

Asset Management

PRODUCT HIGHLIGHTS SHEET

for

Affin Hwang RMB Bond Fund

Date of issuance: 7th May 2021

RESPONSIBILITY STATEMENT

This Product Highlights Sheet has been reviewed and approved by the directors and/or authorized committee and/or persons approved by the Board of Affin Hwang Asset Management Berhad 199701014290 (429786-T) and they collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable inquiries, they confirm to the best of their knowledge and belief, that there are no false or misleading statements or omissions of other facts which would make any statement in the Product Highlights Sheet false or misleading.

STATEMENT OF DISCLAIMER

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

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

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

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

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

The Fund is an open-ended wholesale bond fund which aims to provide investors with regular income.

PRODUCT SUITABILITY
2. Who is this product suitable for?

The Fund is designed for Sophisticated Investors who seek regular income distribution, have a medium to long term investment horizon, and have a low to medium risk tolerance.

KEY PRODUCT FEATURES
3. What am I investing in?

	RMB Class	MYR Class
Launch Date	25 May 2021	
Initial Offer Price	RMB 0.50	MYR 0.50
	The initial offer price is the Selling Price and Repurchase Price for each Units of the Fund during the initial offer period.	
Initial Offer Period	The initial offer period will be for a period of not more than 45 calendar days from the Commencement Date of the Fund. The initial offer period may be shortened if we determine that it is in your best interest.	
Base Currency	RMB	
Benchmark	1 Year China Household Savings Deposit Rate Index <i>The risk profile of the Fund is different from the risk profile of the benchmark.</i>	
Investment Strategy	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>The Fund also may invest into foreign markets other than PRC where the regulatory authorities are the ordinary or associate members of the IOSCO.</p> <p>The Fund is actively managed and the frequency of trading of securities is dependent on market opportunities.</p>	

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	RMB Class	MYR Class
	<p>Derivatives We may use derivatives, such as foreign exchange forward contracts and cross currency swaps, mainly for hedging purposes. 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.</p> <p>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.</p> <p>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.</p>	
Asset Allocation	<ul style="list-style-type: none"> • 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. 	
Distribution Policy	Depending on the level of income the Fund generates, the Fund will provide distribution on an annual basis.	
Minimum Initial Investment*	RMB 5,000	MYR 5,000
Minimum Additional Investment*	RMB 1,000	MYR 1,000
Minimum Repurchase Amount*	5,000 Units	
Minimum Units Held*	5,000 Units	
Minimum Units Per Switch*	1,000 Units	

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

4. Who am I investing with?

Relevant parties' information:

The Manager	Affin Hwang Asset Management Berhad
Manager's Delegate (Fund Valuation Agent)	HSBC (Malaysia) Trustee Berhad

* Subject to change at our discretion.

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The Trustee	HSBC (Malaysia) Trustee Berhad
The Trustee's Delegate (Local & Foreign Custodian)	Local: The Hong Kong and Shanghai Banking Corporation Limited (as custodian) and assets held through HSBC Nominees (Tempatan) Sdn Bhd HSBC Bank Malaysia Berhad Foreign: The Hongkong and Shanghai Banking Corporation Limited

5. What are the possible outcomes of my investment?

This Fund is a wholesale bond fund that invests primarily in RMB bonds. The performance of the Fund would be dependent on the bonds that the Fund invests in. The Fund's performance is reliant on the Manager's expertise in managing the Fund to meet its objective.

Unlike fixed deposits which generally provide a guarantee on capital invested and carry specific rate of return, the Fund's investment into the bond does not provide a guarantee on capital contributed nor does it guarantee a fixed rate of return.

The Fund endeavours to distribute income, if any, on an annual basis. However, the amount of income available for distribution may fluctuate from year to year.

KEY RISKS

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

General Risks

- **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.
- **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.

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- **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

- **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.
- **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 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.

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- **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.

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

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

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

FEES & CHARGES

7. What are the fees and charges involved?

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

What will I be charged by the Manager?

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.
Switching fee	Nil.
Transfer fee	Nil.

What are the key ongoing fees charged to the Fund?

Management fee	Up to 1% per annum of the NAV of the Fund.
Trustee fee	Up to 0.05% per annum of the NAV of the Fund.

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

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

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VALUATIONS AND EXITING FROM INVESTMENT

8. How often are valuations available?

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

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

You may request to redeem your investments in the Fund at any point in time by completing the repurchase application form and returning it to us on any Business Day between 8.45 a.m. and 3.30 p.m. Payments will be made to you within 10 Business Days from the day the repurchase request is received by us and provided that all documentations are completed and verifiable.

CONTACT INFORMATION

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

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

Complaints should be made in writing with the following information:

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

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APPENDIX : GLOSSARY

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.
Deed	Refers to the deed dated 7 th 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.
Fund	Means Affin Hwang RMB Bond Fund.
Guidelines	Means the <i>Guidelines on Unlisted Capital Market Products Under The Lodge And Launch Framework</i> issued by the SC and as may be amended from time to time.
Information Memorandum	Means this offer document in respect of this Fund as may be replaced or amended from time to time.
IOSCO	Means Internal Organisation of Securities Commission.
Manager or AHAM	Means Affin Hwang Asset Management Berhad.
MYR	Means Malaysia Ringgit.
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;
PRC	Means People's Republic of China.
RMB	Means Renminbi Yuan.
Sophisticated Investor	Refers to – <ol style="list-style-type: none"> (1) an individual whose total net personal assets, or total net joint assets with his or her spouse, exceed MYR 3 million or its equivalent in foreign currencies, excluding the value of the individual's primary residence. (2) an individual who has a gross annual income exceeding MYR 300,000 or its equivalent in foreign currencies per annum in the preceding 12 months. (3) an individual who, jointly with his or her spouse, has a gross annual income exceeding MYR 400,000 or its equivalent in foreign currencies per annum in the preceding 12 months. (4) a corporation with total net assets exceeding MYR 10 million or its equivalent in foreign currencies based on the last audited accounts. (5) a partnership with total net assets exceeding MYR 10 million or its equivalent in foreign currencies. (6) a unit trust scheme or prescribed investment scheme. (7) a private retirement scheme. (8) a closed-end fund approved by SC. (9) a company that is registered as a trust company under the Trust Companies Act 1949 which has assets under management exceeding MYR 10 million or its equivalent in foreign currencies. (10) a corporation that is a public company under the Companies Act 2016 which is approved by the SC to be a trustee under the Act and has assets under management exceeding MYR 10 million or its equivalent in foreign currencies. (11) a statutory body established by an Act of Parliament or an enactment of any State.

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	<p>(12) a pension fund approved by the Director General of Inland Revenue under section 150 of the Income Tax Act 1967 [Act 53].</p> <p>(13) central bank of Malaysia.</p> <p>(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.</p> <p>(15) a licensed bank as defined in the Financial Services Act 2013.</p> <p>(16) a licensed Islamic bank as defined in the Islamic Financial Services Act 2013;</p> <p>(17) a licensed insurer as defined in the Financial Services Act 2013.</p> <p>(18) a licensed takaful operator as defined in the Islamic Financial Services Act 2013.</p> <p>(19) a Labuan bank or an insurance licensee as defined in the Labuan Financial Services and Securities Act 2010 [Act 704].</p> <p>(20) a takaful licensee as defined in the Labuan Islamic Financial Services and Securities Act 2010 [Act 705].</p> <p>(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.</p>
SC	Means Securities Commission Malaysia.
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 Unit of the Fund
Units in Circulation	Means Units created and fully paid and which has not been cancelled. <i>It is also the total number of Units issued at a particular valuation point.</i>
Unit Holder, 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.