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**AFFIN HWANG**  
CAPITAL

Prospectus

# Affin Hwang Select Asia (ex Japan) Quantum Fund

MANAGER  
Affin Hwang Asset Management Berhad (429786-T)

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

This Prospectus is dated 18 July 2018.

The Affin Hwang Select Asia (ex Japan) Quantum Fund was constituted on 15 April 2004\*.

*\*The constitution date of this Fund is also the launch date of this Fund.*

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INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER. FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 3. THIS IS A REPLACEMENT PROSPECTUS THAT REPLACES AND SUPERCEDES THE PROSPECTUS DATED 18 JULY 2017.

### **Responsibility Statements**

This Prospectus has been reviewed and approved by the directors of Affin Hwang Asset Management Berhad and they collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, 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 Prospectus false or misleading.

### **Statements of Disclaimer**

The Securities Commission Malaysia has authorised the Fund and a copy of this Prospectus has been registered with the Securities Commission Malaysia.

The authorisation of the Fund, and registration of this Prospectus, should not be taken to indicate that Securities Commission Malaysia recommends the said Fund or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Prospectus.

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

### **Additional Statements**

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

This Prospectus is not intended to and will not be issued and distributed in any country or jurisdiction other than in Malaysia ("Foreign Jurisdiction"). Consequently, no representation has been and will be made as to its compliance with the laws of any Foreign Jurisdiction. Accordingly, no issue or sale of Units to which this Prospectus relates may be made in any Foreign Jurisdiction or under any circumstances where such action is unauthorised.



**INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IF INVESTORS ARE UNABLE TO MAKE THEIR OWN EVALUATION, THEY ARE ADVISED TO CONSULT PROFESSIONAL ADVISERS.**

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# CORPORATE DIRECTORY

## **The Manager/AHAM**

**Affin Hwang Asset Management Berhad (429786-T)**

### **Registered Office**

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

Tel No. : (603) 2142 3700

Fax No. : (603) 2140 3799

### **Business Address**

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

Tel No. : (603) 2116 6000

Fax No. : (603) 2116 6100

Toll free line : 1-800-88-7080

E-mail : [customercare@affinhwangam.com](mailto:customercare@affinhwangam.com)

Website : [www.affinhwangam.com](http://www.affinhwangam.com)

## **Board of Directors of the Manager/AHAM**

- Tan Sri Dato' Seri Che Lodin bin Wok Kamaruddin (Non-independent Director)
- Datuk Maimoonah Binti Mohamed Hussain (Non-independent Director)
- YBhg Mej Jen Dato' Hj Latip Bin Ismail (Independent Director)
- Mr Teng Chee Wai (Non-independent Director)
- Ms Eleanor Seet Oon Hui (Non-independent Director)
- Encik Abd Malik bin A Rahman (Independent Director)

## **The Trustee**

**HSBC (Malaysia) Trustee Berhad (1281-T)**

### **Registered Office & Business Address**

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

Tel No. : (603) 2075 7800

Fax No. : (603) 2179 6511

### **Trustee's Delegate**

(Local Custodian)

**The Hong Kong and Shanghai Banking Corporation Limited**

(as Custodian) and assets held through:-

**HSBC Nominees (Tempatan) Sdn Bhd (258854-D)**

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

Tel No. : (603) 2075 3000

Fax No. : (603) 2179 6488

### **Trustee's Delegate**

(Foreign Custodian)

**The Hongkong And Shanghai Banking Corporation Limited**

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

1 Sham Mong Road

Kowloon, Hong Kong

Tel : (852) 2288 6111

# ABBREVIATION

<b>AUD</b>	Means Australian Dollar, the lawful currency of Australia.
<b>EPF</b>	Means Employees Provident Fund.
<b>EMIS</b>	EPF Members' Investment Scheme.
<b>FIMM</b>	Federation of Investment Managers Malaysia.
<b>GBP</b>	Means the British Pound Sterling, the lawful currency of the United Kingdom.
<b>GST</b>	Goods and Services Tax.
<b>IUTA</b>	Institutional Unit Trust Advisers.
<b>MYR</b>	Ringgit Malaysia.
<b>PHS</b>	Product Highlights Sheet.
<b>SC</b>	Securities Commission Malaysia.
<b>SGD</b>	Means Singapore Dollar, the lawful currency of Singapore.
<b>USD</b>	Means United States Dollar, the lawful currency of the United States of America.

# GLOSSARY

<b>the Act</b>	Means the Capital Markets and Services Act 2007 as originally enacted and amended or modified from time to time.
<b>Base Currency</b>	Means the currency in which the Fund is denominated i.e. MYR.
<b>Bursa Malaysia</b>	Means the stock exchange operated by Bursa Malaysia Securities Berhad including such other name as it may be amended from time to time.
<b>Business Day</b>	Means a day on which Bursa Malaysia is open for trading.
<b>Class(es)</b>	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.
<b>Deed</b>	Refers to the deed dated 22 March 2004, first supplemental deed dated 29 December 2005, second supplemental deed dated 18 June 2007, third supplemental deed dated 7 December 2007, fourth supplemental deed dated 15 October 2008, fifth supplemental deed dated 18 January 2012, sixth supplemental deed dated 10 December 2012, seventh supplemental deed dated 27 June 2014, eighth supplemental deed dated 28 April 2017 and ninth supplemental deed dated 15 January 2018 entered into between the Manager and the Trustee.
<b>deposit(s)</b>	Has the same meaning as the definition of "deposit" in the Financial Services Act 2013. For the avoidance of doubt, it shall exclude structured deposit.
<b>Financial Institution</b>	Means (1) if the institution is in Malaysia – <ul style="list-style-type: none"> <li>(i) Licensed Bank;</li> <li>(ii) Licensed Investment Bank; or</li> <li>(iii) Licensed Islamic Bank;</li> </ul> (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.
<b>Forward Pricing</b>	Means the price of a Unit that is the Net Asset Value per Unit calculated at the next valuation point after a purchase request or a repurchase request, as the case may be, is received by the Manager.
<b>Fund</b>	Refers to the Affin Hwang Select Asia (ex Japan) Quantum Fund.
<b>Guidelines</b>	Means the Guidelines on Unit Trust Funds issued by the SC and as may be amended, substituted or replaced from time to time.
<b>Licensed Bank</b>	Means a bank licensed under the Financial Services Act 2013.

<b>Licensed Investment Bank</b>	Means an investment bank licensed under the Financial Services Act 2013.
<b>Licensed Islamic Bank</b>	Means an Islamic bank licensed under the Islamic Financial Services Act 2013.
<b>LPD</b>	Means 30 March 2018 and is the latest practicable date whereby the information disclosed in this Prospectus shall remain relevant and current as at the date of issue of this Prospectus.
<b>long-term</b>	Means a period of more than five (5) years.
<b>the Manager/AHAM</b>	Refers to Affin Hwang Asset Management Berhad.
<b>medium to long-term</b>	Means a period between three (3) to five (5) years.
<b>Net Asset Value or NAV</b>	Means the value of all the Fund's assets less the value of all the Fund's liabilities at the valuation point; where the Fund has more than one Class, there shall be a Net Asset Value of the Fund attributable to each Class.
<b>NAV per Unit</b>	Means the NAV of the Fund at a particular valuation point divided by the number of Units in circulation at the same valuation point; where the Fund has more than one Class, there shall be a Net Asset Value per Unit for each Class; the Net Asset Value per Unit of a Class at a particular valuation point shall be the Net Asset Value of the Fund attributable to that Class divided by the number of Units in circulation of that Class at the same valuation point.
<b>Prospectus</b>	Means this replacement prospectus and includes any supplementary or replacement prospectus, as the case may be.
<b>Repurchase Charge</b>	Means a charge imposed pursuant to the Unit Holder's repurchase request.
<b>Repurchase Price</b>	Means the price payable to a Unit Holder by the Manager for a Unit pursuant to a repurchase request and it shall be exclusive of any repurchase charge.
<b>Sales Charge</b>	Means a fee imposed pursuant to a purchase request.
<b>SC</b>	Means the Securities Commission Malaysia established under the Securities Commission Malaysia Act 1993.
<b>Selling Price</b>	Means the price payable by an applicant for a Unit pursuant to a successful application for Units; for the avoidance of doubt, the selling price does not include any Sales Charge.
<b>short-term</b>	Means a period of less than three (3) years.
<b>Special Resolution</b>	Means a resolution passed at a meeting of Unit Holders duly convened in accordance with the Deed by a majority of not less than three-fourths of the Unit Holders present and voting at the meeting in person or by proxy; for the avoidance of doubt, "three-fourths of the Unit Holders present and voting" means three-fourths of the votes cast by the Unit Holders present and voting; for the purposes of terminating the Fund or a Class of Units, "Special Resolution" means a resolution passed at a meeting of Unit Holders duly convened in accordance with the Deed by a majority in number holding not less than three-fourths of the value of the votes cast by the Unit Holders present and voting at the meeting in person or by proxy.
<b>Trustee</b>	Refers to HSBC (Malaysia) Trustee Berhad.
<b>Unit or Units</b>	Means an undivided share in the beneficial interest and/or right in the Fund and a measurement of the right or interest of a Unit Holder in the Fund and means a unit of the Fund or the relevant Class (as the context so requires).
<b>Unit Holder(s), investor(s), you</b>	Means the person / corporation for the time being registered as the holder of Units of a Class, including a jointholder. In relation to the Fund, means all the Unit Holders of every Class in the Fund.
<b>Units in Circulation</b>	Means Units created and fully paid. It is also the total number of Units issued at a particular valuation point.

**Note:**

Reference to "day(s)" in this Prospectus will be taken to mean calendar day(s) unless otherwise stated.

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

# RISK FACTORS

This section provides you with information on the risks associated with investing in the Fund.

## GENERAL RISKS

### Market risk

Market risk refers to the possibility that an investment will lose value because of a general decline in financial markets, due to economic, political and/or other factors, which will result in a decline in the Fund's NAV.

### Fund management risk

This risk refers to the day-to-day management of the Fund by the Manager which will impact the performance of the Fund. For example, investment decisions undertaken by the Manager 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

There is no guarantee in relation to the investment returns or on the distribution to Unit Holders.

### Inflation risk

This is the risk that your investment in the Fund may not grow or generate income at a rate that keeps pace with inflation. This would reduce your purchasing power even though the value of the investment in monetary terms has increased.

### Liquidity risk

Liquidity risk refers to two scenarios. The first is where an investment cannot be sold due to unavailability of a buyer for that investment. The second scenario exists where the investment, by its nature, is thinly traded. This will have the effect of causing the investment to be sold below its fair value which would adversely affect the NAV of the Fund.

### Operational risk

This risk refers to the possibility of a breakdown in the Manager's internal controls and policies. The breakdown may be a result of human error, system failure or may be fraud where employees of the Manager collude with one another. This risk may cause monetary loss and/or inconvenience to you. The Manager will review its internal policies and system capability to mitigate instances of this risk. Additionally, the Manager maintains a strict segregation of duties to mitigate instances of fraudulent practices amongst employees of the Manager.

### Loan financing risk

This risk occurs when you take a loan or financing to finance your investment. The inherent risk of investing with borrowed money includes you being unable to service the loan repayments. In the event Units are used as collateral, you may be required to top-up your existing instalment if the prices of Units fall below a certain level due to market conditions. Failing which, the Units may be sold at a lower NAV per Unit as compared to the NAV per Unit at the point of purchase towards settling the loan.

## SPECIFIC RISKS

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

**Credit and default risk**

Credit risk relates to the creditworthiness of the issuers of the debentures or money market instruments (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 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 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 debentures or money market instruments (hereinafter referred to 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.

**Warrants 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.

**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.

**Currency risk at the Fund level**

The impact of the exchange rate movement between the Base Currency and the currency of the underlying investments (other than in MYR) may result in a depreciation of the value of the investments as expressed in the Base Currency.

**Currency risk at the Class level**

The impact of the exchange rate movement between the Base Currency and the currency of the respective Classes (other than MYR Class) may result in a depreciation of your holdings as expressed in the Base Currency.

**Regulatory risk**

The investments of the Fund would be exposed to changes in the laws and regulations in the countries the Fund is invested in. These regulatory changes pose a risk to the Fund as it may materially impact the investments of the Fund. In an effort to manage and mitigate such risk, the Manager seeks to continuously keep abreast of regulatory developments (for example, by closely monitoring announcements on regulators’ website and mainstream media) in that country. The Manager may dispose its investments in that particular country should the regulatory changes adversely impact the Unit Holders’ interest or diminish returns to the Fund.



## RISK MANAGEMENT

In our day-to-day running of the business, we employ a proactive risk management approach to manage portfolio risks and operational risks. The Board of Directors of AHAM (“the Board”) has established a board compliance & risk management committee to oversee AHAM’s risk management activities both at operational level and at portfolio management level to ensure that the risk management process is in place and functioning. The board compliance & risk management committee comprises of at least three Board members and is chaired by an independent director. At the operational level, we have established a compliance & risk oversight committee with the primary function of identifying, evaluating and monitoring risks as well as to formulate internal control measures to manage and mitigate the exposure to risks that may affect the performance of the Fund, returns to the investors or Unit Holders’ interest within a clearly defined framework and is primarily responsible for ensuring that the policies and procedures that have been implemented are reviewed on an on-going basis with periodic assessments. The compliance & risk oversight committee reports to the board compliance & risk management committee on a quarterly basis.

In managing portfolio risks, we engage a stringent screening process by conducting fundamental analysis of economic, political and social factors to evaluate their likely effects on the performance of the markets and sectors. Regular meetings are held to discuss investment themes and portfolio decisions taken at the meetings are then implemented according to the investment guidelines which also take into account requirements for minimum portfolio diversification across individual investment holdings, sectors, geographies and asset classes (based on the respective portfolio’s objective and strategy). We also practise prudent liquidity management with the objective to ensure that the Fund is able to meet its short-term expenses including repurchase requests by the Unit Holders.

We have in place a system that is able to monitor the transactions to ensure compliance with the Fund’s investment limits and restrictions. These limits are system-controlled and not manually tracked, thus reducing the probability of human error occurring in ensuring the Fund’s limits and restrictions are adhered to. We also undertake stringent evaluation of movements in market prices and regularly monitor, review and report to the investment committee to ensure that the Fund’s investment objective is met. Regular portfolio reviews by senior members of the investment team further reduce the risk of implementation inconsistencies and violations of the Guidelines.

We also employ a performance attribution system that enables us to review the performance of the Fund to determine the key factors that have contributed and detracted from the Fund’s performance. This system complements our overall risk management process as the system also provides standard risk analytics on the portfolio such as the Fund’s standard deviation, tracking error and measures of excess return. The data produced by the performance attribution system is reviewed regularly and at least on a monthly basis in meetings chaired by the managing director and participated by the portfolio managers and the performance evaluation team.



**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 Prospectus to assess the risks associated with the Fund. If necessary, you should consult your professional adviser(s) for a better understanding of the risks.**

# ABOUT AFFIN HWANG SELECT ASIA (EX JAPAN) QUANTUM FUND

<b>Fund Category</b>	: Equity
<b>Fund Type</b>	: Growth
<b>Base Currency</b>	: MYR
<b>Launch Date</b>	: 15 April 2004
<b>Financial Year End</b>	: 28 February (or 29 February in the event of a leap year)
<b>Distribution Policy</b>	: The Fund is not expected to make distribution. However, incidental distribution may be declared whenever is appropriate.
<b>Deed</b>	: Deed dated 22 March 2004, first supplemental deed dated 29 December 2005, second supplemental deed dated 18 June 2007, third supplemental deed dated 7 December 2007, fourth supplemental deed dated 15 October 2008, fifth supplemental deed dated 18 January 2012, sixth supplemental deed dated 10 December 2012, seventh supplemental deed dated 27 June 2014, eighth supplemental deed dated 28 April 2017 and ninth supplemental deed dated 15 January 2018.

## INVESTMENT OBJECTIVE

The Fund seeks to achieve capital appreciation over the medium to long-term by investing in Asia ex Japan equities.

*Note : Any material changes to the Fund's investment objective would require Unit Holders' approval.*

## INVESTORS' PROFILE

The Fund may be suitable for investors who:

- have a medium to long-term investment horizon;
- are risk tolerant;
- are seeking higher returns for their investments compared to the performance benchmark.

## INITIAL OFFER PRICE

MYR Class	USD Class	SGD Class	AUD Class	GBP Class
N/A	USD 0.50	SGD 0.50	AUD 0.50	GBP 0.50

The price of Units for MYR Class will be based on the NAV per Unit.

## INITIAL OFFER PERIOD

The initial offer period for USD Class, SGD Class, AUD Class and GBP Class will be one (1) day which is on the date of this Prospectus.

**The initial offer period for the existing MYR Class has ended.**

## BENCHMARK

MSCI AC Asia (ex-Japan) Small Cap Index.

The risk profile of this Fund is different from the risk profile of the benchmark.

*Investors may obtain information on the performance benchmark from the Manager upon request.*

## ASSET ALLOCATION

Asian (ex-Japan) equities with market capitalisation of not more than USD 1.5 billion at the time of acquisition	Minimum 70%
Asian (ex-Japan) equities with market capitalisation of not more than USD 3.0 billion at the time of acquisition	Maximum 30%
Debentures, money market instruments and/or deposits	Remaining balance

## INVESTMENT STRATEGY

The Fund will invest primarily in equity securities. The fundamental investment process will be geared towards identifying and investing in growth companies in Asia (ex Japan) with a market capitalization of not more than USD 1.5 billion at the time of investment. However, the Fund would also have an option to invest into companies with a market capitalization of not more than USD 3.0 billion at the time of investment which will be capped at no more than 30% of the NAV of the Fund.

We believe that the companies within the Fund's investable universe may not be well followed by the investment community such as research analysts and the broader investor group. As such, we focus on finding companies that display growth potential with ability to experience a rise in stock price. This would stem from higher valuations being accorded to these companies as they start gaining attention from the broader investment community.

Nevertheless, we would adopt a top-down and bottom-up strategy investment approach to identify investment opportunities in the prevailing market. Fundamental analysis will also be carried out to determine the attractiveness of investment ideas. Key factors which are useful in the identification of such companies would include valuation tools such as price over earnings ratio, key earning drivers, the companies' corporate governance practice, as well as the competency of its management.

While the Fund's core investments will remain in equities, the Fund holds the option to invest into fixed income instruments such as debentures, money market instruments and deposits. The selection of fixed income instrument will not be constrained by credit ratings of issuances. However, the selection will depend largely on its credit 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.

We typically take an active trading policy where we look to maintain some core holdings that are held over the medium to long term which is similar to a buy and hold strategy. We will also maintain a trading portion for the portfolio, which we use to take advantage by participating in investment opportunities that are set to benefit from prevailing market conditions, with the aim of boosting the Fund's performance.

To achieve its objective, the Fund will also have the flexibility to hold exposure in warrants as well as collective investment schemes that have similar investment objectives to the Fund.

### Foreign Investments

The Fund remains focused on companies that have a business focus within the Asian (ex Japan) region. As such, investments will be made predominantly into Asian (ex Japan) markets, with a flexibility to invest not more than 30% of the Fund's NAV into companies with a business focus within the region but are listed outside of the Asia (ex Japan) region. Notwithstanding, investments will only be made into countries excluding Japan that are the ordinary or associate member of the International Organization of Securities Commissions (IOSCO).

## Derivatives

Derivative trades may be carried out for hedging purposes through financial instruments including, but not limited to, forward contracts, futures contracts and swaps. Future and forward contracts are generally contracts between two parties to trade an asset at an agreed price on a pre-determined future date. Swaps, whereas, is an agreement to swap or exchange two financial instruments between two parties.

The intention of hedging is to protect the value of the asset from any adverse price movements. For example, to hedge against foreign currency exchange risk, the Fund may enter into a currency forward contract to offset any adverse foreign currency movements by determining an agreed rate for an agreed tenure with its counterparty. While these hedging transactions would protect the Fund against potential losses, trades for hedging purposes would also limit the returns that the Fund may have potentially received from foreign exchange gains would the Fund not have hedged its foreign currency exposure.

## 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 financial markets. To manage the risk of the Fund, we may shift the Fund's focus and exposure into lower risk investments such as deposits or money market instruments.

## PERMITTED INVESTMENTS

- Securities of companies listed on Bursa Malaysia and any other exchanges of countries who are members of International Organization of Securities Commissions
- Unlisted securities including, without limitation, securities that have been approved by the relevant regulatory authorities for the listing of and quotation for such securities
- Debentures
- Money market instruments
- Deposits
- Derivatives, for the purpose of hedging only
- Warrants
- Structured products
- Units or shares in collective investment schemes
- Any other form of investments as may be permitted by the SC from time to time which are in line with the objective of the Fund

## INVESTMENT RESTRICTIONS AND LIMITS

Subject to the Guidelines, the purchase of permitted investments stated above shall not contravene the following limits, unless otherwise revised by the SC from time to time:

- (a) The value of the Fund's investments in unlisted securities must not exceed 10% of the Fund's NAV; however the said limit does not apply to unlisted securities that are:
  - (i) equities not listed and quoted on a stock exchange but have been approved by the relevant regulatory authority for such listing and quotation, and are offered directly to the Fund by the issuer;
  - (ii) debentures traded on an organised over-the-counter market;
- (b) The value of the Fund's investments in ordinary shares issued by any single issuer must not exceed 10% of the Fund's NAV;
- (c) The value of the Fund's investments in transferable securities and money market instruments issued by any single issuer must not exceed 15% of the Fund's NAV;

- (d) The value of the Fund's placements in deposits with any single institution must not exceed 20% of the Fund's NAV;
- (e) For investments in derivatives, the exposure to the underlying assets of that derivative must not exceed the investment spread limits stipulated in the Guidelines and the value of the Fund's over-the-counter (OTC) derivative transaction with any single counter-party must not exceed 10% of the Fund's NAV;
- (f) The Fund's exposure from derivatives position shall not exceed the Fund's NAV at all times;
- (g) The aggregate value of the Fund's investments in transferable securities, money market instruments, OTC derivatives and deposits issued by or placed with (as the case may be) any single issuer or institution must not exceed 25% of the Fund's NAV;
- (h) The value of the Fund's investment in units or shares of any collective investment scheme must not exceed 20% of the Fund's NAV;
- (i) The collective investment scheme has to be regulated and registered or authorised or approved by the relevant regulatory authority in its home jurisdiction;
- (j) The investments of the collective investment scheme shall be relevant and consistent with the objectives of the Fund;
- (k) The investments of the collective investment scheme shall be in line with the general investment principles of the Guidelines;
- (l) There shall not be any cross-holding between the Fund and the collective investment scheme should the Fund and the collective investment scheme be administered by the same management company or where the collective investment scheme is managed and administered by any party related to the management company or any of its delegates;
- (m) There will be no single issuer limits if the issuer is the Malaysian government, Bank Negara Malaysia, state authorities, or the issue is an issue guaranteed by any of the above-mentioned institutions, or the issue is government-backed;
- (n) The warrants that the Fund invests in shall carry the right in respect of a security traded in or under the rules of an eligible market;
- (o) The value of the Fund's investments in transferable securities and money market instruments issued by any group of companies must not exceed 20% of the Fund's NAV;
- (p) The Fund's investments in transferable securities (other than debentures) must not exceed 10% of the securities issued by any single issuer;
- (p) The Fund's investments in debentures must not exceed 20% of the debentures issued by any single issuer;
- (q) The Fund's investments in money market instruments must not exceed 10% of the instruments issued by any single issuer. *This does not apply to money market instruments that do not have a pre-determined issue size;*
- (r) The Fund's investments in collective investment schemes must not exceed 25% of the units or shares in any one collective investment scheme;
- (s) The Fund's investment in warrants shall not exceed 25% of the Fund's NAV; and
- (t) Any other investment limits or restrictions imposed by the relevant regulatory authorities or pursuant to any laws and regulations applicable to the Fund.

The abovementioned limits and restrictions will be complied with at all times based on the up-to-date value of the Fund, and the value of their investments and instruments, unless the SC grants the exemption or variation. However, a 5% allowance in excess of any limits or restrictions may be permitted where the limit or restriction is breached through the appreciation or depreciation of the NAV of the Fund (whether as a result of an appreciation or depreciation in value of the investments or as a result of repurchase of Units or payment made from the Fund).

The Manager should not make any further acquisitions to which the relevant limit is breached and the Manager should within a reasonable period of not more than three (3) months from the date of the breach take all necessary steps and actions to rectify the breach. Such limits and restrictions, however, do not apply to securities that are issued or guaranteed by the Malaysian government or Bank Negara Malaysia.

## VALUATION OF THE FUND

All foreign assets are translated into MYR based on the bid exchange rate quoted by Bloomberg or Reuters at 4.00 p.m. (United Kingdom time) which is equivalent to 11 p.m. or 12 midnight (Malaysian time) on the same day, or such time as stipulated in the investment management standards issued by the FIMM.

We will obtain the daily price or value of the assets for the purpose of valuing the Fund in accordance to the Malaysian Financial Reporting Standard 9 issued by the Malaysian Accounting Standards Board. In the absence of daily price or value of the assets, we will use the latest available price or value of the assets respectively.

The valuation bases for the permitted investments of the Fund are as below:

### Equities and Warrants

Investments in listed equities and warrants shall be based on the market price i.e. closing bid price. Where no market value is publicly available or where the use of the quoted market value is inappropriate, or where no market price is available, including in the event of suspension in the quotation of the securities for a period exceeding fourteen (14) days, or such shorter period as agreed by the Trustee, such investments are valued at fair value determined in good faith by the Manager or its delegate, based on the methods or bases approved by the Trustee after appropriate technical consultation. For unlisted equities and warrants, valuations will be based on fair value as determined in good faith by the Manager using methods or bases which have been verified by the auditor of the Fund and approved by the Trustee.

### Money Market Instruments

The valuation of money market instruments will be done using the price quoted by a Bond Pricing Agency registered with the SC.

### Debentures

For unlisted MYR denominated debentures, valuation will be done using the price quoted by a Bond Pricing Agency ("BPA") registered with the SC. If the Manager is of the view that the price quoted by BPA differs from the market price by more than 20 basis points, the Manager may use the market price, provided that the Manager records its basis for using a non-BPA price, obtains the necessary internal approvals to use the non-BPA price and keeps an audit trail of all decisions and basis for adopting the market yield. For unlisted foreign debentures, they will be valued using the average indicative yield quoted by 3 independent and reputable institutions. For listed debentures, the valuations shall be done in the same manner as listed equities described above.

### Deposits

Deposits placed with Financial Institutions are valued by reference to the principal value of such investments and the interests accrued thereon for the relevant period.

### Collective Investment Schemes

An unlisted collective investment schemes will be valued based on its last published repurchase price. For listed collective investment schemes, the valuations shall be done in the same manner as listed equities described above.

### Derivatives

The valuation of derivatives will be based on the rates provided by the respective issuers. For foreign exchange forward contracts ("FX Forwards"), we will apply interpolation formula to compute the value of the FX Forwards based on the rates provided by Bloomberg/Reuters. If the rates are not available on Bloomberg/Reuters, the FX Forwards will be valued by reference to the average indicative rate quoted by at least 3 independent dealers. In the case where the Manager is unable to obtain quotation from 3 independent dealers, the FX Forwards will be valued in accordance to fair value as determined by us in good faith, on methods or bases which have been verified by the auditor of the Fund and approved by the Trustee.

***Investors are advised that certain types of securities are required to be held until such securities mature for the "actual value" to be realised. Any sale of such securities prior to its maturity may attract costs and penalties that would result in a value which is less than its "actual value". As such, any valuation of such securities (prior to its maturity) are merely indicative of what the value might be and does not represent the "actual value" of such securities.***

## VALUATION POINT FOR THE FUND

If the Fund only has exposure to investments in Malaysia, the Fund shall be valued at 6.00 p.m. on every Business Day (or “Trading Day” or “T” day). However, if the Fund has exposure to investments outside of Malaysia, the Fund shall be valued at 11.00 a.m. on the next Business Day (or “T+1”).

If the foreign market in which the Fund is invested therein is closed for business, the Manager will value the investment based on the latest available price as at the day the particular foreign market was last opened for business.

## POLICY ON GEARING AND MINIMUM LIQUID ASSETS REQUIREMENTS

The Fund is not permitted to borrow cash or other assets (including the borrowing of securities within the meaning of the Securities Borrowing and Lending Guidelines [SBL Guidelines]) in connection with its activities. However, the Fund may borrow cash for the purpose of meeting repurchase requests for Units and such borrowings are subjected to the following:-

- the Fund borrowing is only on a temporary basis and that borrowings are not persistent;
- the borrowing period should not exceed one (1) month;
- the aggregate borrowings of the Fund should not exceed 10% of the Fund’s NAV at the time the borrowing is incurred; and
- the Fund may only borrow from Financial Institutions.

Except for securities lending as provided under the SBL Guidelines, none of the cash or investments of the Fund may be lent. Further, the Fund may not assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person.

In structuring the portfolio of the Fund, we will maintain sufficient liquid assets to ensure short-term liquidity in the Fund to meet operating expenses and possible repurchase of Units.

## EPF INVESTMENT

The Fund is approved under EMIS. However, the Fund is subject to the annual evaluation by the EPF. In the event the Fund is no longer offered under the EMIS after the annual evaluation process, the Unit Holders who have invested through the EMIS will remain invested in the Fund, but there will not be any sale of new Units to the Unit Holders/investors under the EMIS.

# DEALING INFORMATION



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

You must read and understand the content of the Prospectus (and any supplementary prospectus) and PHS before investing.

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

If you invest through the EMIS, you are only allowed to invest in MYR Class only.

## PURCHASE AND REPURCHASE OF UNITS

### WHO IS ELIGIBLE TO INVEST?

- An individual who is at least eighteen (18) years of age. In the case of joint application, the jointholder whose name appears first in the register of Unit Holders must be at least eighteen (18) years of age.
- A corporation such as registered businesses, co-operative, foundations and trusts.

### HOW TO PURCHASE UNITS?

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

Individual or Jointholder	Corporation
<ul style="list-style-type: none"> <li>• Account opening form;</li> <li>• Suitability assessment form;</li> <li>• Personal data protection notice form;</li> <li>• A copy of identity card or passport or any other document of identification;</li> <li>• Foreign Account Tax Compliance Act ("FATCA") and Common Reporting Standard ("CRS") Self-certification Form.</li> </ul>	<ul style="list-style-type: none"> <li>• Account opening form;</li> <li>• Suitability assessment form;</li> <li>• Personal data protection notice form;</li> <li>• Certified true copy of memorandum and articles of association*;</li> <li>• Certified true copy of certificate of incorporation*;</li> <li>• Certified true copy of form 24 and form 49*;</li> <li>• Certified true copy of form 8, 9, 13, 20 and 44 (where applicable)*;</li> <li>• Latest audited financial statement;</li> <li>• Board resolution relating to the investment;</li> <li>• A list of the authorised signatories;</li> <li>• Specimen signatures of the respective signatories;</li> <li>• Foreign Account Tax Compliance Act ("FATCA") and Common Reporting Standard ("CRS") Self-certification Form.</li> </ul> <p><i>* or any other equivalent documentation issued by the authorities.</i></p>

- For subsequent transaction, you simply need to complete a transaction form to request for an additional investment.
- If you invest through the EMIS, your Units will be created once we receive the application to invest. However, sale of Units will only be honoured once we receive the payments from EPF or other official confirmations from EPF on the approval of such payment.



## HOW TO MAKE PAYMENT FOR PURCHASE APPLICATION?

### ➤ Bank Transfer

You may transfer the purchase payment into our bank account via telegraphic transfer or online transfer, and include your name in the transaction description for our reference. You may obtain our bank account details from our online download center at [www.affinhwangam.com](http://www.affinhwangam.com).

### ➤ Cheque, Bank Draft or Money Order

Issuance of cheque, bank draft or money order should be made payable to “Affin Hwang Asset Management Berhad-CTA”, crossed and drawn on a local bank. You are required to write your name, identity card number or business registration number at the back of the cheque, bank draft or money order.

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

## WHAT IS THE PROCESS OF THE PURCHASE APPLICATION?

### ➤ If we receive your purchase application at or before 3.30p.m. on a Business Day (“or T day”), the pricing of Units will be created in the following manner:

<b>MYR Class</b>	Based on the NAV per Unit of a Class for that Business Day.
<b>USD Class, SGD Class, AUD Class, GBP Class</b>	Based on the initial offer price of a Class during the initial offer period and thereafter, NAV per Unit of a Class for that Business Day.

### ➤ Any purchase request received or deemed to have been received by us after 3.30p.m. will be transacted on the next Business Day (or “T + 1 day”), unless a prior arrangement is made to our satisfaction.

### ➤ Sale of Units will be honoured upon receipt of complete set of documents together with the proof of payments.

## WHAT ARE THE MINIMUM INITIAL INVESTMENT, MINIMUM ADDITIONAL INVESTMENT AND MINIMUM HOLDING OF UNITS?

Classes	MYR Class	USD Class	SGD Class	AUD Class	GBP Class
Minimum Initial Investment	MYR 1,000	USD 5,000	SGD 5,000	AUD 5,000	GBP 5,000
Minimum Additional Investment	MYR 100	USD 1,000	SGD 1,000	AUD 1,000	GBP 1,000
Minimum Holding of Units	500 Units	10,000 Units	10,000 Units	10,000 Units	10,000 Units

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

## WHAT IS THE DIFFERENCE BETWEEN PURCHASING MYR CLASS AND OTHER CLASSES?

### ➤ You should note that there are differences when purchasing Units of the MYR Class and other Classes in the Fund. For illustration purposes, assuming you have MYR 10,000 to invest:

Class(es)	MYR Class	USD Class	SGD Class	AUD Class	GBP Class
<b>NAV per Unit</b>	MYR 0.50	USD 0.50	SGD 0.50	AUD 0.50	GBP 0.50
<b>Currency exchange rate</b>	MYR 1 = MYR 1	MYR 1 = USD 0.25	MYR 1 = SGD 0.34	MYR 1 = AUD 0.33	MYR 1 = GBP 0.18
<b>Invested amount</b>	MYR 10,000 x MYR 1 = MYR 10,000	MYR 10,000 x USD 0.25 = USD 2,500	MYR 10,000 x SGD 0.34 = SGD 3,400	MYR 10,000 x AUD 0.33 = AUD 3,300	MYR 10,000 x GBP 0.18 = GBP 1,800
<b>Units received</b>	MYR 10,000 ÷ MYR 0.50 = 20,000 Units	USD 2,500 ÷ USD 0.50 = 5,000 Units	SGD 3,400 ÷ SGD 0.50 = 6,800 Units	AUD 3,300 ÷ AUD 0.50 = 6,600 Units	GBP 1,800 ÷ GBP 0.50 = 3,600 Units

*Invested amount = MYR 10,000 x currency exchange rate of the Class*

*Units received = Invested amount ÷ NAV per Unit of the Class*

By purchasing Units in the MYR Class, you will receive more Units for every MYR invested in the Fund (i.e. 20,000 Units) compared to purchasing Units in USD Class (i.e. 5,000 Units), SGD Class (i.e. 6,800 Units), AUD Class (i.e. 6,600 Units) or GBP Class (i.e. 3,600 Units). Upon a poll, the votes by every Unit Holder present in person or by proxy is proportionate to the value of Units held by him or her. Hence, holding more number of Units may not give you an advantage when voting at Unit Holders' meetings. You should note that in a Unit Holders' meeting to terminate the Fund, a Special Resolution will only be passed by a majority in number holding not less than three-fourths of the value of the votes cast by the Unit Holders present and voting at the meeting in person or by proxy.

## HOW TO REPURCHASE UNITS?

- It is important to note that, you must meet the following minimum holding of Units for a particular Class after a repurchase transaction.

Classes	MYR Class	USD Class	SGD Class	AUD Class	GBP Class
Minimum Holding of Units	500 Units	10,000 Units	10,000 Units	10,000 Units	10,000 Units

If the balance of your investment (i.e. total number of Units) is less than the minimum holding of Units, you will be required to make an additional investment in order to meet the required minimum balance of investment. Otherwise, we may withdraw all your holding of Units in the Fund and pay the proceeds to you. At our discretion, we may reduce the minimum Units of repurchase.

- You may submit the repurchase request by completing a transaction form and returning it to us between 8.45 a.m. to 3.30 p.m. on a Business Day.
- In the transaction form, you may choose to receive the repurchase proceeds in the manner of a cheque (for MYR Class) or bank transfer (for all Classes). If cheque is your option, we will issue the cheque in your name. If bank transfer is your option, proceeds will be transferred to your bank account. Where Units are held jointly, payment will be made to the person whose name appears first in the register of Unit Holders.
- Any incurred bank charges and other bank fees due to a withdrawal by of cheque, bank transfer or other special arrangement method will be borne by you.
- If you invest through the EMIS, we will remit the repurchase proceeds to EPF for crediting back into your EPF account. If you are above the age of fifty five (55) years old and invest through the EMIS, we will remit the repurchase proceeds to you directly.

## WHAT IS THE PROCESS OF REPURCHASE APPLICATION?

- For a repurchase request received or deemed to have been received by us at or before 3.30p.m. on a Business Day (or "T day"), the pricing of Units will be repurchased in the following manner:

<b>MYR Class</b>	Based on the NAV per Unit of a Class for that Business Day.
<b>USD Class, SGD Class, AUD Class, GBP Class</b>	Based on the initial offer price of a Class during the initial offer period and thereafter, NAV per Unit of a Class for that Business Day.

- Any repurchase request received after 3.30p.m. will be transacted on the next Business Day (or "T + 1 day").
- Processing is subject to receipt of a complete transaction form and such other documents as may be required by us.

## WHAT IS THE REPURCHASE PROCEEDS PAYOUT PERIOD?

- You will be paid within ten (10) days (for MYR Class) and within fourteen (14) days (for Classes other than MYR Class) from the day the repurchase request is received by us, provided that all documentations are completed and verifiable.

## WHERE TO PURCHASE AND REPURCHASE UNITS?

- Units can be purchased and repurchased at any of the location listed in "Directory of Sales Offices" section or with our authorised distributors.
- You may obtain a copy of the Prospectus, PHS and application forms from the abovementioned locations. Alternatively, you may also visit our website at [www.affinhwangam.com](http://www.affinhwangam.com).

## WHO SHOULD I CONTACT IF I HAVE QUESTION OR NEED ADDITIONAL INFORMATION?

- You can seek assistance from our customer service personnel at our toll free number 1-800-88-7080 between 8.45 a.m. to 5.30 p.m. on a Business Day. Alternatively, you can email us at [customer care@affinhwangam.com](mailto:customer care@affinhwangam.com).

## COOLING-OFF PERIOD

You have the right to apply for and receive a refund for every Unit that you have paid for within six (6) Business Days from the date we received your purchase application. You will be refunded for every Unit held based on the NAV per Unit and the Sales Charge, on the day those Units were first purchased and you will be refunded within ten (10) days from our receipt of the cooling-off application.

Please note that the cooling-off right is applicable to you if you are an individual investor and are investing in any of our funds for the first time. However, if you are a staff of AHAM or a person registered with a body approved by the SC to deal in unit trusts, you are not entitled to this right.

## SWITCHING FACILITY

You are able to switch:

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

However, you must meet the minimum holding of Units requirements for the Fund of the Class that you intend to switch out and the minimum investment amount of the fund (or its class) that you intend to switch into. The minimum holding of Units for the respective Classes is as below:

Classes	MYR Class	USD Class	SGD Class	AUD Class	GBP Class
Minimum Holding of Units	500 Units	10,000 Units	10,000 Units	10,000 Units	10,000 Units

*At our discretion, we may reduce the minimum holding of Units.*

You are also to note that we reserve the right to reject any switching requests that are regarded as disruptive to efficient portfolio management, or requests that we deem to be contrary to the best interest of the Fund and/or the existing Unit Holders.

The process of the switching application is as below:

### ➤ Switching between Classes of the Fund

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

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

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

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

Switching Out Fund	Switching In Fund	Pricing Day	
		Switching Out Fund	Switching In Fund
Money market fund	Money market fund	T Day	T Day
Money market fund	Non-money market fund		
Non-money market fund	Non-money market fund		
Money market fund	Money market fund (which adopts historical pricing policy)	T Day	T + 1 Day
Non-money market fund	Money market fund	T Day	At the next valuation point, subject to clearance of payment and money received by the intended fund

If you invest through the EMIS, you are allowed to switch to any other EPF approved funds managed by us (subject to the availability of units and terms of the intended fund to be switched into).

## TRANSFER FACILITY

You are allowed to transfer your Units, whether fully or partially, to another person by completing the transfer transaction form and returning it to us on a Business Day. There is no minimum amount of Units required to effect a transfer except that the transferor and transferee must hold the minimum holdings of Units to remain as a Unit Holder of a Class.

It is important to note that we are at the liberty to disregard or refuse to process the transfer application if the processing of such instruction will be in contravention of any law or regulatory requirements, whether or not having the force of law and/or would expose us to any liability.

The transfer facility is not applicable for EPF investors.

## DISTRIBUTION POLICY

As the Fund's objective is to achieve medium to long-term capital appreciation, the Fund is not expected to make distribution. However, incidental distribution may be declared whenever is appropriate.

You may elect the mode of distribution in cash payment or additional Units by way of reinvestment by ticking the appropriate column in the application form. You may also inform us, at any time before the income distribution date of your wish of receiving cash payment or additional Units via reinvestment. All distribution will be automatically reinvested into additional Units in the Fund if you do not elect the mode of distribution in the application form.

Any distribution payable which is less than or equal to the amount of MYR/USD/SGD/AUD/GBP 300.00 will be automatically reinvested on your behalf.

For Unit Holders who invest through the EMIS, any income distributions paid will be considered as EPF savings and automatically reinvested in the form of additional Units for the Unit Holders.

### Cash Payment Process

If you elect to receive income distribution by way of cash payment, you shall be paid via cheque (for MYR Class only) or telegraphic transfer.

For cheques option, you will receive the cheque by mail within seven (7) Business Days after the distribution date, which will be sent to the last known address recorded in the Fund's register of Unit Holders. Where Units are held jointly, the cheque shall be issued in the name of the principal Unit Holder. The principal Unit Holder is the one who is first named in the Fund's register of Unit Holders.

For telegraphic transfer option, income will be transferred to your bank account within seven (7) Business Days after the distribution date.

To enable the cash payment process, Unit Holders investing in the Classes other than MYR Class are required to have a foreign currency account with any Financial Institution denominated in the respective currency Classes of the Fund.

#### Reinvestment Process

If you elect to reinvest the distribution in additional Units, we will create such Units based on the NAV per Unit of the Fund at the income payment date which is two (2) Business Days after the distribution date.

There will not be any additional cost to Unit Holders for reinvestments in new additional Units i.e. no Sales Charge will be imposed on such reinvestment.

**Unit prices and distributions payable, if any, may go down as well as up.**

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#### **UNCLAIMED MONEYS**

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

# FEES, CHARGES AND EXPENSES



**There are fees and charges involved and investors are advised to consider the fees and charges before investing in the Fund.**

You should be aware that all fees, charges and expenses referred to or quoted in the Prospectus (including any supplementary prospectus) and the Deed (including any supplemental deed) are referred to or quoted as being exclusive of GST. We (including the Trustee and other service providers) will charge GST at the rate of 6% on the fees, charges and expenses in accordance with the Goods and Services Tax Act 2014.

## CHARGES

The following are the charges that you may **directly** incur when you buy or redeem Units of this Fund.

### SALES CHARGE

A Sales Charge will be imposed on the purchase of Units of the Fund, irrespective of the currency of the Class that has been purchased. The Sales Charge will be a percentage of the initial offer price of a Class during the initial offer period and thereafter, the NAV per Unit of a Class.

The maximum Sales Charge that the distribution channels will impose is as stated below:-

IUTA	5.50%
Internal distribution channel of the Manager	
Unit trust consultants	

*\* Investors may negotiate for a lower charge.*

The Sales Charge for investors purchasing Units through the EMIS shall be limited to a maximum charge of 3% of the NAV per Unit or as determined by the EPF.

Note: All Sales Charges will be rounded up to two (2) decimal places.

### REPURCHASE CHARGE

Nil.

### TRANSFER FEE

Nil.

### SWITCHING FEE

Nil.

## FEES AND EXPENSES

With the issuance of multiple Classes in this Fund, the fees and expenses for the Fund are apportioned based on the size of the Class relative to the whole Fund, which is also known as multi-class ratio. This apportionment is expressed as a ratio and calculated as a percentage.

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

We may (in our sole and absolute discretion), waive or reduce the amount of any fees (except the trustee fee) and expenses of the Fund, either for all the investors or a particular investor.

The following are the fees that you may **indirectly** incur when you invest in the Fund.

### ANNUAL MANAGEMENT FEE

The annual management fee is up to 1.50% per annum of the NAV of the Fund. This fee is calculated and accrued daily and payable monthly to the Manager.

*Please note that the example below is for illustration purposes only:*

Assuming that the total NAV of the Fund (before deducting the management fee and trustee fee) is MYR 256,603,864.00, the accrued management fee for that day would be:-

$$\frac{\text{MYR } 256,603,864.00 \times 1.50\%}{365 \text{ days}} = \text{MYR } 10,545.36 \text{ per day}$$

### TRUSTEE FEE

The annual trustee fee is up to 0.07% per annum of the NAV of the Fund, subject to a minimum of MYR 18,000 per annum (excluding foreign custodian fees and charges). In addition to the trustee fee which includes the transaction fee i.e. the fee incurred for handling purchase/sale of local investments, the Trustee may be reimbursed by the Fund for any expenses properly incurred by it in the performance of its duties and responsibilities.

The trustee fee is calculated and accrued daily and payable monthly to the Trustee.

*Please note that the example below is for illustration purposes only:*

Assuming the NAV of the Fund is MYR 256,603,864.00 for the day, the accrued trustee fee for the day would be:-

$$\frac{\text{MYR } 256,603,864.00 \times 0.07\%}{365 \text{ days}} = \text{MYR } 492.11 \text{ per day}$$

### ADMINISTRATIVE FEES

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

- Commissions or fees paid to brokers/dealers in affecting dealings in the investments of the Fund shown on the contract notes or confirmation notes;

- Taxes and other duties charged on the Fund by the government and/or other authorities;
- Costs, fees and other expenses properly incurred by the auditor of the Fund;
- Costs, fees and expenses incurred for the valuation of any investments of the Fund by independent valuers for the benefit of the Fund;
- Costs, fees and expenses incurred for the modification of the Deed save where such modification is for the benefit of the Manager and/or the Trustee;
- Costs, fee and expenses incurred for any meeting of the Unit Holders save where such meeting is convened for the benefit of the Manager and/or the Trustee;
- Costs, commissions, fees and expenses of the sale, purchase, insurance and any other dealing of any asset of the Fund;
- Costs, fees and expenses incurred in engaging any specialist approved by the Trustee for investigating or evaluating any proposed investment of the Fund;
- Costs, fees and expenses incurred in engaging any adviser (including but not limited to legal advisers) for the benefit of the Fund;
- Costs, fees and expenses incurred in the preparation and audit of the taxation, returns and accounts of the Fund;
- Costs, fees and expenses incurred in the termination of the Fund or the removal of the Trustee or the Manager and the appointment of a new trustee or management company;
- Costs, fees and expenses incurred in relation to any arbitration or other proceedings concerning the Fund or any asset of the Fund, including proceedings against the Trustee or the Manager by the other for the benefit of the Fund (save to the extent that legal costs incurred for the defence of either of them are not ordered by the court to be reimbursed by the Fund);
- Remuneration and out of pocket expenses of the independent members of the investment committee, unless the Manager decides otherwise;
- All costs and/or expenses associated with the distributions declared pursuant to the Deed and the payment of such distribution including without limitation fees, costs and/or expenses for the revalidation or reissuance of any distribution cheque or warrant or telegraphic transfer, including fees imposed on cheque issuance and telegraphic transfer;
- Costs, fees and expenses deemed by the Manager to have been incurred in connection with any change or the need to comply with any change or introduction of any law, regulation or requirement (whether or not having the force of law) of any governmental or regulatory authority;
- (Where the custodial function is delegated by the Trustee) charges and fees paid to the sub-custodians in respect of any foreign investments of the Fund;
- Fees, charges, costs and expenses relating to the preparation, printing, posting, registration and lodgment of documents and reports which the Manager and/or the Trustee may be obliged to prepare, print, post, register and/or lodge in relation to the Fund by virtue of any relevant law; and
- Any tax such as GST and/or other indirect or similar tax now or hereafter imposed by law or required to be paid in connection with any costs, fees and expenses incurred for the abovementioned.

Expenses related to the issuance of this Prospectus will be borne by the Manager.

## GOODS AND SERVICES TAX

The Royal Malaysian Customs Department has announced the implementation of GST with effect from 1 April 2015 onwards pursuant to the Goods and Services Tax Act 2014. Collective investment schemes are generally exempted from GST. However, some fees, charges and expenses of the Fund are subject to GST which includes:

- Sales Charge;
- Repurchase Charge (if any);
- Switching fee;
- Transfer fee;



- Management fee;
- Trustee fee; and
- Any other expenses of the Fund that may be subject to GST.

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## REBATES AND SOFT COMMISSIONS

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We or any of our delegates thereof will not retain any rebate or soft commission from, or otherwise share in any commission with, any broker or dealer in consideration for directing dealings in the investments of the Fund. Accordingly, any rebate or shared commission should be directed to the account of the Fund.

The soft commission can be retained by us or our delegates provided that:-

- the goods and services are of demonstrable benefit to the Unit Holder in the form of research and advisory services that assist in the decision-making process relating to Unit Holders' investments; and
- any dealing with the broker or dealer is executed on terms which are the most favourable for the Fund.

**All fees and charges payable by you are subject to all applicable taxes (including but not limited to goods and services taxes) and/or duties as may be imposed by the government and/or the relevant authorities from time to time.**

# PRICING

## COMPUTATION OF NAV AND NAV PER UNIT

In this section, you will be introduced to certain terms used to explain how the Fund arrives at its NAV and consequently, NAV per Unit for each Class of the Fund. Under this section, please note the following definitions:-

“Value of the Fund before Income & Expenses”	Refers to the current value of the Fund inclusive of purchases and/or repurchases before the next valuation point.
“Value of a Class before Income & Expenses”	Refers to the current value of a Class inclusive of purchases and/or repurchases before the next valuation point.

You should also note that the NAV of the Fund is determined by deducting the value of all the Fund’s liabilities from the value of all the Fund’s assets, at a particular valuation point. The NAV per Unit of a Class is the NAV of the Fund attributable to a Class divided by the number of Units in Circulation for that particular Class, at the same valuation point.

Please refer to the “*Valuation Point Of The Fund*” section of this Prospectus for an explanation of the valuation point.

Illustration on computation of NAV and NAV per Unit for a particular day:-

	Fund (RM)	RM Class (RM)	USD Class (USD)	AUD Class (AUD)	SGD Class (SGD)	GBP Class (GBP)
Value of the Fund / Class before Income & Expenses	500,000,000.00	200,000,000.00	100,000,000.00	100,000,000.00	50,000,000.00	50,000,000.00
<b>Multi-class ratio *</b>	<b>100.00%</b>	<b>40%</b>	<b>20%</b>	<b>20%</b>	<b>10%</b>	<b>10%</b>
Add: Income	2,700,000.00	1,080,000.00	540,000.00	540,000.00	270,000.00	270,000.00
Gross asset value / GAV	502,700,000.00	201,080,000.00	100,540,000.00	100,540,000.00	50,270,000.00	50,270,000.00
Less: Fund expenses	(150,000.00)	(60,000.00)	(30,000.00)	(30,000.00)	(15,000.00)	(15,000.00)
<b>NAV of the Fund (before deduction of management and trustee fees)</b>	<b>502,550,000.00</b>	<b>201,020,000.00</b>	<b>100,510,000.00</b>	<b>100,510,000.00</b>	<b>50,255,000.00</b>	<b>50,255,000.00</b>
Less: Management fee for the day (1.50% p.a.)	(20,652.73)	(8,261.09)	(4,130.55)	(4,130.55)	(2,065.27)	(2,065.27)
Less: Trustee fee for the day (0.07% p.a.)	(963.80)	(385.52)	(192.76)	(192.76)	(96.38)	(96.38)
<b>NAV of the Fund (after deduction of management fee and trustee fee &amp; before GST)</b>	<b>502,528,383.47</b>	<b>201,011,353.39</b>	<b>100,505,676.69</b>	<b>100,505,676.69</b>	<b>50,252,838.35</b>	<b>50,252,838.35</b>
Less: GST of 6% on management fee for the day	(1,239.16)	(495.66)	(247.83)	(247.83)	(123.92)	(123.92)
Less: GST of 6% on trustee fee for the day	(57.82)	(23.13)	(11.56)	(11.56)	(5.78)	(5.78)
<b>NAV of the Fund (after GST)</b>	<b>502,527,086.50</b>	<b>201,010,834.60</b>	<b>100,505,417.30</b>	<b>100,505,417.30</b>	<b>50,252,708.65</b>	<b>50,252,708.65</b>
Total Unit in Circulation	502,000,000	200,800,000	100,400,000	100,400,000	50,200,000	50,200,000
NAV per Unit of a Class in Base Currency**		1.0010	1.0010	1.0010	1.0010	1.0010
<b>Currency exchange rate</b>		MYR 1 = MYR 1	MYR 1 = USD 0.25	MYR 1 = SGD 0.34	MYR 1 = AUD 0.33	MYR 1 = GBP 0.18
<b>NAV per Unit in currency Class ***</b>		<b>1.001</b>	<b>0.2506</b>	<b>0.3403</b>	<b>0.3303</b>	<b>0.1802</b>

For the purpose of the illustration above, the computation of NAV and NAV per Unit are based on the assumption that the expenses are inclusive of GST.

Note:

- \* Multi-class ratio is apportioned based on the size of the Class relative to the whole Fund. This means the multi-class ratio is calculated by taking the *Value of a Class before Income & Expenses* for a particular day and dividing it with the *Value of the Fund before Income & Expenses* for that same day. This apportionment is expressed as a ratio and calculated as a percentage.

- \*\* NAV per Unit of a Class is derived from the following formula:-

$$\frac{\text{NAV of the particular Class in Base Currency}}{\text{Units in Circulation for the particular Class}}$$

The rounding policy is four (4) decimal points for the purposes of publication of the NAV per Unit per Class. However, the rounding policy will not apply when calculating the Sales Charge and Repurchase Charge (where applicable).

- \*\*\* NAV per Unit in currency Class is derived from the following formula:-

$$\text{NAV per Unit of a Class} \times \text{Currency exchange rate for the particular Class}$$

## INCORRECT PRICING

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

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

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

## COMPUTATION OF SELLING PRICE AND REPURCHASE PRICE

The Selling Price and the Repurchase Price are equivalent to the NAV per Unit. Any applicable Sales Charge and Repurchase Charge are payable separately from the Selling Price and Repurchase Price.

During the initial offer period, the Selling Price and the Repurchase Price for all Classes is equivalent to the initial offer price of each Class and thereafter, the NAV per Unit of the respective Class. Forward Pricing will be used to determine the Selling Price and the Repurchase Price of the respective Class after the initial offer period, i.e. the NAV per Unit of each Class as at the next valuation point after we receive the purchase request or repurchase request.

The Selling Price for Units of Fund created under the EMIS will be based on the NAV per Unit at the end of the Business Day on which the purchase request or repurchase request is received by us.

### Calculation of Selling Price

Any Sales Charge payable by the Unit Holder would be calculated as a percentage of the initial offer price during the initial offer period and thereafter, of the NAV per Unit of the respective Class.

For illustration purposes, let's assume the following:

Class	MYR Class	USD Class	SGD Class	AUD Class	GBP Class
Investment Amount	MYR 10,000	USD 10,000	SGD 10,000	AUD 10,000	GBP 10,000
Selling Price	MYR 0.50	USD 0.50	SGD 0.50	AUD 0.50	GBP 0.50
Number Of Units Received*	MYR 10,000 ÷ MYR 0.50 = 20,000 Units	USD 10,000 ÷ USD 0.50 = 20,000 Units	SGD 10,000 ÷ SGD 0.50 = 20,000 Units	AUD 10,000 ÷ AUD 0.50 = 20,000 Units	GBP 10,000 ÷ GBP 0.50 = 20,000 Units
Sales Charge	5.50%	5.50%	5.50%	5.50%	5.50%
Sales Charge Paid By Investor**	5.50% x MYR 0.50 x 20,000 Units = MYR 550	5.50% x USD 0.50 x 20,000 Units = USD 550	5.50% x SGD 0.50 x 20,000 Units = SGD 550	5.50% x AUD 0.50 x 20,000 Units = AUD 550	5.50% x GBP 0.50 x 20,000 Units = GBP 550
GST of 6%***	MYR 550 x 6% = MYR 33	USD 550 x 6% = USD 33	SGD 550 x 6% = SGD 33	AUD 550 x 6% = AUD 33	GBP 550 x 6% = GBP 33
Total Amount Paid By Investor****	MYR 10,000 + MYR 550 + MYR33 = MYR 10,583	USD 10,000 + USD 550 + USD 33 = USD 10,583	SGD 10,000 + SGD 550 + SGD 33 = SGD 10,583	AUD 10,000 + AUD 550 + AUD 33 = AUD 10,583	GBP 10,000 + GBP 550 + GBP 33 = GBP 10,583

Formula for calculating:-

* Number of Units received	=	$\frac{\text{Amount invested}}{\text{Selling Price}}$
** Sales Charge paid by investor	=	Sales Charge x Selling Price per Unit x Number of Units received
*** GST of 6%	=	Sales Charge paid by investor x 6%
**** Total amount paid by investor	=	Amount invested + Sales Charge paid by investor + GST

### Calculation of Repurchase Price

Any Repurchase Charge payable by the Unit Holder would be calculated as a percentage of the initial offer price during the initial offer period and thereafter, of the NAV per Unit of the respective Class.

For illustration purposes, let's assume the following:-

Class	MYR Class	USD Class	SGD Class	AUD Class	GBP Class
Units Repurchased	20,000 Units	20,000 Units	20,000 Units	20,000 Units	20,000 Units
Repurchase Price	MYR 0.50	USD 0.50	SGD 0.50	AUD 0.50	GBP 0.50
Repurchased Amount <sup>^</sup>	20,000 Units x MYR 0.50 = MYR 10,000	20,000 Units x USD 0.50 = USD 10,000	20,000 Units x SGD 0.50 = SGD 10,000	20,000 Units x AUD 0.50 = AUD 10,000	20,000 Units x GBP 0.50 = GBP 10,000
Repurchase Charge	0.00%	0.00%	0.00%	0.00%	0.00%
Repurchase Charge Paid By Investor <sup>^^</sup>	0.00% x MYR 10,000 = MYR 0.00	0.00% x USD 10,000 = USD 0.00	0.00% x SGD 10,000 = SGD 0.00	0.00% x AUD 10,000 = AUD 0.00	0.00% x GBP 10,000 = GBP 0.00
GST of 6% <sup>^^^</sup>	MYR 0.00 x 6% = MYR 0.00	USD 0.00 x 6% = USD 0.00	SGD 0.00 x 6% = SGD 0.00	AUD 0.00 x 6% = AUD 0.00	GBP 0.00 x 6% = GBP 0.00
Total Amount Received By investor <sup>^^^^</sup>	MYR 10,000 + MYR 0.00 + MYR 0.00 = MYR 10,000	USD 10,000 + USD 0.00 + USD 0.00 = USD 10,000	SGD 10,000 + SGD 0.00 + SGD 0.00 = SGD 10,000	AUD 10,000 + AUD 0.00 + AUD 0.00 = AUD 10,000	GBP 10,000 + GBP 0.00 + GBP 0.00 = GBP 10,000

Formula for calculating:-

<sup>^</sup> Repurchase amount = Unit repurchased x Repurchase Price

<sup>^^</sup> Repurchase Charge paid by investor = Repurchase Charge x Repurchase amount

<sup>^^^</sup> GST of 6% = Repurchase Charge paid by investor x 6%

<sup>^^^^</sup> Total amount received by investor = Repurchased amount + Repurchase Charge paid by investor + GST

# SALIENT TERMS OF THE DEED

*Generally an investor would also be a registered Unit Holder unless the Units are purchased through an IUTA or using a nominee. In such an instance, the Units may not be registered in the name of the investor and thus not a registered Unit Holder. Please be advised that the Manager only recognises the rights attached to a registered Unit Holder.*

## Rights and Liabilities of Unit Holders

### Rights of Unit Holders

You have the right, among others, to the followings:

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

You are not entitled to request for the transfer of any of the assets of the Fund or be entitled to interfere with or question the exercise by the Trustee, or the Manager on its behalf, of the rights of the Trustee as the registered owner of such assets. In amplification and not in derogation of the aforesaid, Units held shall not confer on any Unit Holder any interest in any asset of the Fund but only in such interest in the Fund as a whole as may be conferred on Unit Holders by the provisions of the Deed.

### Liabilities of Unit Holders

- You would not be liable for any amount in excess of the purchase price paid for the Units as determined in accordance with the Deed at the time the Units were purchased and any charges payable in relation thereto; and
- You shall not be under any obligation to indemnify the Manager and/or the Trustee in the event that the liabilities incurred by the Manager and/or the Trustee in the name of or on behalf of the Fund pursuant to and/or in the performance of the provisions of the Deed exceed the value of the assets of the Fund and any right of indemnity of the Manager and/or the Trustee shall be limited to recourse to the Fund.

## Provisions regarding Unit Holders Meetings

### Quorum Required for Convening a Unit Holders Meeting

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

### Unit Holders meeting convened by Unit Holders

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

- sending by post at least seven (7) days before the date of the proposed meeting a notice of the proposed meeting to all the Unit Holders or the Unit Holders of a particular Class of Units, as the case may be;

- publishing at least fourteen (14) days before the date of the proposed meeting an advertisement giving notice of the proposed meeting in a national language newspaper published daily and another newspaper approved by the relevant authorities; and
- specifying in the notice the place and time of the meeting and the terms of the resolutions to be proposed at the meeting.

The Unit Holders may apply to the Manager to summon a meeting for any purpose including, without limitation, for the purpose of:

- requiring the retirement or removal of the Manager;
- requiring the retirement or removal of the Trustee;
- considering the most recent financial statements of the Fund;
- giving to the Trustee such directions as the meeting thinks proper; or
- considering any matter in relation to the Deed;

provided always that the Manager shall not be obliged to summon any such a meeting unless application has been received from not less than fifty (50) or one-tenth (1/10) of all the Unit Holders of a particular Class of Units, whichever is the lesser number.

### **Unit Holders meeting convened by Manager**

The Manager may for any purpose whatsoever summon a meeting of the Unit Holders by sending by post at least fourteen (14) days before the date of the proposed meeting, or such other time as may be prescribed by the relevant laws, a notice of the proposed meeting to all the Unit Holders. All such notices and advertisement to the Unit Holders shall specify the place, time and terms of the resolutions to be proposed.

### **Unit Holders meeting convened by Trustee**

The Trustee may summon a Unit Holders' meeting in the event:

- the Manager is in liquidation,
- in the opinion of the Trustee, the Manager has ceased to carry on business,
- in the opinion of the Trustee, the Manager has, to the prejudice of Unit Holders, failed to comply with the Deed or contravened any of the provisions of the Act.
- requiring the retirement or removal of the Manager;
- giving instructions to the Trustee or the Manager if the Trustee considers that the investment management policies of the Manager are not in the interests of Unit Holders;
- securing the agreement of the Unit Holders to release the Trustee from any liability;
- deciding on the next course of action after the Trustee has suspended the sale and repurchase of Units pursuant to clause 6.9.1 of the Deed; or
- deciding on the reasonableness of the annual management fee charged to the Fund or each Class of Units.

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

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

## **Termination of the Fund**

### **Circumstances That May Lead To The Termination Of The Fund Or A Class Of Units**

The Fund or a Class of Units may be terminated or wound up as provided for under the Deed and the Guidelines as follows:-

- The SC has withdrawn the authorisation of the Fund pursuant to Section 256E of the CMSA; or

- A Special Resolution is passed at a Unit Holders' meeting to terminate or wind-up the Fund or to terminate a Class of Units and the court has confirmed the resolution.

## **Retirement, Removal or Replacement of the Manager**

The Manager shall have the power to retire in favour of some other corporation and as necessary under any relevant law upon giving to the Trustee twelve (12) months' notice in writing of its desire so to do, or such lesser time as the Manager and the Trustee may agree upon, and subject to the fulfilment of the following conditions:

- the retiring Manager shall appoint such corporation by writing under the seal of the retiring Manager as the management company of the Fund in its stead and assign and transfer to such corporation all its rights and duties as management company of the Fund;
- such corporation shall enter into such deed or deeds as are referred to in clause 2.3.2 of the Deed; and
- upon the payment to the Trustee of all sums due from the retiring Manager to the Trustee under the Deed at the date of such retirement, the retiring Manager shall be absolved and released from all further obligations under the Deed but without prejudice to the rights of the Trustee or any Unit Holder or other person in respect of any act or omission on the part of the retiring Manager prior to such retirement and the new management company may and shall thereafter exercise all the powers and enjoy all the rights and shall be subject to all the duties and obligations of the Manager under the Deed as fully as though such new management company had been originally a party to the Deed.

Subject to the provisions of any relevant law, the Trustee shall take all necessary steps to remove the Manager:

- if the Manager has failed or neglected to carry out its duties to the satisfaction of the Trustee and the Trustee considers that it would be in the interests of Unit Holders for it to do so after the Trustee has given notice to the Manager of that opinion and the reasons for that opinion, and has considered any representations made by the Manager in respect of that opinion, and after consultation with the relevant authorities and with the approval of the Unit Holders by way of a Special Resolution;
- unless expressly directed otherwise by the relevant authorities, if the Manager is in breach of any of its obligations or duties under the Deed or the relevant laws, or has ceased to be eligible to be a management company under the relevant laws; or
- if the Manager has gone into liquidation, except for the purpose of amalgamation or reconstruction or some similar purpose, or has had a receiver appointed or has ceased to carry on business;

and the Manager shall not accept any extra payment or benefit in relation to such removal.

In any of the events set out above, the Manager shall upon receipt of a written notice from the Trustee ipso facto cease to be the management company of the Fund. The Trustee shall, at the same time, by writing appoint some other corporation approved by the relevant authorities to be the management company of the Fund; such corporation shall have entered into such deed or deeds as the Trustee may consider to be necessary or desirable to secure the due performance of its duties as management company for the Fund.

## **Retirement or Removal or Replacement of the Trustee**

The Trustee may retire upon giving twelve (12) months' notice to the Manager of its desire to do so, or such shorter period as the Manager and the Trustee shall agree, and may by deed appoint in its stead a new trustee approved by the relevant authorities and under any relevant law.

Provided always that the Manager has ensured that the Fund has at all times an appointed trustee approved by the relevant authorities, the Trustee may be removed and another trustee may be appointed as trustee of the Fund by Special Resolution of the Unit Holders at a duly convened meeting of which notice has been given to the Unit Holders in accordance with the Deed.

The Manager shall take all reasonable steps to replace the Trustee as soon as practicable after becoming aware that:

- the Trustee has ceased to exist;
- the Trustee has not been validly appointed;
- the Trustee is not eligible to be appointed or to act as trustee under any relevant laws;
- the Trustee has failed or refused to act as trustee in accordance with the provisions or covenants of the Deed or any relevant law;



- a receiver has been appointed over the whole or a substantial part of the assets or undertaking of the Trustee and has not ceased to act under the appointment;
- a petition has been presented for the winding up of the Trustee (other than for the purpose of and followed by a reconstruction, unless during or following such reconstruction the Trustee becomes or is declared insolvent); or
- the Trustee is under investigation for conduct that contravenes the Trust Companies Act 1949, the Trustee Act 1949, the Companies Act 2016 or any relevant laws.

## Fees And Charges

Below are the maximum fees and charges permitted by the Deed:

<b>Sales Charge</b>	10.00% of the NAV per Unit
<b>Repurchase Charge</b>	Nil
<b>Annual management fee</b>	3.00% per annum of the NAV of the Fund
<b>Annual trustee fee</b>	0.30% per annum of the NAV of the Fund subject to a minimum of MYR 18,000 per annum

### Increase Of Fees And Charges Stated In The Prospectus

The maximum Sales Charges and Repurchase Charge set out in this Prospectus can only be increased if the Trustee has been notified in writing by the Manager of the higher rate and the date on which such higher rate is to become effective.

The maximum annual management fee and annual trustee fee set out in this Prospectus can only be increased if the Manager has come to an agreement with the Trustee on the higher rate. The Trustee and the Unit Holders have to be notified in writing by the Manager of the higher rate and the date on which such higher rate is to become effective and such time as may be prescribed by any relevant law shall have elapsed since the notice is sent.

The supplementary/replacement prospectus proposing a modification to this Prospectus to increase the aforesaid maximum fees and charges is required to be issued. An increase in the abovementioned fees and charges is allowed if such time as may be prescribed by any relevant laws has elapsed since the effective date of the supplementary/replacement prospectus.

### Increase Of Fees And Charges Stated In The Deed

The maximum Sales Charge and Repurchase Charge set out in the Deed can only be increased if:

- the Manager has notified the Trustee in writing of the higher charge and the effective date for the higher charge;
- a supplementary/ replacement prospectus in respect of the Fund setting out the higher charge is issued; and
- such time as may be prescribed by any relevant law has elapsed since the effective date of the supplementary/ replacement prospectus.

The maximum annual management fee and annual trustee fee can only be increased if:

- the Manager has come to an agreement with the Trustee on the higher rate;
- the Manager has notified the Unit Holders of the higher rate and the date on which such higher rate is to become effective;
- a supplementary/ replacement prospectus stating the higher rate is issued thereafter; and
- such time as may be prescribed by any relevant law shall have elapsed since the supplementary/ replacement prospectus is issued.

## Permitted Expenses under the Deed

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

- commissions or fees paid to brokers/dealers in effecting dealings in the investments of the Fund, shown on the contract notes or confirmation notes;

- taxes and other duties charged on the Fund by the government and/or other authorities;
- costs, fees and expenses properly incurred by the auditor of the Fund;
- costs, fees and expenses incurred for the valuation of any investments of the Fund by independent valuers for the benefit of the Fund;
- costs, fees and expenses incurred for any modification of the Deed save where such modification is for the benefit of the Manager and/or the Trustee;
- costs, fees and expenses incurred for any meeting of the Unit Holders save where such meeting is convened for the benefit of the Manager and/or the Trustee;
- costs, commissions, fees and expenses of the sale, purchase, insurance and any other dealing of any asset of the Fund;
- costs, fees and expenses incurred in engaging any specialist approved by the Trustee for investigating or evaluating any proposed investment of the Fund;
- costs, fees and expenses incurred in engaging any adviser (including but not limited to legal advisers) for the benefit of the Fund;
- costs, fees and expenses incurred in the preparation and audit of the taxation, returns and accounts of the Fund;
- costs, fees and expenses incurred in the termination of the Fund or the removal of the Trustee or the Manager and the appointment of a new trustee or management company;
- costs, fees and expenses incurred in relation to any arbitration or other proceedings concerning the Fund or any asset of the Fund, including proceedings against the Trustee or the Manager by the other for the benefit of the Fund (save to the extent that legal costs incurred for the defence of either of them are not ordered by the court to be reimbursed by the Fund);
- remuneration and out of pocket expenses of the independent members of the investment committee, unless the Manager decides otherwise;
- all costs and/or expenses associated with the distributions declared pursuant to the Deed and the payment of such distribution including without limitation fees, costs and/or expenses for the revalidation or reissuance of any distribution cheque or warrant or telegraphic transfer, including fees imposed on cheque issuance and telegraphic transfer;
- costs, fees and expenses deemed by the Manager to have been incurred in connection with any change or the need to comply with any change or introduction of any law, regulation or requirement (whether or not having the force of law) of any governmental or regulatory authority;
- (where the custodial function is delegated by the Trustee) charges and fees paid to the sub-custodians in respect of any foreign investments of the Fund;
- fees, charges, costs and expenses relating to the preparation, printing, posting, registration and lodgment of documents and reports which the Manager and/or the Trustee may be obliged to prepare, print, post, register and/or lodge in relation to the Fund by virtue of any relevant law; and
- any tax such as GST and/or other indirect or similar tax now or hereafter imposed by law or required to be paid in connection with any costs, fees and expenses incurred for the abovementioned.

# THE MANAGER

## ABOUT AHAM

AHAM was incorporated in Malaysia on 2 May 1997 and began its operations under the name Hwang–DBS Capital Berhad in 2001. In early 2014, AHAM was acquired by the Affin Banking Group (“Affin”) and hence, is now supported by a home-grown financial services conglomerate. Affin has over 39 years of experience in the financial industry which focuses on commercial, Islamic and investment banking services, money broking, fund management and underwriting of life and general insurance business. Meanwhile, AHAM has 15 years’ experience in the fund management industry. Additionally, AHAM is also 30% owned by Nikko Asset Management International Limited, a wholly-owned subsidiary of Tokyo-based Nikko Asset Management Co. Ltd, an Asian investment management franchise.

AHAM distributes its funds through the following various channels:

- In-house/internal sales team;
- IUTA (Institutional Unit Trust Advisers) & CUTA (Corporate Unit Trust Advisers); and
- Unit trust consultants.

AHAM’s head office is located in Kuala Lumpur and has a total of 8 main sales offices located in Peninsular and East Malaysia. The sales offices are in Penang, Ipoh, Johor Bharu, Melaka, Selangor, Kuching, Miri and Kota Kinabalu.

### Roles, Duties and Responsibilities of AHAM

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

### Board of Directors

Tan Sri Dato’ Seri Che Lodin Bin Wok Kamaruddin (Non-independent Director)

Datuk Maimoonah Binti Mohamed Hussain (Non-independent Director)

YBhg Mej Jen Dato’ Hj Latip bin Ismail (Independent Director)

Mr Teng Chee Wai (Non-independent Director)

Ms Eleanor Seet Oon Hui (Non-independent Director)

Encik Abd Malik Bin A Rahman (Independent Director)

### Key Personnel

#### Mr Teng Chee Wai – Managing Director

Mr Teng is the founder of AHAM. Over the past 17 years, he has built the company to its current position with an excess of MYR 45 billion in assets under management. In his capacity as the managing director and executive director of AHAM, Mr Teng manages the overall business and strategic direction as well as the management of the investment team. His hands on approach sees him actively involved in investments, product development and marketing. Mr Teng’s critical leadership and regular participation in reviewing and assessing strategies and performance has been pivotal in allowing AHAM to successfully navigate the economically turbulent decade. Mr Teng’s investment management experience spans more than 25 years, and his key area of expertise is in managing absolute return mandates for insurance assets and investment-linked funds in both Singapore and Malaysia. Prior to his current appointments, he was the assistant general manager (investment) of Overseas Assurance Corporation (OAC) and was responsible for the investment function of the Group Overseas Assurance Corporation Ltd. Mr Teng began his career in the financial industry as an investment manager with NTUC Income, Singapore. He is a Bachelor of Science graduate from the National University of Singapore and has a Post-Graduate Diploma in Actuarial Studies from City University in London.

**Mr David Ng Kong Cheong – Chief Investment Officer**

Mr David joined AHAM in 2002 as Head of Equities and assumed the role of Chief Investment Officer in September 2006. He has been responsible for successfully steering AHAM's investments through a tumultuous decade of multiple crisis. His astute and decisive guidance on broad investment strategies which includes interpreting market signals and making timely asset allocation calls has allowed AHAM to remain ahead of its peers. A decade later, he has built the investment team from just four (4) fund managers to a 40 strong group featuring an impressive resume across different investment specialties, coverage and geographies. Under his foresight and vision, the team has evolved from being equity-heavy to encompass strong local and regional multi-asset and sector investment capabilities. His absolute return investment philosophy and bottom-up stock selection technique has garnered recognition for AHAM with its multiple award wins, having been voted "CIO of the Year" for Malaysia by Asia Asset Management 2013 awards. Mr David's philosophy of subscribing to the long-term, not taking excessive risk, and investing into quality throughout all the portfolios has set the blueprint for AHAM's investments in years to come. He is well-known in the industry for his discipline, prudence and reasonable attitude to investing. He graduated with a double degree in Bachelor of Commerce (Accounting) and Bachelor of Law from Monash University in Melbourne, Australia and is also a Chartered Financial Analyst (CFA) charterholder.

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**DESIGNATED FUND MANAGER**

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**Mr Gan Eng Peng - Head of Equity Strategies & Advisory**

Mr Gan Eng Peng joined AHAM in April 2008 as Head of Equities, bringing with him more than 20 years of experience in regional and local equities investment, corporate finance and business management. His high-conviction, bottom-up approach to stock picking that emphasizes competitive business models with quality management combined with the need for yearly income generation has gained a strong industry following. He is known for his clear, concise articulation of his investment ideas. He is the portfolio manager for AHAM's world-class, 5-star (Morningstar\*) Affin Hwang Select Asia Quantum Fund, a small-cap Asian equity strategy, as well as AHAM's first flagship fund, the Affin Hwang Select Opportunity Fund. His current role as Head of Equity Strategies & Advisory is to devote his time to finding new ideas, in addition to maintaining portfolio management responsibilities. Prior to joining AHAM, Mr Gan was the Head of Equities of Investments at Pacific Mutual Fund Berhad where he led an experienced fund management team. Mr Gan had overall responsibility for all their funds across the board. His role involved being responsible for all equity fund performance, research initiatives and providing marketing support. Mr Gan graduated with a Bachelor of Science (Industrial and Business Economics) from the London School of Economics, England.

*\*Source data: <http://my.morningstar.com/ap/fundselect/results.aspx>.*

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**INVESTMENT COMMITTEE**

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The investment committee ("Committee") formulates, establishes and implements investment strategies and policies. The Committee will continuously review and monitor the success of these strategies and policies using predetermined benchmarks towards achieving a proper performance for the Fund. The Committee will also ensure investment guidelines and regulations are complied with. The Committee meets at least once every quarterly or more should the need arise.

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**MATERIAL LITIGATION**

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As at LPD, AHAM is not engaged in any material litigation and arbitration, including those pending or threatened, and AHAM is not aware of any facts likely to give rise to any proceedings which might materially affect the business/financial position of AHAM.

**For further information on AHAM, the investment committee and/or AHAM's delegate, you may obtain the details from our website at [www.affinhwangam.com](http://www.affinhwangam.com). 7.07**

# THE TRUSTEE

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## HSBC (MALAYSIA) TRUSTEE BERHAD

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The Trustee is a company incorporated in Malaysia since 1937 and registered as a trust company under the Trust Companies Act 1949, with its registered address at 13<sup>th</sup> Floor, Bangunan HSBC, South Tower, No 2, Leboh Ampang, 50100 Kuala Lumpur.

### **Experience in Trustee Business**

Since 1993, the Trustee has acquired experience in the administration of trusts and has been appointed as trustee for unit trust funds, exchange traded funds, wholesale funds and funds under private retirement scheme.

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

The Trustee's main functions are to act as trustee and custodian of the assets of the Fund and to safeguard the interests of Unit Holders of the Fund. In performing these functions, the Trustee has to exercise all due care, diligence and vigilance and is required to act in accordance with the provisions of the Deed, Capital Markets and Services Act 2007 and the Guidelines. Apart from being the legal owner of the Fund's assets, the Trustee is also responsible for ensuring that AHAM performs its duties and obligations in accordance with the provisions of the Deed, Capital Markets and Services Act 2007 and the Guidelines. In respect of monies paid by an investor for the application of units, the Trustee's responsibility arises when the monies are received in the relevant account of the Trustee for the Fund and in respect of repurchase request, the Trustee's responsibility is discharged once it has paid the repurchase amount to AHAM.

### **Trustee's Statement of Responsibility**

The Trustee has given its willingness to assume the position as Trustee of the Fund and all the obligations in accordance with the Deed of the Fund, all relevant laws and rules of law. The Trustee shall be entitled to be indemnified out of the Fund against all losses, damages or expenses incurred by the Trustee in performing any of its duties or exercising any of its powers under the Deed in relation to the Fund. The right to indemnity shall not extend to loss occasioned by breach of trust, wilful default, negligence, fraud or failure to show the degree of care and diligence required of the Trustee having regard to the provisions of the Deed.

### **Trustee's Disclosure of Material Litigation**

As at LPD, the Trustee is not engaged in any material litigation and arbitration, including those pending or threatened, and is not aware of any facts likely to give rise to any proceedings which might materially affect the business/financial position of the Trustee and any of its delegates.

### **Trustee's Delegate**

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

The Trustee shall be responsible for the acts and omissions of its delegate as though they were its own acts and omissions.

However, the Trustee is not liable for the acts, omissions or failure of third party depository such as central securities depositories, or clearing and/or settlement systems and/or authorised depository institutions, where the law or regulation of the relevant jurisdiction requires the Trustee to deal or hold any asset of the Fund through such third parties.

#### Particulars of the Trustee's Delegate

For foreign asset:

The Hongkong And Shanghai Banking Corporation Limited  
6/F, Tower 1, HSBC Centre, 1 Sham Mong Road, Hong Kong.  
Telephone No: (852) 2288 6111

For local asset:

The Hongkong And Shanghai Banking Corporation Limited (As Custodian) and assets held through HSBC Nominees (Tempatan) Sdn Bhd (Co. No. 258854-D)  
No 2 Leboh Ampang, 50100 Kuala Lumpur  
Telephone No: (603) 2075 3000 Fax No: (603) 2179 6488

#### Policy on Dealing with Related-Party Transactions/Conflict of Interest

As Trustee for the Fund, there may be related party transaction involving or in connection with the Fund in the following events:-

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

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

Subject to the above and any local regulations, the Trustee and/or its related group of companies may deal with each other, the Fund or any Unit Holder or enter into any contract or transaction with each other, the Fund or any Unit Holder or retain for its own benefit any profits or benefits derived from any such contract or transaction or act in the same or similar capacity in relation to any other scheme.

#### Anti-money Laundering and Anti-Terrorism Financing Provisions

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

#### Statement of Disclaimer

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

#### Consent to Disclosure

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

# RELATED PARTIES TRANSACTION AND CONFLICT OF INTEREST

Save for the transaction disclosed below, as at LPD the Manager is not aware of any existing and/or proposed related party transactions or conflict of interest situations or other subsisting contracts of arrangements involving the Fund.

## Related Party Transactions

Name of Party Involved in the Transaction	Nature of Transaction	Name of Related Party	Nature of Relationship
AHAM	Placement of deposits, money market instruments and derivatives	Affin Hwang Investment Bank Berhad (Affin Hwang IB)	Affin Hwang IB holds 70% equity interest in the Manager.

## Conflict of Interest

The auditors, tax advisers and solicitors have confirmed that they do not have any existing or potential conflict of interest with AHAM and/or the Fund.

## Details of the Substantial Shareholders of AHAM's Direct and Indirect Interest in other Corporation Carrying on a Similar Business

Save as disclosed below, as at the LPD, the substantial shareholders of AHAM do not have any direct or indirect interest in other corporations carrying on similar business.

Nikko Asset Management International Limited, a substantial shareholder of AHAM is wholly owned by Nikko Asset Management Co. Ltd ("Nikko AM"). Nikko AM's office is situated in Japan where it provides investment management services, focused on sourcing, packaging and distributing retail investment fund products which are managed in-house or outsourced to third party sub-advisers.

## Cross trades

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

## Policy on Dealing with Conflict of Interest

AHAM has in place policies and procedures to deal with any conflict of interest situations. In making an investment transaction for the Fund, AHAM will not make improper use of its position in managing the Fund to gain, directly or indirectly, any advantage or to cause detriment to the interests of Unit Holders. Where the interests of the directors or the investment committee member's interests may conflict with that of the Fund, they are to refrain from participating in the decision-making process relating to the matter. Staff of AHAM are required to seek prior approval from the executive director or the managing director before dealing in any form of securities. 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 arms-length transaction between independent parties.

# TAX ADVISER'S LETTER

Taxation adviser's letter in respect of the taxation  
of the unit trust and the unit holders  
(prepared for inclusion in this Prospectus)

Ernst & Young Tax Consultants Sdn Bhd  
Level 23A Menara Milenium  
Pusat Bandar Damansara  
50490 Kuala Lumpur

15 March 2018

The Board of Directors  
Affin Hwang Asset Management Berhad  
Ground Floor, Menara Boustead  
69, Jalan Raja Chulan  
50200 Kuala Lumpur

Dear Sirs

## **Taxation of the Fund and unit holders**

This letter has been prepared for inclusion in this Prospectus in connection with the offer of units in the unit trust known as Affin Hwang Select Asia (ex Japan) Quantum Fund (hereinafter referred to as "the Fund").

The purpose of this letter is to provide prospective unit holders with an overview of the impact of taxation on the Fund and the unit holders.

## **Taxation of the Fund**

The taxation of the Fund is subject to the provisions of the Malaysian Income Tax Act 1967 (MITA), particularly Sections 61 and 63B.

Subject to certain exemptions, the income of the Fund comprising interest and other investment income derived from or accruing in Malaysia after deducting tax allowable expenses, is subject to Malaysian income tax at the rate of 24% with effect from the year of assessment 2016.

Tax allowable expenses would comprise expenses falling under Section 33(1) and Section 63B of the MITA. Section 33(1) permits a deduction for expenses that are wholly and exclusively incurred in the production of gross income. In addition, Section 63B allows unit trusts a deduction for a portion of other expenses (referred to as 'permitted expenses') not directly related to the production of income, as explained below.

"Permitted expenses" refer to the following expenses incurred by the Fund which are not deductible under Section 33(1) of the MITA:

- the manager's remuneration,
- maintenance of the register of unit holders,
- share registration expenses,
- secretarial, audit and accounting fees, telephone charges, printing and stationery costs and postage.

These expenses are given a partial deduction under Section 63B of the MITA, based on the following formula:

$$A \times \frac{B}{4C}$$

Where     A     is the total of the permitted expenses incurred for that basis period;  
             B     is gross income consisting of dividend<sup>1</sup>, interest and rent chargeable to tax for that basis period; and

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<sup>1</sup> Pursuant to Section 15 of the Finance Act 2011, with effect from the year of assessment 2011, dividend income is deemed to include income distributed by a unit trust which includes distributions from Real Estate Investment Trusts.



- C is the aggregate of the gross income consisting of dividend<sup>1</sup> and interest (whether such dividend or interest is exempt or not) and rent, and gains made from the realisation of investments (whether chargeable to tax or not) for that basis period,

provided that the amount of deduction to be made shall not be less than 10% of the total permitted expenses incurred for that basis period.

### **Exempt income**

The following income of the Fund is exempt from income tax:

- **Malaysian sourced dividends**

All Malaysian-sourced dividends should be exempt from income tax.

- **Malaysian sourced interest**

- (i) interest from securities or bonds issued or guaranteed by the Government of Malaysia;
- (ii) interest from debentures or *sukuk*, other than convertible loan stock, approved or authorized by, or lodged with, the Securities Commission;
- (iii) interest from Bon Simpanan Malaysia issued by Bank Negara Malaysia;
- (iv) interest derived from Malaysia and paid or credited by banks licensed under the Financial Services Act 2013 or the Islamic Financial Services Act 2013<sup>2</sup>;
- (v) interest derived from Malaysia and paid or credited by any development financial institution prescribed under the Development Financial Institutions Act 2002<sup>2</sup>;
- (vi) interest from *sukuk* originating from Malaysia, other than convertible loan stock, issued in any currency other than Ringgit and approved or authorized by, or lodged with, the Securities Commission or approved by the Labuan Financial Services Authority (LFSA)<sup>3</sup>; and
- (vii) interest which is specifically exempted by way of statutory orders or any other specific exemption provided by the Minister.

- **Discount**

Tax exemption is given on discount paid or credited to any unit trust in respect of investments as specified in items (i), (ii) and (iii) above.

### **Foreign sourced income**

Dividends, interest and other income derived from sources outside Malaysia and received in Malaysia by a resident unit trust is exempt from Malaysian income tax. However, such income may be subject to tax in the country from which it is derived.

### **Gains from the realisation of investments**

Pursuant to Section 61(1) (b) of the MITA, gains from the realisation of investments will not be treated as income of the Fund and hence, are not subject to income tax. Such gains may be subject to real property gains tax (RPGT) under the Real Property Gains Tax Act 1976 (RPGT Act), if the gains are derived from the sale of chargeable assets, as defined in the RPGT Act.

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<sup>2</sup> Effective from the year of assessment 2017, in the case of a wholesale fund which is a money market fund, the exemption shall only apply to a wholesale fund which complies with the criteria as set out in the relevant guidelines of the Securities Commission Malaysia.

<sup>3</sup> Effective from the year of assessment 2017, the exemption shall not apply to interest paid or credited to a company in the same group or interest paid or credited to a bank licensed under the Financial Services Act 2013 or the Islamic Financial Services Act 2013; or a development financial institution prescribed under the Development Financial Institutions Act 2002.

## Goods and Services Tax ("GST")

On 1 April 2015, GST was implemented at the standard rate of 6% to replace the previous sales tax and service tax systems. Based on the Goods and Services Tax Act 2014 which was gazetted on 19 June 2014, the Fund, being a collective investment vehicle, will be making exempt supplies. Hence, the Fund is not required to be registered for GST purposes. The Fund will incur expenses such as management fees, trustee fees and other administrative charges which will be subject to 6% GST. The 6% input tax which may be incurred on such expenses will generally not be claimable by the Fund.

## Taxation of unit holders

For Malaysian income tax purposes, unit holders will be taxed on their share of the distributions received from the Fund.

The income of unit holders from their investment in the Fund broadly falls under the following categories:

1. taxable distributions; and
2. non-taxable and exempt distributions.

In addition, unit holders may also realise a gain from the sale of units.

The tax implications of each of the above categories are explained below:

### 1. Taxable distributions

Distributions received from the Fund will have to be grossed up to take into account the underlying tax paid by the Fund and the unit holder will be taxed on the grossed up amount.

Such distributions carry a tax credit, which will be available for set-off against any Malaysian income tax payable by the unit holder. Should the tax deducted at source exceed the tax liability of the unit holder, the excess is refundable to the unit holder.

Please refer to the paragraph below for the income tax rates applicable to the grossed up distributions.

### 2. Non-taxable and exempt distributions

Tax exempt distributions made out of gains from the realisation of investments and exempt income earned by the Fund will not be subject to Malaysian income tax in the hands of the unit holders.

## Rates of tax

The Malaysian income tax chargeable on the unit holders would depend on their tax residence status and whether they are individuals, corporations or trust bodies. The relevant income tax rates are as follows:

Unit holders	Malaysian income tax rates
Malaysian tax resident: <ul style="list-style-type: none"><li>• Individual and non-corporate unit holders (such as associations and societies)</li><li>• Co-operatives<sup>4</sup></li><li>• Trust bodies</li></ul>	<ul style="list-style-type: none"><li>• Progressive tax rates ranging from 0% to 28%</li><li>• Progressive tax rates ranging from 0% to 24%</li><li>• 24% (Note 1)</li></ul>

<sup>4</sup> Pursuant to Paragraph 12(1), Schedule 6 of the MITA, the income of any co-operative society—  
(a) in respect of a period of five years commencing from the date of registration of such co-operative society; and  
(b) thereafter where the members' funds [as defined in Paragraph 12(2)] of such co-operative society as at the first day of the basis period for the year of assessment is less than seven hundred and fifty thousand ringgit is exempt from tax.

Unit holders	Malaysian income tax rates
<ul style="list-style-type: none"> <li>Corporate unit holders <ul style="list-style-type: none"> <li>(i) A company with paid up capital in respect of ordinary shares of not more than RM2.5 million (at the beginning of the basis period for the year of assessment)<sup>5</sup></li> <li>(ii) Companies other than (i) above</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>First RM500,000 of chargeable income @ 18%</li> <li>Chargeable income in excess of RM500,000 @ 24% (Note 1)</li> <li>24% (Note 1)</li> </ul>
Non-Malaysian tax resident (Note 2):	
<ul style="list-style-type: none"> <li>Individual and non-corporate unit holders</li> <li>Corporate unit holders and trust bodies</li> </ul>	<ul style="list-style-type: none"> <li>28%</li> <li>24% (Note 1)</li> </ul>

**Note 1:**

The Income Tax (Exemption) (No. 2) Order 2017 [P.U.(A) 117], gazetted on 10 April 2017, exempts a “qualifying person”<sup>6</sup> from payment of income tax on an ascertained amount of chargeable income derived from the business source in the basis period for a year of assessment. This exemption is only applicable for the years of assessment 2017 and 2018.

**Note 2:**

Non-resident unit holders may be subject to tax in their respective countries depending on the provisions of the tax legislation in the respective countries and any existing double taxation arrangements with Malaysia.

**Gains from sale of units**

Gains arising from the realisation of investments will not be subject to income tax in the hands of unit holders unless they are insurance companies, financial institutions or traders/ dealers in securities.

<sup>5</sup> A company would not be eligible for the 18% tax rate on the first RM500,000 of chargeable income if:-

- more than 50% of the paid up capital in respect of the ordinary shares of the company is directly or indirectly owned by a related company which has paid up capital in respect of ordinary shares of more than RM2.5 million at the beginning of a basis period for a year of assessment;
- the company owns directly or indirectly more than 50% of the paid up capital in respect of the ordinary shares of a related company which has paid up capital in respect of ordinary shares of more than RM2.5 million at the beginning of a basis period for a year of assessment;
- more than 50% of the paid up capital in respect of the ordinary shares of the company and a related company which has a paid up capital in respect of ordinary shares of more than RM2.5 million at the beginning of a basis period for a year of assessment is directly or indirectly owned by another company.

<sup>6</sup> In order to be a qualifying person, such person must be resident in Malaysia and:

- a company incorporated under the Companies Act 2016;
- a limited liability partnership registered under the Limited Liability Partnership Act 2012;
- a trust body;
- an executor of an estate of a deceased individual who was domiciled outside Malaysia at the time of his death; or
- a receiver with respect to whom Section 68(4) of the MITA applies.

The exemption order only applies to a qualifying person:

- whose business has been in operation for not less than twenty four months; and
- who has chargeable income from a source consisting of a business in the basis period for a year of assessment and the year of assessment immediately preceding that year of assessment and has made up its account for a period of twelve months ending on the same date for each of those years of assessment.

The exemption order shall not apply to a qualifying person who in the basis period for a year of assessment;

- has made a claim for reinvestment allowance under Schedule 7A to the MITA or investment allowance for service sector under Schedule 7B to the MITA;
- has been granted any incentive under the Promotion of Investments Act 1986;
- has been granted an exemption under section 127 of the MITA;
- has made a claim for group relief under section 44A of the MITA;
- is an investment holding company under section 60F or 60FA of the MITA;
- is a unit trust which is defined under subsection 63C(5) of the MITA; or
- has a debt that has been released under subsection 30(4) of the MITA.

### **Unit splits and reinvestment of distributions**

Unit holders may also receive new units as a result of unit splits or may choose to reinvest their distributions. The income tax implications of these are generally as follows:

- Unit splits – new units issued by the Fund pursuant to a unit split will not be subject to income tax in the hands of the unit holders.
- Reinvestment of distributions – unit holders may choose to reinvest their income distribution in new units by informing the Manager. In this event, the unit holder will be deemed to have received the distribution and reinvested it with the Fund.

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We hereby confirm that, as at the date of this letter, the statements made in this letter correctly reflect our understanding of the tax position under current Malaysian tax legislation and the related interpretation and practice thereof, all of which are subject to change, possibly on a retrospective basis. We have not been retained (unless specifically instructed hereafter), nor are we obligated to monitor or update the statements for future conditions that may affect these statements.

The statements made in this letter are not intended to be a complete analysis of the tax consequences relating to an investor in the Fund. As the particular circumstances of each investor may differ, we recommend that investors obtain independent advice on the tax issues associated with an investment in the Fund.

Yours faithfully

**Ernst & Young Tax Consultants Sdn Bhd**

Bernard Yap

Partner

Ernst & Young Tax Consultants Sdn Bhd has given its consent to the inclusion of the Taxation Adviser's Letter in the form and context in which it appears in this Prospectus and has not withdrawn such consent before the date of issue of this Prospectus.

# RELEVANT INFORMATION

## INFORMATION AVENUES

### How can I keep track of my investment?

You may obtain the daily Fund price from our website at [www.affinhwangam.com](http://www.affinhwangam.com).

As the Fund has exposure to investments in foreign jurisdiction, these daily prices are based on information available two (2) Business Days prior to publication.

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

**THE FUND'S ANNUAL REPORT IS AVAILABLE UPON REQUEST.**

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

You can seek assistance from our customer service personnel at our toll free number 1-800-88-7080 between 8.45a.m. to 5.30p.m. on a Business Day. Alternatively, you can email us at [customercare@affinhwangam.com](mailto:customercare@affinhwangam.com).

## COMPLAINTS AVENUES

### How do I make a complaint?

You may e-mail us at [customercare@affinhwangam.com](mailto:customercare@affinhwangam.com) 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) any other supporting documentary evidence (if any).

## ANTI-MONEY LAUNDERING POLICIES AND PROCEDURES

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

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

## DOCUMENTS AVAILABLE FOR INSPECTION

Unit Holders may inspect without charge, at the business address of the Manager and/ or the Trustee, the following documents or copies thereof, where applicable:

- The Deed and the supplemental (if any) of the Fund;
- The Prospectus and supplementary or replacement prospectus (if any) of the Fund;
- The latest annual and interim reports of the Fund;
- Each material contract disclosed in the Prospectus and, in the case of contracts not reduced into writing, a memorandum which gives full particulars of the contracts;
- The audited financial statements of AHAM and the Fund for the current financial year (where applicable) and the last three (3) financial years or if less than three (3) years, from the date of incorporation or commencement;
- All reports, letters or other documents, valuations and statements by any expert, any part of which is extracted or referred to in the Prospectus. Where a summary expert's report is included in the Prospectus, the corresponding full expert's report should be made available for inspection;
- Writ and relevant cause papers for all current material litigation and arbitration disclosed in the Prospectus;
- Any consent given by experts disclosed the Prospectus.

# VARIATION FROM THE GUIDELINES

## Variation of Clause 10.16 (a) of the Guidelines

“ A management company should–

- (a) pay the unit holder in cash the proceeds of the repurchase of units as soon as possible, at most within ten (10) days of receiving the repurchase request;”

Variation of this clause was obtained from SC on 21 March 2018 to vary the period of the payment of repurchase proceeds to fourteen (14) days for all Classes other than MYR Class.

# DIRECTORY OF SALES OFFICE

## AFFIN HWANG ASSET MANAGEMENT BERHAD:

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