

PRODUCT HIGHLIGHTS SHEET

for

AHAM Income Fund II *(Formerly known as Affin Hwang Income Fund II)*

Date of issuance: 25 September 2023

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 AHAM Asset Management Berhad (*formerly known as 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.

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

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

AHAM INCOME FUND II

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.

**All income distribution will be made either in the form of Units or cash.*

PRODUCT SUITABILITY

2. Who is this product suitable for?

The Fund is designed for Sophisticated Investors who are conservative and seek for regular income.

KEY PRODUCT FEATURES

3. What am I investing in?

Launch Date	16 October 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
Asset Allocation	<ul style="list-style-type: none"> ➤ A minimum of 50% of the Fund's NAV to be invested in the debentures; and ➤ A maximum of 50% of the Fund's NAV to be invested in money market instruments, deposits and/or liquid assets.
Benchmark	50% Maybank 1-Month Fixed Deposit rate + 50% BPAM 3-7 Year All Government Index <i>The risk profile of this Fund is different from the risk profile of the benchmark.</i>
Investment Strategy	<p>The Fund aims to provide income to investors by investing a minimum of 50% of its NAV into debentures issued or guaranteed by the Malaysian government and a maximum of 50% of its NAV into liquid assets, deposits and/or money market instruments that carry a minimum rating of AA3/P1 by RAM, or equivalent rating by any other similar rating agencies at the point of purchase. In the unlikely event of a credit rating downgrade, we reserve the right to deal with the said investment(s) in the best interest of the investors including to dispose the said investment(s) within a reasonable time frame.</p> <p>The fundamental investment process will be driven by considering the interest rate outlook for the market over the medium to long-term horizon. This entails studying relevant economic and business statistics in order to produce forecasts of interest rate trends. This will enable us to decide on the maturity structure for the Fund. We will adopt an investment policy which is flexible and adaptable, which entails the Fund, in accordance with its investment policy.</p> <p>Our trading strategy when managing the portfolio of investments may vary depending on the prevailing market environment, and interest rate outlook. We will largely maintain a buy and hold strategy for the Fund's investments.</p> <p>However, we will hold the option to reduce the Fund's exposure into any investments that we believe may be impacted from the prevailing market conditions. We will, however, remain focused on constructing a portfolio of liquid investments that are able to provide relative certainty of meeting its financial obligations.</p>

Distribution Policy	The Fund aims to distribute income on a monthly basis. However, the quantum and frequency of income distribution will be subject to income availability. At our discretion, the Fund may distribute (1) realised income, (2) realised capital gains, (3) unrealised income, (4) unrealised capital gains (5) capital or (6) a combination of any of the above.
Minimum Initial Investment*	MYR100,000
Minimum Additional Investment*	MYR10,000
Minimum Units of Repurchase*	Not applicable
Minimum Holding of Units*	100,000 Units

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

4. Who am I investing with?

Relevant parties' information:

The Manager	AHAM Asset Management Berhad
The Trustee	TMF Trustees Malaysia Berhad

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

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. 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.
- **Liquidity risk** - Liquidity risk refers to two scenarios. The first scenario is where an investment cannot be sold due to the 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 and subsequently the value of Unit Holders' investments in the Fund. Upon such event and in the best interest of the Unit Holders, the Manager may suspend the repurchase of Units requests. Please refer to "Suspension of Dealing in Units" section of the Information Memorandum for more details.

*At our discretion, we may reduce the minimum initial investment, minimum additional investment and minimum holding of Units.

- **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.
- **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 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 or financed money includes you being unable to service the loan or financing 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/financing.
- **Suspension of repurchase request risk** - Having considered the best interests of Unit Holders, the repurchase requests by the Unit Holders may be subject to suspension due to exceptional circumstances, where the market value or fair value of a material portion of the Fund's assets cannot be determined, or such other circumstances as may be determined by the Manager, where there is good and sufficient reason to do so. In such case, Unit Holders will not be able to redeem their Units and will be compelled to remain invested in the Fund for a longer period of time. Hence, their investments will continue to be subject to the risks inherent to the Fund.
- **Related party transaction risk** - The Fund may also have dealings with parties related to AHAM. Nevertheless, it is our policy that all transactions with related parties are to be executed on terms which are best available to the Fund and which are not less favourable to the Fund than an arm's length transaction between independent parties.

Specific Risks

- **Credit and default risk** – Credit risk relates to the creditworthiness of the issuers of the debentures and money market instruments and the Financial Institutions where the deposits are placed (hereinafter referred to as "investment") and their expected ability to make timely payment of interest and/or principal. Any adverse situations faced by the issuer and/or Financial Institution may impact the value as well as liquidity of the investment. In the case of rated investment, this may lead to a credit downgrade. Default risk relates to the risk of an issuer and/or a Financial Institution 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"). Generally, movement in interest rates affects the prices of investment inversely. For example, when interest rates rise, prices of investment will fall. The fluctuations of the prices of investment will also have an impact on the NAV of the Fund. This risk can largely be eliminated by holding the investment until their maturity. We also manage interest rate risk by considering each investment's sensitivity to interest rate changes. When interest rates are expected to increase, the Fund would then likely seek to switch to investment that are less sensitive to interest rate changes. For investments in deposits, the fluctuations in the interest rates will not affect the placement of deposits but will result in the opportunity loss by the Fund if the placement of deposits is made at lower interest rate.
- **Distribution out of capital risk** - The Fund may distribute income out of capital. Such capital distributions represent a return or withdrawal of part of the amount of your original investment and/or capital gains attributable to the original investment and will result in a reduction in the NAV per Unit of the Fund and reduce the capital available for future investment and capital growth. Future capital growth may therefore be constrained.

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	Nil
Repurchase charge	Nil
Transfer fee	Not applicable as transfer facility is not available for this Fund.
Switching fee	Not applicable as switching facility is not available for this Fund.

What are the key ongoing fees charged to the Fund?

Management fee	Up to 1.00% per annum of the NAV of the Fund (before deducting the management fee and trustee fee). The management fee is calculated and accrued daily and payable monthly to the Manager.
Trustee fee	Up to 0.04% per annum of the NAV of the Fund (excluding foreign custodian fees and charges) (before deducting the management fee and trustee fee).

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 website at www.aham.com.my, our customer service via our toll free number 1-800-88-7080 or email to customercare@aham.com.my.

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. to 3.30 p.m. Payments will be made to you within ten (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@aham.com.my
 - (e) via letter : AHAM 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 Consumer & Investor Office:
- (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 : Consumer & Investor Office
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 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 business/trading. The Manager may declare certain Business Days as non-Business Days when deemed necessary, such as in the event of market disruption.
Deed	Refers to the deed dated 30 August 2017 and the first supplemental deed dated 24 August 2023 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. 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 Institutions (DFIs); or (iv) Licensed Islamic Bank; or (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 AHAM Income Fund II (formerly known as Affin Hwang Income Fund II).
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.
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 / AHAM / we / us / our	Means AHAM Asset Management Berhad (<i>formerly known as Affin Hwang Asset Management Berhad</i>).
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.
RAM	Means RAM Rating Services Berhad.
Repurchase Charge	Means a charge imposed pursuant to a repurchase request.
Sales Charge	Means a charge imposed pursuant to a purchase request.
SC	Means the Securities Commission Malaysia established under the Securities Commission Malaysia Act 1993.
Sophisticated Investor	Refers to any person (a) who falls within any of the categories of investors set out in Part 1, Schedules 6 and 7 of the Act; (b) who acquires unlisted capital market products where the consideration is not less than two hundred and fifty thousand ringgit or equivalent in foreign currencies for each transaction whether such amount is paid for in cash or otherwise; or (c) any other person as may be determined by the SC from time to time under the Guidelines. Note: For more information, please refer to our website at www.aham.com.my for the current excerpts of Part 1, Schedules 6 and 7 of the Act and the list of other Sophisticated Investors as permitted by the SC under the Guidelines.
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 and which have not been cancelled. <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/corporation for the time being who, in full compliance with the relevant laws is a Sophisticated Investor pursuant to the Guidelines including a jointholder.