classes by way of communiqué and the investors will be notified of the same by way of a supplemental or replacement information memorandum.

 $<sup>^{\</sup>ast}$  Subject to the Manager's discretion, you may negotiate for a lower amount or number of Units.

## ABOUT THE FEES AND CHARGES

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

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

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

## **SALES CHARGE**

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

#### REPURCHASE CHARGE

Nil.

TRANSFER FEE

Nil.

SWITCHING FEE

Nil.

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

With the issuance of multiple Classes in this Fund, the indirect fees and/or charges for the Fund are apportioned based on the size of the Class relative to the whole Fund. This means that the multi-class ratio is calculated by taking the "value of a Class before income and expenses" for a particular day and dividing it with the "value of the Fund before income and expenses" for that same day. This apportionment is expressed as a ratio and calculated as a percentage.

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

## ANNUAL MANAGEMENT FEE

The management fee is up to 1.00% per annum of the NAV of the Fund, and is calculated using the Fund's Base Currency (before deducting the management fee and trustee fee). The management fee is accrued daily and payable monthly.

Please note that the example below is for illustration only:

RMB 120 million x 1.00%

365 days = MYR 3,287.67 per day

## ANNUAL TRUSTEE FEE

The trustee fee is up to 0.05% per annum of the NAV of the Fund (excluding foreign custodian fees and charges), and is calculated using the Base Currency (before deducting the management fee and trustee fee). The trustee fee is accrued daily and payable monthly. In addition to the annual trustee fee, the Trustee may be reimbursed by the Fund for any expenses properly incurred by it in the performance of its duties and responsibilities.

Please note that the example below is for illustration only:

MYR 120 million x 0.05%

365 days = MYR 164.38 per day

## **ADMINISTRATIVE FEE**

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

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

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

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

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

## **REBATES AND SOFT COMMISSIONS**

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

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

# UNDERSTANDING THE RISKS OF THE FUND

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

	GENERAL RISKS OF THE FUND
Market risk	Market risk arises because of factors that affect the entire market place. Factors such as economic growth, political stability and social environment are some examples of conditions that have an impact on businesses, whether positive or negative. Market risk cannot be eliminated but may be reduced through diversification. It stems from the fact that there are economy-wide perils, or instances of political or social instability which threaten all businesses. Hence, the Fund will be exposed to market uncertainties and fluctuations in the economic, political and social environment that will affect the market price of the investments either in a positive or negative way.
Fund management risk	This risk refers to the day-to-day management of the Fund by us which will impact the performance of the Fund. For example, investment decisions undertaken by us as a result of an incorrect view of the market or any non-compliance with internal policies, investment mandate, the Deed, relevant law or guidelines due to factors such as human error, fraud, dishonesty or weaknesses in operational process and systems, may adversely affect the performance of the Fund.
Performance risk	The performance of the Fund depends on the financial instruments that the Fund purchases. If the instruments do not perform within expectation or if there is a default, then, the performance of the Fund will be impacted negatively. The performance of the Fund may also be impacted if the allocation of assets is not properly done. This is where the experience and expertise of the fund managers are important and the risk on the lack of experience and expertise of the fund managers has been highlighted above. On that basis, there is never a guarantee that investing in the Fund will produce the desired investment returns or on the distribution of income.
Inflation risk	This is the risk that your investment in the Fund may not grow or generate income at a rate that keeps pace with inflation. This would reduce your purchasing power even though the value of the investment in monetary terms has increased.
Liquidity risk	Liquidity risk refers to two scenarios. The first is where an investment cannot be sold due to unavailability of a buyer for that investment. The second scenario exists where the investment, by its nature, is thinly traded. This will have the effect of causing the investment to be sold below its fair value which would adversely affect the NAV of the Fund.
Operational risk	This risk refers to the possibility of a breakdown in the Manager's internal controls and policies. The breakdown may be a result of human error, system failure or may be fraud where employees of the Manager collude with one another. This risk may cause monetary loss and/or inconvenience to you. The Manager will review its internal policies and system capability to mitigate instances of this risk. Additionally, the Manager maintains a strict segregation of duties to mitigate instances of fraudulent practices amongst employees of the Manager.
Loan financing risk	This risk occurs when you take a loan or financing to finance your investment. The inherent risk of investing with borrowed money includes you being unable to service the loan repayments. In the event Units are used as collateral, you may be required to top-up your existing instalment if the prices of Units fall below a certain level due to market conditions. Failing which, the Units may be sold at a lower NAV per Unit as compared to the NAV per Unit at the point of purchase towards settling the loan.

	SPECIFIC RISKS OF THE FUND
Credit and default risk	Credit risk relates to the creditworthiness of the issuers of the bonds, money market instruments and deposits (hereinafter referred as "investment") and their expected ability to make timely payment of interest and/or principal. Any adverse situations faced by the issuer may impact the value as well as liquidity of the investment. In the case of rated investments, this may lead to a credit downgrade. Default risk relates to the risk of an issuer of the investment either defaulting on payments or failing to make payments in a timely manner which will in turn adversely affect the value of the investment. This could adversely affect the value of the Fund.
Interest rate risk	This risk refers to the impact of interest rate changes on the valuation of bonds or money market instruments (hereinafter referred as "investment"). When interest rates rise, the investment prices generally decline and this may lower the market value of the investment. The reverse may apply when interest rates fall. For investments into fixed deposits, the fluctuations in the interest rates will not affect the placement of fixed deposits but will result in the opportunity loss by the Fund if the placement of fixed deposits is made at lower interest rate.
Structured products risk	The NAV of the Fund will be impacted by the valuation of the structured product. Factors that may impact the valuation of the structured products will include, but not limited to movement of the underlying asset, volatility of the underlying assets, interest rate levels, the correlation of the underlying assets and other such factors. Any change in the aforesaid factors would either positively or negatively impact the valuation of the structured products hence impacting the NAV of the Fund. As such, the Fund's NAV will be exposed to potential price volatility, which will be dependent on the valuation of the structured products that the Fund invested in.
Derivatives risk	Valuation of derivatives takes into account a multitude of factors such as movement of the underlying assets, the correlation of the underlying assets with the Fund, the implied future direction of the underlying assets and other factors. Any diverse changes of the factors mentioned above, may result in a lower NAV price and higher volatility for the Fund's NAV.
Counterparty risk	Counterparty risk concerns the Fund's investment in structured products and derivatives ("Investments"). Counterparty risk is prevalent as the potential returns derived from the Investments are dependent on the ongoing ability and willingness of the issuer i.e. a financial institution to fulfill their respective financial commitments to the Fund in a timely manner. Bankruptcy, fraud or regulatory non-compliance arising out of and/or in connection with the issuer may impair the operations and/or the performance of the Fund. However, we will conduct stringent credit selection process of the issuer of the Investments prior to commencement of Investments and monitoring mechanisms established by us may potentially mitigate this risk. If, we are of the opinion there is material adverse change to an issuer, we may consider unwinding the issuer's Investments to mitigate potential losses that may arise.
Country risk	Investments of the Fund in any countries may be affected by changes in the economic and political climate, restriction on currency repatriation or other developments in the law or regulations of the countries in which the Fund invests. For example, the deteriorating economic condition of such countries may adversely affect the value of the investments undertaken by the Fund in those affected countries. This in turn may cause the NAV of the Fund or prices of Units to fall.
Currency risk	As the investments of the Fund may be denominated in currencies other than the Base Currency, any fluctuation in the exchange rate between the Base Currency and the currencies in which the investments are denominated may have an impact on the value of these investments. You should note that any gains or losses arising from the fluctuation in the exchange rate may further increase or decrease the returns of the investment.
Investment risk in China	As the Fund's investments concentrated in China, this increases the risk exposure to the PRC's economic and political climate. As the economy in the PRC is still undergoing transitions to a more market oriented economy, the Fund is subjected to greater risk of loss than investments in other developed markets. This includes but is not limited to higher than usual market volatility, lower trading volumes, political and economic instability, restriction on currency

	SPECIFIC RISKS OF THE FUND		
	repatriation, government interventions, limitations on foreign policies or other developments in the law or regulations of China. Hence, value of the investments undertaken by the Fund is in greater risk of loss if China's economic conditions were to deteriorate. This could adversely impact the NAV of the Fund or prices of Units to fall.		
Regulatory risks in relation to investments in China	As the Fund invests in the China Interbank Bond Market via Bond Connect, the Fund is exposed to regulatory risks. The relevant rules and regulations on these regimes are subject to change which may have potential retrospective effect. In the event that the relevant mainland Chinese authorities suspend account opening or trading on the China Interbank Bond Market, the relevant China Interbank Bond Market fund's ability to invest in the China Interbank Bond Market will be adversely affected and limited. In such event, the relevant China Interbank Bond Market fund's ability to achieve its investment objective will be negatively affected and, after exhausting other trading alternatives, the relevant fund may suffer substantial losses as a result.		
System failure risks for Bond Connect	Trading through Bond Connect is performed through newly developed trading platforms and operational systems. There is no assurance that such systems will function properly or will continue to be adapted to changes and developments in the market. In the event that the relevant systems fails to function properly, trading through Bond Connect may be disrupted. The relevant China Interbank Bond Market fund's ability to trade through Bond Connect (and hence to pursue its investment strategy) may therefore be adversely affected. In addition, where the relevant China Interbank Bond Market fund invests in the China Interbank Bond Market through Bond Connect, it may be subject to risks of delays inherent in the order placing and/or settlement systems.		
Reinvestment risk	This risk arises when an issuer of fixed income instrument decides to repay the principal earlier than the intended maturity date, especially during times of declining interest rates. As a result, the Fund may experience lower returns due to reinvesting in lower yielding fixed income instruments.		
Legal and regulatory risk	The Fund must comply with regulatory constraints or changes in the laws affecting it or its investment restrictions which might require a change in the investment policy and objective followed by the Fund. Furthermore, such changes in the laws may have an impact on the market sentiment which may in turn affect the performance of the Fund. It is impossible to predict whether such impact caused by any change in the law will be positive or negative for the Fund. In the worst case scenario, a Unit Holder may lose all his investments in the Fund.		

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

## **DEALING INFORMATION**

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

If you intend to invest in a Class other than MYR Class, you are required to have a foreign currency account with any Financial Institution as all transactions relating to any foreign currency will ONLY be made via telegraphic transfers.

## WHO IS ELIGIBLE TO INVEST?

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

within thirty (30) days from the date of the said notice.

## **HOW TO PURCHASE UNITS?**

- You may submit the purchase request by completing an application form and returning it to us between 8.45 a.m. and 3.30 p.m. on a Business Day.
- You are required to provide us with the following completed forms and documents. However, we reserve the right to request for additional documentations before we process the purchase application.

Individual or Jointholder	Corporation	
Account opening form;	Account opening form;	
Suitability assessment form;	Suitability assessment form;	
<ul> <li>Personal data protection notice form;</li> </ul>	Personal data protection notice form;	
A copy of identity card or passport or any other document of identification; and	<ul> <li>Certified true copy of memorandum and articles of association*;</li> </ul>	
Foreign Account Tax Compliance Act ("FATCA") and	<ul> <li>Certified true copy of certificate of incorporation*;</li> </ul>	
Common Reporting Standard ("CRS") Self- certification Form.	<ul> <li>Certified true copy of form 24 and form 49*;</li> </ul>	
	• Certified true copy of form 8, 9, 13, 20 and 44 (where applicable)*;	
	Latest audited financial statement;	
	Board resolution relating to the investment;	
	A list of the authorised signatories;	
	Specimen signatures of the respective signatories; and	
	Foreign Account Tax Compliance Act ("FATCA") and Common Reporting Standard ("CRS") Self- certification Form.	
	* or any other equivalent documentation issued by the authorities.	

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

Bank Transfer

You may transfer the purchase payment into our bank account via telegraphic transfer or online transfer, and include your name in the transaction description for our reference. You may obtain our bank account details from our online download center at <a href="https://www.affinhwangam.com">www.affinhwangam.com</a>.

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

## WHAT IS THE PROCESS OF THE PURCHASE APPLICATION?

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

## **HOW TO REPURCHASE UNITS?**

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

RMB Class	MYR Class
5,000 Units	5,000 Units

- If you insist on making a repurchase request knowing that after the transaction you will hold less than the minimum holdings of Units, we may withdraw all your holding of Units and pay the proceeds to you.
  - We may, with the consent of the Trustee, reserve the right to defer your repurchase request if such transaction would adversely affect the Fund or the interest of the Unit Holders.
- You may submit the repurchase request by completing a transaction form and returning it to us between 8.45 a.m. and 3.30 p.m. on a Business Days.
- > Payment of the repurchase proceeds will be made via bank transfer where proceeds will be transferred to your bank account. Where Units are held jointly, payment will be made to the person whose name appears first in the register of Unit Holders.
- Any incurred bank charges and other bank fees due to a bank transfer or other special arrangement method will be borne by you.

## WHAT IS THE PROCESS OF REPURCHASE APPLICATION?

- > During the initial offer period, if we receive your repurchase application on a Business Day, we will repurchase your Units based on the initial offer price of the Fund. After the initial offer period, for a repurchase request received or deemed to have been received by us at or before 3.30 p.m. on a Business Day (or "T day"), Units will be repurchased based on the NAV per Unit of a Class for that Business Day. Any repurchase request received after 3.30 p.m. will be transacted on the next Business Day (or "T + 1 day").
- > Processing is subject to receipt of a complete transaction form and such other documents as may be required by

## WHAT IS THE REPURCHASE PROCEEDS PAYOUT PERIOD?

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

## WHAT IS THE PRICING OF UNITS?

- The Selling Price and the Repurchase Price are equivalent to the NAV per Unit of a Class. Any applicable Sales Charge and Repurchase Charge are payable separately from the Selling Price and Repurchase Price.
- During the initial offer period, the Selling Price and Repurchase Price for all Classes are equivalent to the initial offer price of each Class and thereafter, the NAV per Unit of the respective Class. Forward Pricing will be used to determine the Selling Price and the Repurchase Price of the respective Class after the initial offer period, i.e. the NAV per Unit of each Class as at the next valuation point after we receive the purchase request or repurchase request.

## WHERE TO PURCHASE AND REPURCHASE UNITS?

- > Units can be purchased and repurchased at any of the location listed in the "Directory of Sales Offices" section in this Information Memorandum.
- You may obtain a copy of the Information Memorandum, PHS and application forms from the abovementioned location. Alternatively, you may also visit our website at www.affinhwangam.com.

## WHAT IS COOLING-OFF RIGHT?

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 of the particular Class, 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 trust funds, you are not entitled to this right.

We will process your cooling-off request if your request is received or deemed to have been received by us at or before 3.30 p.m. on a Business Day (or "T day"). Any cooling-off request received after 3.30 p.m. will be transacted on the next Business Day (or "T+1 day").

Processing is subject to receipt of a complete transaction form and such other documents as may be required by us.

## WHAT ARE THE SWITCHING OPTIONS?

You are able to switch:

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

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

The process of the switching application is as below:

## Switching between Classes

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

## Switching from the Fund into other funds managed by AHAM

You must complete a switching transaction form and submit it to us at or before the cut-off time of 3.30 p.m. on a Business Day (or "T day") together with relevant supporting documents, if any.

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

Suitabing Out Fund	Conitabing to Found	Pric	Pricing Day	
Switching Out Fund	Switching In Fund	Switching Out Fund	Switching In Fund	
Money market fund	Non-money market fund	T Day	T Davi	
Non-money market fund	Non-money market fund	T Day	T 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	

#### CAN I TRANSFER MY UNITS TO ANOTHER PERSON?

> You are allowed to transfer your Units, whether fully or partially, to another person by completing the transfer transaction form and returning it to us on a Business Day. The transfer must be made in terms of Units and not in terms of RMB or MYR value. There is no minimum amount of Units required to effect a transfer except that the transferor and transferee must hold the minimum holdings of Units to remain as a Unit Holder of a Class.

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

## HOW DO I RECEIVE THE INCOME DISTRIBUTION?

Income distribution, if any, will be paid out in the currencies in which the Classes are denominated. You have the option to receive the income distribution in cash payment or additional Units (by way of reinvestment) by ticking the appropriate column in the application form. All distribution will be automatically reinvested into additional Units if you do not select the mode of distribution in the application form.

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

## Cash Payment Process

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

#### Reinvestment Process

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

## SUSPENSION OF DEALING IN UNITS

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

## RELATED PARTIES TO THE FUND

## **ABOUT THE MANAGER - AHAM**

AHAM was incorporated in Malaysia on 2 May 1997 and began operations under the name Hwang–DBS Capital Berhad in 2001. In early 2014, AHAM was acquired by the Affin Banking Group ("Affin") and hence, is now supported by a homegrown 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.

## Our Role as the Manager

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

## **Our Investment Team**

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

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

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

## ABOUT THE TRUSTEE - HSBC (MALAYSIA) TRUSTEE BERHAD

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

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

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

In respect of monies paid by an investor for the application of units, the Trustee's responsibility arises when the monies are received in the relevant account of the Trustee for the Funds and in respect of redemption, the Trustee's responsibility is discharged once it has paid the redemption amount to the Manager. The Trustee is not liable for the acts, omissions or failure of any third party depository including central securities depositories or clearing and/or settlement systems in any circumstances. Subject to any local regulations, the Trustee and/or its related group of companies may deal with each other, the Fund or any Unit Holder or enter into any contract or transaction with each other, the Fund or any Unit Holder or retain for its own benefit any profits or benefits derived from any such contract or transaction or act in the same or similar capacity in relation to any other scheme.

## **Related Party Transactions**

HSBC Investment Fund (Hong Kong) Limited, HSBC Global Asset Management (Hong Kong) Limited, HSBC Institutional Trust Services (Asia) Limited and the Trustee are members of the HSBC Group.

In addition to the abovementioned, there may be related party transactions involving or in connection with the Fund in the following events:

- 1) where the Fund invests in instrument(s) offered by the related party of the Trustee (e.g. placement of monies, structured products, etc);
- 2) where the Fund is being distributed by the related party of the Trustee as Institutional Unit Trust Schemes Adviser;
- 3) where the assets of the Fund are being custodised by the related party of the Trustee both as sub-custodian and/or global custodian of the Fund (i.e. Trustee's delegate); and
- 4) where the Fund obtains financing as permitted under the SC Guidelines, from the related party of the Trustee.

The Trustee has in place policies and procedures to deal with any conflict of interest situation. The Trustee will not make improper use of its position as the owner of the Fund's assets to gain, directly or indirectly, any advantage or cause detriment to the interests of Unit holders. Any related party transaction is to be made on terms which are best available to the Fund and which are not less favourable to the Fund than an arms-length transaction between independent parties.

## **Anti-money laundering provisions**

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

## **Statement of Disclaimer**

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

## **Consent to Disclosure**

The Trustee shall be entitled to process, transfer, release and disclose from time to time any information relating to the Fund, Manager and Unit holders for purposes of performing its duties and obligations in accordance to the Deed, the Capital Markets and Services Act 2007, Guidelines and any other legal and/or regulatory obligations such as conducting financial crime risk management, to the Trustee's parent company, subsidiaries, associate companies, affiliates, delegates, service providers, agents and any governing or regulatory authority, whether within or outside Malaysia (who may also subsequently process, transfer, release and disclose such information for any of the above mentioned purposes) on the basis that the recipients shall continue to maintain the confidentiality of information disclosed, as required by law, regulation or directive, or in relation to any legal action, or to any court, regulatory agency, government body or authority.

## RELEVANT INFORMATION

## **SALIENT TERMS OF THE DEED**

## Your Rights and Liabilities

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

- (a) To receive the distribution of income (if any), participate in any increase in the value of the Units and to enjoy such other rights and privileges as are provided for in the Deed;
- (b) To call for Unit Holders' meetings, and to vote for the removal of the Trustee or the Manager through a Special Resolution; and
- (c) To receive quarterly and annual reports.

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

You are not liable to the following:-

- (a) For any amount in excess of the purchase price paid for the Units as determined pursuant to the Deed at the time the Units were purchased and any charges payable in relation thereto; or
- (b) For any obligation to indemnify the Trustee and/or the Manager in the event that the liabilities incurred by the Trustee and the Manager in the name of or on behalf of the Fund pursuant to and/or in the performance of the provisions of the Deed exceed the value of the assets of the Fund, and any right of indemnity of the Trustee and/or the Manager shall be limited to recourse to the Fund.

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

## Quorum Required for Convening a Unit Holders' Meeting

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

## Unit Holders' Meeting convened by the Unit Holders

Unless otherwise required or allowed by the relevant laws, the Manager shall, within twenty-one (21) days of receiving a direction from not less than fifty (50) or one-tenth (1/10) of all the Unit Holders, whichever is less of all the Unit Holders or the Unit Holders of a particular class of Units, as the case may be, summon a meeting of the Unit Holders or the Unit Holders of that class of Units 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 or Unit Holders of a particular class of Units, as the case may be;
- 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 less, of all the Unit Holders or the Unit Holders of a particular class of Units.

## **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 5.9.1 of the Deed; or
- deciding on the reasonableness of the annual management fee charged to the Fund or each class of Units.

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

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

## **Termination of the Fund**

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

## **Termination of a Class**

The Manager may terminate a particular Class via the passing of a Special Resolution by the Unit Holders of such Class at a meeting of Unit Holders of such Class, and subject to and in accordance with the relevant laws. The Manager may only terminate a particular Class if the termination of that Class does not prejudice the interests of Unit Holders of any other Class. For the avoidance of doubt, the termination of a Class shall not affect the continuity of any other Class.

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

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

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

We or the Trustee may not charge an annual management fee and/or an annual trustee fee at a rate higher than that disclosed in this Information Memorandum unless:

(a) the Manager has come to an agreement with the Trustee on the higher rate;

- (b) the Manager has notified the Unit Holders of the higher rate and the date on which such higher rate is to become effective; and
- (c) a supplemental/replacement information memorandum stating the higher rate is lodged and issued thereafter.

## **INCORRECT PRICING**

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

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

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

## POLICY ON GEARING AND MINIMUM LIQUID ASSETS REQUIREMENTS

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

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

## **UNCLAIMED MONIES**

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

## INVESTORS INFORMATION

## How can I keep track of my investment?

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

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

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

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

## **ANTI-MONEY LAUNDERING POLICIES AND PROCEDURES**

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

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

## **DIRECTORY OF SALES OFFICE**

## AFFIN HWANG ASSET MANAGEMENT BERHAD:

## **HEAD OFFICE**

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 & 10-C-24, Precinct 10 Jalan Tanjung Tokong 10470 Penang Tel: 04 – 899 8022

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 Bharu, 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 1291 Jalan Melayu, MCLD 98000 Miri, Sarawak Tel: 085 - 418 403 Fax: 085 - 418 372