

PRODUCT HIGHLIGHTS SHEET

for

Affin Hwang Flexi Fund III

Date of issuance: 18 December 2017

RESPONSIBILITY STATEMENT

This Product Highlights Sheet has been reviewed and approved by the directors or authorized committee or persons approved by the Board of Affin Hwang Asset Management Berhad (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 omission of other facts which would make any statement in the Product Highlights Sheet false or misleading.

STATEMENT OF DISCLAIMER

The Securities Commission Malaysia has authorised the issuance of Affin Hwang Flexi Fund III ("the Fund") and a copy of this Product Highlights Sheet has been lodged with the Securities Commission Malaysia.

The authorisation of the Fund and lodgement of 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 (429786-T) 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.

Asset Management

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 FLEXI FUND III

BRIEF INFORMATION ON THE PRODUCT

1. What is this product about?

The Fund is an open-ended flexi fund which aims to provide investors with long term capital appreciation.

PRODUCT SUITABILITY

2. Who is this product suitable for?

The Fund is designed for Sophisticated Investors who have a medium to long term investment horizon, have a medium to high risk tolerance and seek potential growth for their investment.

KEY PRODUCT FEATURES

3. What am I investing in?

Launch Date	27 March 2015
Initial Offer Price	MYR 0.50
Tenure	This Fund is an open-ended fund where it does not have a fixed maturity date and may only be terminated in accordance with the terms of the Information Memorandum and the provisions of the Deed.
Base Currency	MYR
Investment Strategy	<p>To meet the Fund's objective, the Fund will adopt a tactical asset allocation strategy depending on the prevailing market conditions. The Fund will hold the flexibility of being invested in a diversified range of investment instruments such as equities and equity-linked instruments, fixed income instruments such as debentures, money market instruments and/or deposits with Financial Institutions. Concurrently, the Fund will also have the option to invest in collective investment schemes, structured products and derivatives. At any one time, the asset mix may also comprise of one or all asset classes.</p> <p>To meet its objective, the Fund will invest primarily in equity and equity-linked instruments such as warrants of companies. To provide diversification the investment strategy would be unconstrained by any country, market capitalisation or sector. In our aim to maximise the Fund's growth potential, we will also have the option to invest into unlisted securities where those companies are likely to develop into future industry leaders. We will dedicate resources through primary research including company visits and developing earnings models, in search of these companies.</p> <p>When selecting fixed income instruments, the selection will depend largely on its credit quality of the issuers, as well as criteria such as the ability to meet their financial obligations, displays healthy cash flow, the collateral type, value, claims priority, as well as issuances that offer highest safety for timely payment of interest and capital.</p> <p>The Fund may also invest in collective investment schemes that have a similar investment objective to the Fund. These instruments may include, but not limited to real estate investment trusts (REITs), exchange traded funds and mutual funds including mutual funds managed by us. In this instance, we will ensure that there will be no improper use of our</p>

Asset Management

	<p>position in managing the Fund to gain, directly or indirectly, any advantage or to cause detriment to your interest, and investments into the said instruments will be done in the best interest of the Fund.</p> <p>Due to the fast pace market environment, we will also hold the option to invest in money market instruments and deposits with Financial Institutions while waiting for investment opportunities to arise in equities or fixed income markets. The selection of the issuers will depend largely on the credit quality and liquidity of the issuer based on our internal credit rating model.</p> <p>Derivatives Derivative trades may be carried out for both investments and hedging purposes through financial instruments including, but not limited to, forward contracts, futures contracts and swaps.</p> <p>Structured Products We may also invest into structured products such as, but not limited to, equity-linked notes and 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 the case of an equity-linked note, the stock that the equity-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 drops, 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.</p>
Asset Allocation	<ul style="list-style-type: none"> Up to 100% of the Fund's NAV to be invested in equity & equity-linked instruments; Up to 100% of the Fund's NAV to be invested in fixed income instruments; Up to 100% of the Fund's NAV to be invested in collective investment schemes; and Up to 50% of the Fund's NAV to be invested in structured products and/or derivatives.
Distribution Policy	The Fund is not expected to make distribution. However, incidental distribution may be declared whenever is appropriate.
Minimum Initial Investment*	MYR 100,000
Minimum additional Investment*	MYR 50,000
Minimum Units Held*	100,000 Units
Minimum Units Per Switch*	100,000 Units

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

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

4. Who am I investing with?

Relevant parties' information:

The Manager	Affin Hwang Asset Management Berhad
Manager's Delegate (Fund Accounting and Valuation Agent)	TMF Trustees Malaysia Berhad

* subject to change at our discretion.

Asset Management

The Trustee	TMF Trustees Malaysia Berhad
Trustee's Delegate (Custody Services)	Deutsche Bank (Malaysia) Berhad

5. What are the possible outcomes of my investment?

This Fund is a wholesale mixed asset fund that hold a flexibility of being invested in a diversified range of investment instruments such as equities and equity-linked instruments, fixed income instruments such as debentures, money market instruments and/or deposits with Financial Institutions. Concurrently, the Fund will also have the option to invest in collective investment schemes, structured products, and derivative.

The Fund's investment into equities and fixed income instruments would to a great extent be linked to the price movements of the global equity and fixed income markets. If the equities and fixed income instruments that are investable by the Fund performs well, the Fund's performance may reflect the same. However, should the investments that are investable by the Fund perform poorly; the Fund's performance may also be impacted negatively.

The Fund is not expected to make any income distribution. However, due to the Fund's portfolio of investments, the Manager expects the Fund to yield incidental growth in capital.

Please note that the capital and returns of the Fund are not guaranteed.

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.
- **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.
- **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.
- **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.
- **Operational risk** – Operational risk is the risk of loss due to the breakdown, deficiencies or weaknesses in the operational support functions resulting in the operations or internal control processes producing an insufficient degree of customer quality or internal control by the Manager. Operational risk is typically associated with human error, system failure, fraud and inadequate or defective procedures and controls.

Specific risks

- **Credit and default risk** – Credit risk relates to the creditworthiness of the issuers of the debentures and money markets instruments (hereinafter referred as "investment") and their expected ability to make timely payment of interest and/or principal. Any adverse situations faced by the issuer may impact the value as well as liquidity of the investment. In the case of rated investments, this may lead to a credit downgrade. Default risk relates to the risk of an issuer of the investment either defaulting on payments or failing to make payments in a timely manner which will in turn adversely affect the value of the investment. This could adversely affect the value of the Fund.
- **Stock specific risk** – Prices of a particular stock may fluctuate in response to the circumstances affecting individual companies such as adverse financial performance, news of a possible merger or loss of key personnel of a

Asset Management

company. Any adverse price movement of such stock will adversely affect the Fund's NAV.

- **Warrant investment risk** – The value of the warrants will depend on the pricing of the underlying security whereby the growth and performance prospect of the underlying security would consequentially affect the value of the warrants. In addition, the value of the warrants may decrease exponentially as the warrants approach its maturity date and the potential gains from a favourable price movement of the underlying may be offset by aggressive time decay. We may consider unwinding these warrants if there are material adverse changes to its value with the aim to mitigate the risk.
- **Interest rate risk** – This risk refers to the impact of interest rate changes on the valuation of debentures 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.
- **Concentration risk** – This risk arises because the Fund may have placement of deposits with a single Financial Institution. The Fund is subject to the risks linked to the particular Financial Institution. The risk may be in the form of credit risk, for example, when the particular Financial Institution is not able to repay the interest and/or principal possibly due to its poor financial position. Therefore, should such risk happens, the Fund's concentrated portfolio will cause the Fund's overall value to decline to a greater degree than if the Fund was exposed to a less concentrated portfolio.
- **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 be aware that if the currencies in which the investments are denominated depreciate against the Base Currency, this will have an adverse effect on the NAV of the Fund in the Base Currency and vice versa. You should note that any gain or loss arising from the fluctuation in the exchange rate may further increase or decrease the returns of the investment.
- **Country risk** – Investments of the Fund in any country may be affected by changes in the economic and political climate, restriction on currency repatriation or other developments in the law or regulations of the countries in which the Fund invests in. For example, the deteriorating economic condition of such countries may adversely affect the value of the investments undertaken by the Fund in those affected countries. This in turn may cause the NAV of the Fund to fall.
- **Structured product 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.

Note: Please refer to the Fund's Information Memorandum on further detail of 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 to 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 NAV per Unit of the Fund.
Repurchase charge	Not applicable.

What are the key ongoing fees charged to the Fund?

Asset Management

Management fee	Up to 1.50% per annum of the NAV of the Fund.
Trustee fee	Up to 0.055% per annum of the NAV of the Fund (excluding foreign custodian fees and charges), and is calculated using the Fund's Base Currency (before deduction the management fee and trustee fee).
Performance Fee and Hurdle Value	The Manager will earn a 20% performance fee on the appreciation in the NAV per Unit over and above the Hurdle Value during a Performance Period. However, in the interest of investors, the Manager imposes a Hurdle Value, which is HWM plus 7% per annum, in which the Fund's performance has to surpass before the Manager is eligible for a performance fee. The performance fee is calculated and readjusted on daily basis.

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

THE ABOVEMENTIONED FEES AND CHARGES ARE EXCLUSIVE OF GST. WE (INCLUDING THE TRUSTEE AND OTHER SERVICE PROVIDERS OF THE FUND) WILL CHARGE GST AT THE PREVAILING RATE OF 6% ON THE FEES, CHARGES AND EXPENSES IN ACCORDANCE WITH THE GOODS AND SERVICES TAX ACT 2014.

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 website at www.affinhwangam.com, 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 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
- € via toll free no. : 1-800-88-7080
- (d) via email to : customercare@affinhwangam.com
- € 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 following regulatory bodies, details of which are as follows:

Federation of Investment Managers Malaysia (FiMM):

- (a) via email to : legalcomp@fimm.com.my
- (b) via online complaint form : www.fimm.com.my
- € via letter to : Complaints Bureau

Asset Management

Legal, Secretarial & Regulatory Affairs
 Federation of Investment Managers Malaysia
 19-06-1, 6th Floor, Wisma Tune, No. 19, Lorong Dungun, Damansara Heights,
 50490 Kuala Lumpur

OR

Securities Industries Dispute Resolution Corporation (SIDREC):

- (a) via phone to : 03-2282 2280
- (b) via fax to : 03-2282-3855
- € 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
- € via letter to : Investor Affairs & Complaints Department
 Securities Commission Malaysia
 No 3, Persiaran Bukit Kiara Bukit Kiara, 50490 Kuala Lumpur

APPENDIX : GLOSSARY

Base Currency	Means the currency in which the Fund is denominated i.e. MYR.
Bursa Malaysia	Means the stock exchange managed and operated by Bursa Malaysia Securities Berhad and includes any changes to the name or the operator of the Malaysian stock exchange.
Business Day	A day on which the Bursa Malaysia is open for trading. The Manager may declare certain Business Days a non-Business Day when deemed necessary, such as in the event of market disruption
Deed	Refers to the deed dated 12 March 2015 and supplemental deed dated 5 December 2017 entered into between the Manager and the Trustee.
Development Financial Institutions	Means a development financial institution under the Development Financial Institutions Act 2002.
Financial Institution	Means <ul style="list-style-type: none"> 1) if the institution is in Malaysia – <ul style="list-style-type: none"> (i) Licensed Bank; (ii) Licensed Investment Bank; (iii) Development Financial Institutions; 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.
Fund	Refers to Affin Hwang Flexi Fund III.
Guidelines	<i>Guidelines on Unlisted Capital Market Products Under The Lodge And Launch Framework</i> issued by the SC and as amended or modified from time to time.
GST	Refers to the tax levied on goods and services pursuant to the Goods and Services Tax Act 2014.
“High Water Mark or HWM”	Means the NAV per Unit that forms the basis of calculating and determining the Hurdle Value for a Performance Period. At launch, the HWM will be the initial offer price and thereafter, will be the closing NAV per Unit on the last Business Day of the preceding Performance Period or the previous HWM of the preceding Performance Period, whichever is higher
Hurdle Value	Means the minimum value that needs to be achieved before the Manager is eligible for a performance fee. The Hurdle Value is calculated by adding 7% per annum to the HWM and is determined daily.
Information Memorandum	Means this offer document in respect of this Fund as may be, replaced or amended from time to time.

Asset Management

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.
the Manager / AHAM / we / us / our	Refers to Affin Hwang Asset Management Berhad.
medium to long term	Means a period of three (3) years and above.
MYR	Means the Malaysian Ringgit, the lawful currency of Malaysia.
NAV	Means the value of all the assets of the Fund less the value of all the liabilities of the Fund at a valuation point.
NAV per Unit	Means the NAV of the Fund at a particular valuation point divided by the number of Unit in Circulation at the same valuation point.
Performance Period	Means a period of 12 months beginning from 1 January to 31 December every year to coincide with the start and the end of the Fund's financial year. However, the Fund's financial year may be more or less than 12 months in the first year, depending on when the fund is launched. The Manager only calculates the performance fee on a Business Day.
SC	Means the Securities Commission Malaysia established under the Securities Commission Malaysia Act 1993.
Sophisticated Investors	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 RM3 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 RM300,000 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 RM400,000 or its equivalent in foreign currencies per annum in the preceding 12 months; (4) a corporation with total net assets exceeding RM10 million or its equivalent in foreign currencies based on the last audited accounts; (5) a partnership with total net assets exceeding RM10 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 RM10 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 RM10 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 institution as defined in the Financial Services Act 2013; (16) an Islamic bank as defined in the Islamic Financial Services Act 2013; (17) an insurance company licensed under the Financial Services Act 2013; (18) a takaful operator registered under the Islamic Financial Services Act 2013; (19) a bank licensee or insurance licensee as defined under the Labuan Financial Services and Securities Act 2010 [704]; (20) an Islamic bank licensee or takaful licensee as defined under the Labuan Islamic Financial Services and Securities Act 2010 [705]; and (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.
Trustee	Refers to TMF Trustees Malaysia Berhad.
Unit(s)	It is a measurement of the right or interest of a Unit Holder and includes a fraction of a Unit.
Units in Circulation	Means Units created and fully paid for and which has not been cancelled.

Asset Management

	<i>It is also the total number of Units issued at a particular valuation point.</i>
Unit Holder(s) or you	Refers to the person for the time being who is in full compliance with the relevant laws and is a Sophisticated Investor pursuant to the Guidelines and the Information Memorandum, is registered pursuant to the Deed as a holder of Units, including a jointholder. In relation to the Fund, means all the Unit Holders of Units in the Fund.