

Asset Management

PRODUCT HIGHLIGHTS SHEET

for

Affin Hwang Wholesale Income Fund

Date of issuance: 31 December 2018**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 (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 Wholesale Income 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 WHOLESALE INCOME FUND

BRIEF INFORMATION ON THE PRODUCT

1. What is this product about?

The Fund is an open-ended wholesale fixed income fund which aims to provide investors with steady income over the medium to long-term investment horizon.

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 and have a low risk tolerance.

KEY PRODUCT FEATURES

3. What am I investing in?

Launch Date	23 June 2017
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
Benchmark	TR BPAM All Bond Index <i>The risk profile of the Fund is different from the risk profile of the benchmark.</i>
Investment Strategy	We will focus on building a portfolio of debentures (such as bonds), money market instruments, fixed deposits and/or liquid assets with the aim of meeting the Fund's objective. The Fund will look to invest in a minimum of 70% of its NAV in both corporate and government bonds that are of investment grade only rated by RAM, MARC, S&P, Moody's or Fitch. The Fund will also have the flexibility to maintain a maximum of 30% of its NAV into more liquid assets such as money market instruments, deposits and/or cash. We will carry out a stringent credit selection process when identifying issuances to be included into the portfolio. This is done with the aim of ensuring that the underlying investments are of high credit quality, and are able to provide relative certainty of principal repayment while maintaining overall total return stability. Foreign Currency Investments The Fund may invest up to 30% of its NAV in non-MYR investments where its credit rating are of investment grade only rated by S&P, Moody's or Fitch. The decision to invest into non-MYR investments will be opportunistically driven where we would seek out investments that could provide a potential to diversify and enhance the returns of the Fund. The Fund will invest only in foreign markets where the regulatory authorities are ordinary or associate members of the International Organization of Securities Commissions (IOSCO). Derivatives The Fund may employ derivative investments for hedging purposes by participating in instruments such as forward exchange contracts and cross currency swaps. These derivatives may be used to hedge the principal and/or the returns of the foreign currency

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	denominated investments. The employment of derivatives under these circumstances is expected to reduce the impact of foreign currency movements on the Fund's NAV. While the hedging strategy will assist with mitigating the potential foreign exchange losses by the Fund, any potential gains from the hedging strategy will be capped as well. 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 deposits and short-term money market instruments in our aim to protect the Fund's assets.
Asset Allocation	- A minimum of 70% of the Fund's NAV to be invested in debentures; and - A maximum of 30% of the Fund's NAV to be invested in money market instruments, deposits and/or cash.
Distribution Policy	The Fund aims to distribute income on a quarterly basis. However, the quantum and frequency of income distribution will be subject to income availability.
Minimum initial investment*	MYR 100,000
Minimum additional investment*	MYR 100,000

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 Accounting and Valuation Agent)	TMF Trustees Malaysia Berhad
The Trustee	TMF Trustees Malaysia Berhad
The Trustee's Delegate(Local & Foreign Custodian)	Standard Chartered Bank Malaysia Berhad
Tax Adviser	Deloitte Tax Services Sdn Bhd
Auditor / Reporting Accountants	PricewaterhouseCoopers
Solicitor	Messrs. Wei Chien & Partners

5. What are the possible outcomes of my investment?

The Fund is a wholesale fixed income fund that invests in a portfolio of debentures. The performance of the Fund would be dependent on the fixed income market that is investable by the Fund. The Fund's performance will be reliant on the Manager's expertise in managing the Fund to meet its objective.

The Fund's investments into debentures would, to a great extent, be linked to the price movement of the bond market. If the debentures that are investable by the Fund performs well, the Fund's performance may reflect the same. However, should the debentures that are investable by the Fund perform poorly, the Fund's performance may also impacted negatively.

The Fund will distribute income (subject to income availability), on a quarterly basis.

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

* At our discretion, we may reduce the minimum initial investment amount and minimum additional investment amount.

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KEY RISKS

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

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.
- **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, fraudulent, 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** - This 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.

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

Specific risks of the Fund

- **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.
- **Interest rate risk** – This risk refers to the impact of interest rate changes on 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 rate fall.

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.

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What will I be charged by the Manager?

Sales charge	Nil.
Repurchase charge	Nil.
Switching fee	Not applicable.
Transfer fee	Not applicable.

What are the key ongoing fees charged to the Fund?

Management fee	- Up to 0.25% per annum of the NAV of the Fund for the first MYR 100 million. - Up to 0.20% per annum of the NAV of the Fund above the first RM 100 million.
Trustee fee	Up to 0.04% per annum of the NAV of the Fund (excluding foreign custodian fees and charges).

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.

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

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 14 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?

- For internal dispute resolution, you may contact our customer service personnel:
 - via phone to : 03 – 2116 6000
 - via fax to : 03 – 2116 6100
 - via toll free no. : 1-800-88-7080
 - 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:

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

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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

APPENDIX : GLOSSARY

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	Means a day on which 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 14 June 2017 as modified by the supplemental deed dated 19 December 2018 entered into between the Manager and the Trustee, which may be modified or varied by further supplemental deeds from time to time.
deposit(s)	Has the same meaning as per the definition of "deposit" in the Financial Services Act 2013 and "Islamic deposit" in the Islamic Financial Services Act 2013. For the avoidance of doubt, it shall exclude structured deposit.
Fitch	Means Fitch Ratings.
the Fund	Refers to Affin Hwang Wholesale Income Fund.
Guidelines	Refers to Guidelines on Unlisted Capital Market Products Under The Lodge And Launch Framework issued by the SC and as amended or modified from time to time.
Information Memorandum	Means the offer document in respect of this Fund as may be, replaced or amended from time to time.
the Manager, we, us, our	Refers to Affin Hwang Asset Management Berhad.
MARC	Means Malaysian Ringgit Corporation Berhad
medium to long-term	Means a period of three (3) years and above.
Moody's	Means Moody's Investors Service.
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 Units in Circulation at the same valuation point.
RAM	Means RAM Rating Services Berhad.

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Repurchase Charge	Means a charge imposed pursuant to the Unit Holder's repurchase request.
SC	Means Securities Commission Malaysia.
Sales Charge	Means a charge imposed pursuant to the Unit Holder's purchase request.
Sophisticated Investors	Refers to – (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 as defined in the Act; (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 established under the Central Bank of Malaysia Act 2009; (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]; 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.
S&P	Means S&P Global Ratings.
Trustee	Refers to TMF Trustees Malaysia Berhad.
Unit(s)	Means an undivided share in the beneficial interest and/or right in the Fund and a measurement of the interest and/or right of a Unit Holder in the Fund and means a Unit of the Fund.
Unit(s) in Circulation	Means Units created and fully paid for and which have not been cancelled.
Unit Holder, 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, and 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.

Note:

Reference to "day(s)" in the Information Memorandum will be taken to mean calendar day(s) unless otherwise stated.