

Asset Management

PRODUCT HIGHLIGHTS SHEET

for

Affin Hwang Select Bond Fund

Date of issuance: 17 September 2021

RESPONSIBILITY STATEMENT

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

STATEMENT OF DISCLAIMER

The Securities Commission Malaysia has authorised the issuance of the Affin Hwang Select Bond Fund (“the Fund”) and a copy of this Product Highlights Sheet has been lodged with the Securities Commission Malaysia.

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

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

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

Asset Management

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

PRODUCT HIGHLIGHTS SHEET

AFFIN HWANG SELECT BOND FUND

BRIEF INFORMATION ON THE PRODUCT

1. What is this product about?

Affin Hwang Select Bond Fund is an open-ended fixed income fund, issued and managed in-house by the Manager.

The Fund's investment objective is to provide investors with a steady income stream over the medium to long-term period through investments primarily in bonds and other fixed income securities.

PRODUCT SUITABILITY

2. Who is this product suitable for?

The Fund is designed for retail investors who have medium to long-term investment horizon, are risk averse and conservative.

KEY PRODUCT FEATURES

3. What am I investing in?

Classes	RM Class	USD Hedged-Class
Launch date	28 July 2003	18 July 2013
Tenure	The Fund is an open-ended fund where it does not have a fixed maturity date and may only be terminated in accordance with the terms of the Prospectus and the provisions of the Deed.	
Investment strategy	<p>The Fund will focus on achieving its objective by investing a minimum 70% of the Fund's NAV in bonds and a maximum 30% of the Fund's NAV in money market instruments and/or deposits.</p> <p>The Fund's investment in bonds would consist of government and corporate bonds. While we typically take an active trading policy, 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.</p> <p>To achieve its objective, the Fund will also have the flexibility to hold exposure in collective investment schemes that have similar investment objectives to the Fund.</p> <p>Foreign investments</p> <p>The Fund may invest in investments listed or issued in foreign markets. The decision to invest into foreign markets will be opportunistically driven where we would seek out investments that could provide a potential to enhance the returns of the Fund. The Fund will invest only into countries where the regulatory authorities are ordinary or associate members of the International Organization of Securities Commissions (IOSCO).</p> <p>Derivatives</p> <p>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.</p>	

Asset Management

Classes	RM Class	USD Hedged-Class						
	<p>Structured Products</p> <p>We may also invest into structured products such as, but not limited to, credit linked notes. Investment into these structured products will provide the Fund with the exposure to the reference asset. Each of these products has its own targeted maturity and will expose investors to the price fluctuations of, in the case of a credit linked note, the credit that the credit linked note is linked to. As the note is structured by an external party, investments into a structured product will also expose the Fund to counterparty risk, which we will attempt to mitigate by carrying out a stringent selection process on its counterparty prior to an investment being made. Risk into structured products will also be mitigated by limiting the Fund's total exposure to not more than 10% of the Fund's NAV.</p> <p>Temporary Defensive Position</p> <p>We hold the option to take temporary defensive positions that may be inconsistent with the Fund's principal strategy and asset allocation to protect the Fund against adverse market conditions that may impact the financial markets. To manage the risk of the Fund, we may shift the Fund's assets to be temporarily invested in money market instruments and/or deposits.</p>							
Asset allocation	<table border="1"> <thead> <tr> <th>Asset Class</th> <th>% of the Fund's NAV</th> </tr> </thead> <tbody> <tr> <td>Bonds</td> <td>Minimum of 70%</td> </tr> <tr> <td>Money market instruments and/or deposits</td> <td>Maximum of 30%</td> </tr> </tbody> </table>		Asset Class	% of the Fund's NAV	Bonds	Minimum of 70%	Money market instruments and/or deposits	Maximum of 30%
Asset Class	% of the Fund's NAV							
Bonds	Minimum of 70%							
Money market instruments and/or deposits	Maximum of 30%							
Distribution policy	Subject to the availability of income, the Fund will distribute income on a quarterly basis. However, the amount of income available for distribution may fluctuate from year to year.							
Minimum initial investment*	RM 1,000	USD 5,000						
Minimum additional investment*	RM 100	USD 1,000						
Minimum units held*	500 Units	10,000 Units						

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

4. Who am I investing with?

Relevant parties' information:

The Manager	Affin Hwang Asset Management Berhad
The Trustee	HSBC (Malaysia) Trustee Berhad
Trustee's Delegate (Custody Services)	<p>The Hong Kong and Shanghai Banking Corporation Limited (as Custodian) and assets held through HSBC Nominees (Tempatan) Sdn Bhd (<i>Local custodian</i>)</p> <p>The Hongkong and Shanghai Banking Corporation Limited (<i>Foreign custodian</i>)</p>

*At our discretion, we may reduce the transaction value and Units, including for transactions made via digital channels, subject to the terms and conditions disclosed in the respective channels.

Asset Management

5. What are the possible outcomes of my investment?

This is a bond fund that invests in a diversified portfolio of medium to long-term government bonds, private debt securities and other fixed income instruments in the domestic and foreign markets.

The performance of the Fund would be dependent on the fixed income instruments that are investable by the Fund. The Fund's performance is reliant on the Manager's expertise in managing the Fund to meet its objective.

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

It is useful to note that the Fund is offered in two Classes of Units which are the RM Class and USD Hedged-class. The USD Hedged-class is a Class which aims to reduce the effect of exchange rate fluctuations between the Fund's base currency (RM) and currency of the Class (USD) which the Unit Holders are exposed to. Therefore, the USD Hedged-class is more suitable for investors that require USD currency exposure while the RM Class is more suitable for investors that require RM currency exposure.

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

KEY RISKS

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

General risks

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

Specific risks

- **Credit and default risk** – Credit risk relates to the creditworthiness of the issuers of the bonds or money market instruments (hereinafter referred as "investment") and their expected ability to make timely payment of interest and/or principal. Any adverse situations faced by the issuer may impact the value as well as liquidity of the investment. 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.
- **Interest rate risk** – This risk refers to the impact of interest rate changes on the valuation of bonds or money market instruments (hereinafter referred as "investment"). When interest rates rise, the investment prices generally decline and this may lower the market value of the investment. The reverse may apply when interest rates fall.

Asset Management

- **Structured product risk** – The NAV of the Fund will be impacted by the valuation of the structured product. Factors that may impact the valuation of the structured products will include, but not be limited to movement of the underlying asset, volatility of the underlying assets, interest rate levels, the correlation of the underlying assets and other such factors. Any change in the aforesaid factors would either positively or negatively impact the valuation of the structured products hence impacting the NAV of the Fund. As such, the Fund's NAV will be exposed to potential price volatility, which will be dependent on the valuation of the structured products that the Fund invested in.
- **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.
- **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 investment. 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 of the Fund and the currency of the underlying investments may result in a depreciation of the value of the investments as expressed in the base currency of the Fund.

Currency risk at the Class level

The impact of the exchange rate movement between the base currency of the Fund and the currency of the USD Hedged-class may result in a depreciation of your holdings as expressed in the base currency of the Fund.

- **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.

Note: Please refer to the Fund's Prospectus for further details of each risk.

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

PERFORMANCE

Average Total Return (RM Class)

	1 Year (1/4/20 – 31/3/21)	3 Year (1/4/18 – 31/3/21)	5 Year (1/4/16 – 31/3/21)	10 Year (1/4/15 – 31/3/21)	Since Commencement (18/8/03 – 31/3/21)
Fund	8.59%	5.46%	5.34%	5.86%	5.71%
Benchmark	1.97%	2.80%	2.94%	5.39%	4.55%

Source: Bloomberg/Lipper

Average Total Return (USD Hedged-Class)

	1 Year (1/4/20 – 31/3/21)	3 Year (1/4/18 – 31/3/21)	5 Year (1/4/16 – 31/3/21)	Since Commencement (18/7/13 – 31/3/21)
Fund	7.42%	4.59%	3.81%	3.19%
Benchmark	0.95%	2.05%	1.96%	2.88%

Source: Bloomberg/Lipper

Annual Total Return (RM Class)

Financial Year End	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Fund	8.59%	2.57%	5.17%	1.63%	8.84%	4.02%	7.81%	6.81%	4.98%	6.27%
Benchmark	1.97%	3.08%	3.35%	3.14%	3.16%	3.94%	21.67%	7.91%	3.15%	3.77%

Source: Bloomberg/Lipper

Asset Management

Annual Total Return (USD Hedged-Class)

Financial Year End	2021	2020	2019	2018	2017	2016	2015	2014
Fund	7.42%	1.87%	4.40%	-0.06%	5.47%	1.10%	4.16%	0.32%
Benchmark	0.95%	2.25%	2.95%	1.96%	1.70%	1.16%	4.29%	7.07%

Source: Bloomberg/Lipper

RM Class

For the period under review i.e. 1 April 2020 to 31 March 21, the Fund's RM Class registered a return of 8.59% compared to the benchmark return of 1.97%. Since commencement, the RM class registered a total return of 166.39%, outperforming the benchmark total return of 119.06%.

USD Hedged-Class

For the period under review i.e. 1 April 2020 to 31 March 2021, the Fund's USD Hedged-Class registered a return of 7.42% compared to the benchmark return of 0.95%. Since commencement, the USD Hedged-Class registered a total return of 29.74% against the benchmark total return of 24.72%.

Effective 18 July 2015, the benchmark was changed from previously JP Morgan Asia Credit Investment Grade Index to the Maybank 12-month fixed deposit rate which is reflective of the investment portfolio of the Fund. The Maybank 12-month fixed deposit rate represents performance relating to interest bearing instruments and has been chosen to reflect the performance of the investment opportunities related to investments into fixed income instruments.

Please note that the change in the benchmark will not impact nor change the asset allocation or investment strategy of the Fund.

Basic of calculation and assumption made in calculating the returns

The performance figures are a comparison of the growth/decline in NAV for the stipulated period taking into account all the distribution payable (if any) during the stipulated period.

Capital return = NAV per Unit end / NAV per Unit begin – 1

Income return = Income distribution per Unit / NAV per Unit ex-date

Total return = (1+Capital return) x (1+Income return) – 1

Income Distribution

Financial Year End	2021		2020		2019	
	RM Class	USD Hedged-Class	RM Class	USD Hedged-Class	RM Class	USD Hedged-Class
Gross distribution per Unit (sen)	2.20	1.15	2.50	2.00	2.50	2.05
Net distribution per Unit (sen)	2.20	1.15	2.50	2.00	2.50	2.05

Distribution will be made in the form of cash as well as Units in lieu of cash, if any.

Portfolio Turnover Ratio (PTR)

Financial Year End	2021	2020	2019
PTR (times)	0.78	0.95	0.72

The Fund recorded a higher PTR as the Manager had increased its trading activities during the period under review.

PAST PERFORMANCE OF THE FUND IS NOT AN INDICATION OF ITS FUTURE PERFORMANCE

Asset Management

FEES & CHARGES

7. What are the fees and charges involved?

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

What will I be charged by the Manager?

Sales charge	Up to 2.00% on the NAV per Unit of a Class. <i>Investors may negotiate for a lower charge.</i>
Repurchase charge	There will be no Repurchase Charge for this Fund.
Switching fee	The Manager does not impose any switching fee. However, if the amount of sales charge of the fund (or class) that the Unit Holder intends to switch into is higher than the sales charge imposed by the fund (or class) being switched from, then the difference in the sales charge between the two (2) funds (or classes) shall be borne by the Unit Holder.
Transfer fee	There will be no transfer fee imposed on the transfer facility.

What are the key ongoing fees charged to the Fund?

Management fee	Up to 1.00% per annum of the NAV of the Fund.
Trustee fee	Up to 0.07% per annum of the NAV of the Fund, subject to a minimum of RM18,000 per annum (excluding foreign sub-custodian fees and charges).

Note: Please refer to the Prospectus for further explanation and illustration on the Fund's fees, charges and expenses.

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

VALUATIONS AND EXITING FROM INVESTMENT

8. How often are valuations available?

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

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

You may request to redeem your investments in the Fund at any point in time by completing the repurchase application form and returning it to us on any Business Day between 8.45 a.m. and 3.30 p.m. Payments will be made to you within 14 days from the day the repurchase request is received by us and provided that all documentations are completed and verifiable.

CONTACT INFORMATION

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

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

Asset Management

Complaints should be made in writing with the following information:

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

APPENDIX: GLOSSARY

Bursa Malaysia	Means the stock exchange operated by Bursa Malaysia Securities Berhad including such other name as it may be amended from time to time.
Business Day	Means a day on which the Bursa Malaysia is open for trading.
Class(es)	Means any number of Class(es) of Unit(s) representing similar interests in the assets of the Fund and "Class" means any one Class of Units.
Deed	Refers to the dated 1 July 2003, first supplemental deed dated 29 December 2005, second supplemental deed dated 18 June 2007, third supplemental deed dated 15 October 2008, fourth supplemental deed dated 18 January 2012, fifth supplemental deed dated 3 May 2013, sixth supplemental deed dated 27 June 2014 and seventh supplemental deed dated 28 April 2017 entered into between the Manager and the Trustee.
deposit(s)	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.
Fund	Refers to Affin Hwang Select Bond Fund.
Hedged-class	Means a Class which aim to reduce the effect of exchange rate fluctuations between the Fund's base currency and currency of the Class to which the Unit Holders are exposed to.
the Manager, we, us, our	Refers to Affin Hwang Asset Management Berhad.
medium to long-term	Means a period between three (3) to five (5) years.
Net Asset Value or NAV	Means the value of the Fund's assets less the value of the Fund's liabilities at a particular valuation point except that, for the purpose of computing the annual management fee and the annual trustee fee, the NAV of the Fund should be inclusive (that is, before any deduction) of the management fee and the

Asset Management

	trustee fee for the relevant day; where a Fund has more than one Class of Units, there shall be a Net Asset Value of the Fund attributable to each Class of Units; the Net Asset Value of the Fund attributable to a Class of Units at a particular valuation point shall be the Net Asset Value of the Fund multiplied by the proportion that the number of Units in Circulation of that Class of Units bears to the number of Units in Circulation of the Fund at the same valuation point.
NAV per Unit	Means the NAV of the Fund at a particular valuation point divided by the number of Units in Circulation at the same valuation point; where the Fund has more than one Class of Units, there shall be a Net Asset Value per Unit for each Class of Units; the Net Asset Value per Unit of a Class of Units at a particular valuation point shall be the Net Asset Value of the Fund attributable to that Class of Units divided by the number of Units in Circulation for that Class of Units at the same valuation point.
Prospectus	Means prospectus for the Affin Hwang Select Bond Fund, and includes any supplementary or replacement prospectus, as the case may be.
Repurchase Charge	Means a fee imposed pursuant to a repurchase request.
RM	Means Ringgit Malaysia.
Sales Charge	Means a fee imposed pursuant to a purchase request.
SC	Means Securities Commission Malaysia.
Trustee	Refers to HSBC (Malaysia) Trustee Berhad.
Unit(s)	Means a measurement of the right or interest of a Unit Holder in the Fund and where multiple Classes of Units are issued means a unit of that Class.
Units in Circulation	Means Units created and fully paid and which have not been cancelled. It is also the total number of Units issued at a particular valuation point.
Unit Holder(s), investor(s), you	Means the person / corporation registered as the holder of a Unit or Units including persons jointly registered.
USD	Means United States Dollars.

Note:

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