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**AFFIN HWANG**  
CAPITAL

Prospectus

# Affin Hwang Select Income Fund

MANAGER  
Affin Hwang Asset Management Berhad (429786-T)

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

This Prospectus is dated 18 July 2017.

The Affin Hwang Select Income Fund was constituted on 6 January 2005\*.

*\*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.

### 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.**

# TABLE OF CONTENTS

ABBREVIATION	1
GLOSSARY	1
RISK FACTORS	3
ABOUT AFFIN HWANG SELECT INCOME FUND	7
DEALING INFORMATION	14
FEES, CHARGES AND EXPENSES	19
PRICING	22
SALIENT TERMS OF THE DEED	25
THE MANAGER	31
THE TRUSTEE	33
RELATED PARTIES TRANSACTION AND CONFLICT OF INTEREST	35
TAX ADVISER'S LETTER	36
RELEVANT INFORMATION	41
DOCUMENTS AVAILABLE FOR INSPECTION	42
DIRECTORY OF SALES OFFICE	43

# 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)
- Mr David Jonathan Semaya (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>FIMM</b>	Federation of Investment Managers Malaysia.
<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.

# 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>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>Deed</b>	Refers to the deed dated 9 December 2004, first supplemental deed dated 16 November 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 27 June 2014, sixth supplemental deed dated 22 July 2015 and seventh supplemental deed dated 28 April 2017 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>Forward Price</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 Income 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>LPD</b>	Means 1 June 2017 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>Prospectus</b>	Means this prospectus and includes any supplementary or replacement prospectus, as the case may be.
<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 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 trustee fee for the relevant day.
<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.
<b>Repurchase Charge</b>	Means a fee imposed pursuant to a repurchase request.
<b>Repurchase Price</b>	Means NAV per Unit payable to a Unit Holder pursuant to a repurchase of a

	Unit; for the avoidance of doubt, the Repurchase Price of Units does not include any Repurchase Charge which may be imposed.
<b>Sales Charge</b>	Means a fee imposed pursuant to a purchase request.
<b>Selling Price</b>	Means NAV per Unit payable by an applicant for a Unit pursuant to a successful application for Units; for the avoidance of doubt, the selling price of Units does not include any Sales Charge which may be imposed.
<b>short-term</b>	Means a period of less than three (3) years.
<b>Special Resolution</b>	Means a resolution passed by a majority of not less than three quarter ( $\frac{3}{4}$ ) of Unit Holders voting at a meeting of Unit Holders. <i>For the purpose of terminating the Fund, a special resolution is passed by a majority in number representing at least three quarter (<math>\frac{3}{4}</math>) of the value of Units held by Unit Holders voting at the meeting.</i>
<b>Trustee</b>	Refers to HSBC (Malaysia) Trustee Berhad.
<b>Unit(s)</b>	Means a measurement of the right or interest of a Unit Holder in the Fund.
<b>Units in Circulation</b>	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.
<b>Unit Holder(s), investor(s), you</b>	Means the person / corporation registered as the holder of a Unit or Units including persons jointly registered.

**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 of the Prospectus provides you with information on the general risks involved when investing in a unit trust fund and the specific risks associated with the securities/instruments that the Fund will be investing in.

## 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, 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 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

The specific risks associated with the securities/instruments in which the Fund will invest are as tabulated below:-

### **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 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 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.

### **Structured products 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.

### **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.

### **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.

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## **RISK MANAGEMENT**

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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 have in place a credit risk management process to reduce counterparty risk of derivatives and structured products whereby such risk arises when the counterparty is not able to meet their contractual obligations. Prior to entering into a contract with the counterparty, we will conduct an evaluation on the credit standing of the counterparty to ensure they are able to meet their contractual obligations. It is important to note that an event of downgrade does not constitute a default. If we view that the counterparty may have high credit risk, we will not hesitate to take pre-emptive measures to unwind these positions.

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 INCOME FUND

<b>Fund Category</b>	: Fixed income
<b>Fund Type</b>	: Income & Growth
<b>Base Currency</b>	: MYR
<b>Launch Date</b>	: 6 January 2005
<b>Financial Year End</b>	: 28 February (or 29 February in the event of a leap year)
<b>Distribution Policy</b>	: 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.
<b>Deed</b>	: Deed dated 9 December 2004, first supplemental deed dated 16 November 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 27 June 2014, sixth supplemental deed dated 22 July 2015 and seventh supplemental deed dated 28 April 2017.

## INVESTMENT OBJECTIVE

To provide investors with a steady and regular income stream in the form of distributions over the medium to longer term.

*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:

- want a meaningful medium to long-term capital growth; and
- are relatively conservative with a bias towards receiving regular income.

## BENCHMARK

The benchmark will be a combination of Maybank 12- month fixed deposit rate, weighting at 70% for the fixed income investments and Dow Jones/Asia Pacific Select Dividend 30 Index, weighting at 30% for the equities investment.\*

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

As there are no direct indices to track a similar strategy that the Fund intends to employ, the Manager has decided to proceed with a customised composite benchmark to reflect the Fund's investment strategy i.e. 70% Maybank 12-month fixed deposit rate and 30% Dow Jones/Asia Pacific Select Dividend 30 Index. The Manager believes that this weighting for the indices will reflect the Fund's investment strategy and asset allocation.

*The Maybank 12-month fixed deposit rate has been selected as it aims to reflect the performance of the investment opportunities related to investments into fixed income instruments. The Maybank 12-month fixed deposit rate represents the performance benchmark relating to interest bearing instruments.*

*Note: The performance of the benchmark will be measured in MYR terms as the investments are made in MYR.*

*(Source: Maybank 12-month fixed deposit rate at <http://www.maybank2u.com>*

*Dow Jones / Asia Pacific Select Dividend 30 Index at <http://djindexes.com>)*

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

## ASSET ALLOCATION

Debentures, money market instruments and/or deposits	Minimum of 70%
Equities	Maximum of 30%

## INVESTMENT STRATEGY

The Fund will focus on achieving its objective by investing in a diversified portfolio consisting a minimum of 70% of its NAV in debentures, money market instruments and/or deposits, and a maximum of 30% of its NAV in equities. The portfolio composition is aimed at providing investors with a regular income, as well as potential capital growth through price appreciation of its investments.

We will combine a top-down and bottom-up investment approach to identify investment opportunities. When making investment decisions for debentures, money market instruments and deposits, macroeconomic trends and market analysis are the important considerations in deriving the top-down perspective on interest rate outlook, fixed income market and currency movement. For its bottom-up approach, we would conduct analysis on the issuers to assess its ability to service its debt obligations.

The Fund's investment in debentures would consist of government and corporate bonds. The selection of debentures will not be constrained by credit ratings of issuances. However, the selection will depend largely on its quality where the respective issuers displays 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.

For its equity portion, the Fund intends to focus on dividend yielding equities with the aim of enhancing income and returns for the Fund. As such, we would adopt a bottom-up strategy where individual stock analysis forms the primary building blocks for portfolio construction and stock selection. The Fund focuses on higher dividend paying sectors where cash flows are more resilient, and selected lower dividend yielding stocks with prospects of growing its dividends to achieve an element of capital growth in addition to dividend yield on a total return basis.

Key factors which are useful to the identification of such companies would include sales and profit growth, financial strength and gearing levels, capital expenditure levels as well as management's commitment toward rewarding shareholders via dividends or capital repayments. The dividends provided by these companies would be a source of income from which the Fund would then declare income distributions to you.

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. 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 to flexibility to hold exposure in warrants, as well as collective investment schemes that have similar investment objective to the Fund.

### Foreign investments

For the Fund's exposure into debentures, the Fund will hold the ability to access investment opportunities through issuances made in global markets. While the Fund's exposure into equities will have a similar flexibility, we will look towards a minimum of 80% of the Fund's equity exposure into companies listed within the Asia Pacific ex Japan region, and have the flexibility to invest up to 20% of the Fund's equity exposure into companies listed on global markets outside the Asia Pacific ex Japan region. Nevertheless, the Fund will invest only into countries where the regulatory authorities are ordinary or associate members 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.

## Structured Products

We may also invest into structured products such as, but not limited to, equity linked notes, and credit linked notes. Investment into these structured products will provide the Fund with the exposure to the reference asset. Each of these products has its own targeted maturity and will expose investors to the price fluctuations of, in the case of an equity linked note, the stock that the equity linked note is linked to. As a result, any fluctuation in the price of the structured product may also lead to fluctuations in the NAV of the Fund i.e., if the price of the structured product sees a drop in price, the NAV of the Fund will also be negatively impacted. As the note is structured by an external party, investments into a structured product will also expose the Fund to counterparty risk, which we will attempt to mitigate by carrying out a stringent selection process on its counterparty prior to an investment being made. 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.

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

## 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 to time:

- (a) The value of the Fund's investments in unlisted securities shall 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; and
  - (iii) structured products;
- (b) The value of the Fund's investments in ordinary shares issued by any single issuer shall not exceed 10% of the Fund's NAV;
- (c) The value of the Fund's placements in deposits with any single institution shall not exceed 20% of the Fund's NAV;
- (d) 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 shall not exceed 10% of the Fund's NAV;
- (e) The Fund's exposure from derivatives position shall not exceed the Fund's NAV at all times;
- (f) The value of the Fund's investments in structured products issued by a single counterparty must not exceed 15% of the Fund's NAV;
- (g) The aggregate value of a Fund's investments in transferable securities, money market instruments, OTC derivatives, structured products and deposits issued or placed with (as the case may be) any single issuer/institution shall 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 objective 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 single counterparty limit in item (f) above is entirely waived if:
  - (i) the counterparty has a minimum long-term rating by any domestic or global rating agency that indicates very strong capacity for timely payment of financial obligations provided;
  - (ii) and the structured product has a capital protection feature;
- (p) Where item (o) above applies, calculation of the aggregate value to determine compliance with item (g) above should exclude the value of investments in structured products;

- (q) The value of the Fund's investments in debentures issued by any single issuer must not exceed 20% of the Fund's NAV;
- (r) The single issuer limit in item (q) above may be increased to 30% if the debentures are rated by any domestic or global rating agency to be of the best quality and offer highest safety for timely payment of interest and principal;
- (s) For the purpose of item (g) above, where the single issuer limit is increased to 30% pursuant to item (r) above, the aggregate value of the Fund's investment must not exceed 30%;
- (t) The value of the Fund's investments in debentures issued by any one group of companies must not exceed 30% of the Fund's NAV;
- (u) The Fund's investments in transferable securities (other than debentures) must not exceed 10% of the securities issued by any single issuer;
- (v) The Fund's investments in debentures must not exceed 20% of the debentures issued by any single issuer;
- (w) The Fund's investments in money market instruments shall 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;*
- (x) The Fund's investments in collective investment schemes shall not exceed 25% of the units/shares in any one collective investment scheme;
- (y) 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 a.m. 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 Financial Reporting Standard 139 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.

#### **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.

#### **Money Market Instruments**

For money market instruments, the valuation may use the amortization method, i.e. the purchased discount or premium will be amortized to the remaining period of maturity.

#### **Collective Investment Scheme**

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 and Structured Products**

The valuation of derivatives and structured products 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.***

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### **VALUATION POINT FOR THE FUND**

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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.



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## POLICY ON GEARING AND MINIMUM LIQUID ASSETS REQUIREMENTS

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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's 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.

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## TERMINATION OF THE FUND

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The Fund may be terminated in the following events:-

- (a) In accordance with the provisions under the "Termination of the Fund" section of this Prospectus;
- (b) Where SC has withdrawn the authorisation for the Fund under Section 256(E) of the Act; and
- (c) The effective date of an approved transfer scheme (if any) has resulted in the Fund being with no asset/property.

# DEALING INFORMATION

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



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

## 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></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></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.

### 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 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”), we will create your Units based on the NAV per Unit 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, MINIMUM REPURCHASE AMOUNT AND MINIMUM HOLDING OF UNITS?**

Minimum Initial Investment	MYR 1,000
Minimum Additional Investment	MYR 100
Minimum Repurchase Amount	Not applicable
Minimum Holding of Units	500 Units

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

#### **HOW TO REPURCHASE UNITS?**

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

If you insist on making a repurchase request knowing that after the transaction you will hold less than the minimum holdings of Units, you may be required to make an application to repurchase all your Units. 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 a manner of cheque or bank transfer. 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.

#### **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”), Units will be repurchased based on the NAV per Unit for that Business Day. Any repurchase request received after 3.30p.m. will be transacted on the next Business Day (or “T + 1 day”).
- Repurchase of Units must be made in terms of Units and not in terms of MYR value.
- 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 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 [customercare@affinhwangam.com](mailto:customercare@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 the receipt of the cooling-off application.

Please note that the cooling-off right is applicable to you if you are an individual investor and 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

Switching facility enables you to switch into any of our funds (or its classes), provided that the fund (or its class) is denominated in MYR, and it is subject to the terms and conditions applicable for the respective funds. However, you must meet the minimum holding of 500 Units and the minimum investment amount of the fund (or its class) that you intend to switch into.

The minimum amount per switch of the Fund is 1,000 Units (or such other amount as may be determined by us from time to time).

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.

##### *Switching from this Fund into other funds (or its classes) managed by us*

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. If we receive your switching request after 3.30p.m., we will process your request on the next Business Day.

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

Switching Out Fund	Switching In Fund	Pricing 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

## TRANSFER FACILITY

You are permitted to transfer your ownership of investments in the Fund at any point in time by completing the transfer application form and returning it to us on any Business Day. The transfer must be made in terms of Units and not MYR value.

## 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.

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 300.00 will be automatically reinvested on your behalf.

### Cash Payment Process

If you elect to receive income distribution by way of cash payment, you shall be paid via cheque 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.

### 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.**

## UNCLAIMED MONEYS

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 Monies 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 supplemental 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. The Sales Charge will be a percentage of the NAV per Unit of the Fund. The maximum Sales Charge that the distribution channels will impose is as stated below:-

Distributors	Maximum Sales Charge as a percentage of the NAV per Unit of the Fund*
IUTA	3.00%
Internal distribution channel of the Manager	
Unit trust consultants	

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

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

### REPURCHASE CHARGE

There will be no Repurchase Charge levied on any repurchase of Units of the Fund.

### TRANSFER FEE

A MYR 5.00 transfer fee will be levied for each transfer of Units.

### SWITCHING FEE

There will be no switching fee levied on any switching transactions.

## FEES AND EXPENSES

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 fees and expenses that are directly related and necessary to the business of the Fund may be charged to the Fund. These include the following:-

- Commissions/fees paid to brokers/dealers in affecting dealings in the investments of the Fund;
- Charges/fees paid to sub-custodian;
- Tax and other duties charged on the Fund by the government and other authorities;
- The fee and other expenses properly incurred by the auditor appointed for the Fund;
- Fees for the valuation of any investments of the Fund by independent valuers;
- Costs incurred for the modification of the Deed of the Fund other than those for the benefit of the Manager or Trustee;



- Cost incurred for any meeting of the Unit Holders other those convened by, or for the benefit of, the Manager or Trustee; and
- Other fees/expenses permitted in the Deed.

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.

## REBATES AND SOFT COMMISSIONS

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

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 is the NAV of the Fund divided by the number of Units in Circulation, 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:-

Units in Circulation	300,000,000.00
	<b>MYR</b>
Investments	195,000,000.00
Add other assets	5,700,000.00
Gross asset value	200,700,000.00
Less: Liabilities	700,000.00
NAV (before deduction of management fee and trustee fee for the day)	200,000,000.00
Less: Management fee for the day	8,219.18
Less: Trustee fee for the day	383.56
<b>NAV (before GST)</b>	199,991,397.26
Less: GST of 6% on the management fee for the day	493.15
Less: GST of 6% on the trustee fee for the day	23.01
<b>NAV (after GST)</b>	199,990,881.10
<b>NAV per Unit*</b>	0.6666

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.

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

$$\frac{\text{NAV (after GST)}}{\text{Units in Circulation}}$$

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

## 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.

Forward Pricing will be used to determine the Selling Price per Unit and the Repurchase Price per Unit of the Fund, which are the NAV per Unit for the Fund as at the next valuation point after we receive the purchase request or repurchase request.

### Calculation of Selling Price

Units will be sold at the NAV per Unit of the Fund. Any Sales Charge payable by the Unit Holder would be calculated as a percentage of the NAV per Unit of the Fund.

For illustration purposes, let's assume the following:

Investment Amount	MYR 10,000.00
Selling Price per Unit	MYR 0.50
Number Of Units Received*	$\text{MYR } 10,000 \div \text{MYR } 0.50 = 20,000 \text{ Units}$
Sales Charge	3.00%
Sales Charge Paid By Investor**	$3.00\% \times \text{MYR } 0.50 \times 20,000 \text{ Units} = \text{MYR } 300$
GST of 6%***	$\text{MYR } 300 \times 6\% = \text{MYR } 18$
Total Amount Paid By Investor****	$\text{MYR } 10,000 + \text{MYR } 300 + \text{MYR } 18 = \text{MYR } 10,318$

Formula for calculating:-

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

### Calculation of Repurchase Price

The Repurchase Price is the NAV per Unit of the Fund. Any Repurchase Charge payable by the Unit Holder would be calculated as a percentage of the Repurchase Price of the Fund.

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

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

A Unit Holder has the right, among others, to the followings:

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

However, a Unit Holder would not have the right to require the transfer to the Unit Holder of any of the investments of the Fund. Neither would a Unit Holder have the right to interfere with or question the exercise by the Trustee or the Manager on his behalf, of the rights of the Trustee as trustee of the investments of the Fund.

### Liabilities of Unit Holders

- (a) No Unit Holder is liable for any amount in excess of the purchase price paid for the Units as determined pursuant to the Deed at the time the Units were purchased;
- (b) Unit Holders shall not be under any obligation to indemnify the Trustee and/or the Manager in the event that the liabilities incurred by the Trustee and the Manager 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 NAV of the Fund, and any right of indemnity of the Trustee and/or the Manager 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, whether present in person or by proxy, provided that if the Fund has five (5) or less Unit Holders, the quorum required for a meeting of the Unit Holders of the Fund shall be two (2) Unit Holders, 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 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 a direction from not less than fifty (50) or one-tenth (1/10) of all the Unit Holders, whichever is less, summon a meeting of the Unit Holders by:

- (a) 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;
- (b) 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
- (c) 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:

- (a) requiring the retirement or removal of the Manager;
- (b) requiring the retirement or removal of the Trustee;
- (c) considering the most recent financial statements of the Fund; or
- (d) giving to the Trustee such directions as the meeting thinks proper;

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

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

Unless otherwise required or allowed by the relevant laws, the Manager or Trustee may convene a Unit Holders' meeting by giving Unit Holders' a 14 day written notice specifying the place, time and terms of the resolutions to be proposed.

Provided that where the Trustee summons a meeting in the event:

- (a) the Manager is in liquidation,
- (b) in the opinion of the Trustee, the Manager has ceased to carry on business, or
- (c) in the opinion of the Trustee, the Manager has, to the prejudice of Unit Holders, failed to comply with the provisions of the Deed or contravened the provisions of any relevant law.

Or where the Trustee summons a meeting for the purpose of:

- (a) requiring the retirement or removal of the Manager;
- (b) 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;
- (c) securing the agreement of the Unit Holders to release the Trustee from any liability;
- (d) deciding on the next course of action after the Trustee has suspended the sale and repurchase of Units pursuant to the Deed; and
- (e) deciding on the reasonableness of the annual management fee charged to the Fund.

Then, a meeting of the Unit Holders summoned by the Trustee shall be summoned by:

- (a) 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
- (b) 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**

The Fund may be terminated or wound up as provided for under the Deed as follows:-

- (a) the Manager may wind up the Fund by way of a Special Resolution; and
- (b) a Special Resolution is passed at a Unit Holders' meeting to terminate or wind up the Fund, following occurrence of events stipulated in the Deed.

## Procedure for the Termination of the Fund

Upon the termination of the Fund, the Trustee shall:

- (a) sell all the assets of the Fund then remaining in its hands and pay out of the Fund any liabilities of the Fund; such sale and payment shall be carried out and completed in such manner and within such period as the Trustee considers to be in the best interests of the Unit Holders; and
- (b) from time to time distribute to the Unit Holders, in proportion to the number of Units held by them respectively:
  - (1) the net cash proceeds available for the purpose of such distribution and derived from the sale of the investments and assets of the Fund less any payments for liabilities of the Fund; and
  - (2) any available cash produce;

provided always that the Trustee shall not be bound, except in the case of final distribution, to distribute any of the moneys for the time being in his hands the amount of which is insufficient for payment to the Unit Holders of MYR 0.50 (fifty cent) in respect of each Unit and provided also that the Trustee shall be entitled to retain out of any such moneys in his hands full provision for all costs, charges, taxes, expenses, claims and demands incurred, made or anticipated by the Trustee in connection with or arising out of the winding-up of the Fund and, out of the moneys so retained, to be indemnified against any such costs, charges, taxes, expenses, claims and demands; each such distribution shall be made only against the production of such evidence as the Trustee may require of the title of the Unit Holder relating to the Units in respect of which the distribution is made.

In the event of the Fund is terminated, the Trustee shall be at liberty to call upon the Manager to grant the Trustee, and the Manager shall so grant, a full and complete release from the Deed and the Manager shall indemnify the Trustee against any claims arising out of the Trustee's execution of the Deed provided always that such claims have not been caused by any failure on the part of the Trustee to exercise the degree of care and diligence required of a trustee as contemplated by the Deed and all relevant laws.

The Trustee shall, as soon as it becomes aware that the Fund is to be terminated and wound-up, inform the relevant authorities of the same.

Where the termination of the Fund and the winding-up of the Fund have been occasioned by any of the events set out herein;

- (a) if the Manager has gone into liquidation, except for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee and the relevant authorities;
- (b) if, in the opinion of the Trustee, the Manager has ceased to carry on business; or
- (c) if, in the opinion of the Trustee, the Manager has to the prejudice of Unit Holders failed to comply with the provisions of the Deed or contravened any of the provisions of any relevant law;

the Trustee shall summon for a Unit Holders meeting to get directions from the Unit Holders and also arrange for a final review and audit of the final accounts of the Fund by the auditor of the Fund; in all other cases of termination of the trust and winding-up of the Fund, such final review and audit by the auditor of the Fund shall be arranged by the Manager.

## 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>	10.00% of the amount redeemed
<b>Annual management fee</b>	3.00% per annum of the gross NAV of the Fund
<b>Annual trustee fee</b>	0.30% per annum of the NAV of the Fund subject to a minimum of RM18,000 per annum calculated and accrued daily (excluding foreign custodian fees and charges)

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

### **Sales Charge**

A higher Sales Charge than that disclosed in this Prospectus may only be imposed if:-

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

### **Repurchase Charge**

A higher Repurchase Charge than that disclosed in this Prospectus may only be imposed if:-

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

### **Annual Management Fee**

The Manager may not charge an annual management fee at a rate higher than that disclosed in this Prospectus unless:

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

### **Annual Trustee Fee**

The Trustee may not charge an annual trustee fee at a rate higher than that disclosed in this Prospectus unless:

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

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

Any increase of any such fees and/or charges from the maximum amount stipulated in the Deed shall require Unit Holder's approval and will be in accordance to the procedure stipulated in the Deed.

## **Other Expenses Permitted under the Deed**

Only the expenses (or part thereof) which is directly related and necessary to the business of the Fund may be charged to the Fund. These would include (but are not limited to) the following:

- (a) commissions or fees paid to brokers in effecting dealings in the investments of the Fund, shown on the contract notes or confirmation notes;
- (b) taxes and other duties charged on the Fund by the government and/or other authorities;
- (c) costs, fees and expenses properly incurred by the auditor appointed for the Fund;
- (d) costs, fees and expenses incurred for the valuation of any investment of the Fund by independent valuers for the benefit of the Fund;



- (e) 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;
- (f) 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;
- (g) costs, commissions, fees and expenses of the sale, purchase, insurance and any other dealing of any asset of the Fund;
- (h) costs, fees and expenses incurred in engaging any specialist approved by the Trustee for investigating or evaluating any proposed investment of the Fund;
- (i) costs, fees and expenses incurred in engaging any valuer, adviser or contractor for the benefit of the Fund;
- (j) costs, fees and expenses incurred in the preparation and audit of the taxation, returns and accounts of the Fund;
- (k) 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;
- (l) 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);
- (m) remuneration and out of pocket expenses of the independent members of the investment committee of the Fund, unless the Manager decides otherwise; and
- (n) 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.

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

The Manager may retire upon giving twelve (12) months' notice (or such shorter period as the Manager and the Trustee may agree) to the Trustee of its desire to do so, and may by deed appoint in its stead a new management company approved by the Trustee and the SC.

The Manager shall also retire, if so required by the Trustee, on the grounds that:

- (a) a Special Resolution to that effect has been passed by the Unit Holders at a meeting called for that purpose;
- (b) 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 it of that opinion and the reason for that opinion, and after consultation with the relevant authorities and with the approval of Unit Holders; or
- (c) 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.

## **Power of Trustee to Remove or Replace the Manager**

The Manager may be removed by the Trustee on the grounds that the Manager:

- (a) 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; or 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
- (b) 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 it 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.

In any of the above said grounds, 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 may agree, and may by deed appoint in its stead a new Trustee approved by the SC.

The Trustee may be removed and another trustee may be appointed by Special Resolution of the Unit Holders at a Unit Holders' meeting convened in accordance with the Deed or as stipulated in the Act.

### **Powers of the Manager to Remove the Trustee**

The Trustee may be removed and another Trustee may be appointed by a Special Resolution of the Unit Holders at a Unit Holders' meeting convened in accordance with the Deed.

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

- (a) The Trustee has ceased to exist;
- (b) The Trustee has not been validly appointed;
- (c) The Trustee is not eligible to be appointed or to act as Trustee under any relevant laws;
- (d) The Trustee has failed or refused to act as Trustee in accordance with the provisions or covenants of the Deed or any relevant laws;
- (e) A receiver is appointed over the whole or a substantial part of the assets or undertaking of the existing Trustee and has not ceased to act under the appointment, or a petition is presented for the winding up of the existing Trustee (other than for the purpose of and followed by a reconstruction, unless during or following such reconstruction the existing Trustee becomes or is declared to be 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 securities law.

# THE MANAGER

## ABOUT AHAM

AHAM was incorporated in Malaysia on 2 May 1997 under the Companies Act 1965 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)

Mr David Jonathan Semaya (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 15 years, he has built the company to its current position with an excess of MYR 35 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 Ooi Phee Lip – Senior Portfolio Manager**

*(for fixed income portion)*

Mr Ooi Phee Lip joined AHAM in 2010 and has been working in the fixed income division. Currently, he serves as a portfolio manager responsible for managing unit trust funds and discretionary portfolio managers for high net worth clients. Additionally, he is also part of the research team covering the resources sectors. Prior to joining AHAM, he spent five (5) years at RAM Rating Services Sdn. Bhd ("RAM"). His last role with RAM was as a manager, specializing in structured finance transactions as well as performing credit analysis on corporates and banks. Mr Ooi Phee Lip graduated with a Bachelor of Science (Industrial Engineering) from Arizona State University, United States of America in 2002 and is a Chartered Financial Analyst (CFA) charterholder.

**Mr Chow Kar Tzen – Senior Portfolio Manager**

*(for equity portion)*

Mr Chow Kar Tzen joined AHAM in December 2007. He brings with him more than 5 years experience in consulting and project management garnered during his tenure at a subsidiary of a publicly listed company in Singapore, Keppel Group Ltd., providing consulting and e-commerce services to companies in Malaysia, Singapore, India, China, Thailand, Philippines and Indonesia. His last role was as senior manager responsible for projects in India, Singapore, Malaysia and Thailand. He completed a full-time Masters of Business Administration (MBA) with Distinction from Nottingham University in 2007. He graduated with a Bachelor of Arts (Electrical & Information Sciences Engineering) from Cambridge University, United Kingdom.

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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 continually 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).**

# THE TRUSTEE

## HSBC (MALAYSIA) TRUSTEE BERHAD

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 custodian of the quoted and unquoted local investments of the Fund. The assets of the Fund are held through their nominee company, HSBC Nominees (Tempatan) Sdn Bhd. If and when the Fund should invest overseas, HSBC Institutional Trust Services (Asia) Limited will be appointed as the custodian of the foreign assets of the Fund. Both The Hongkong And Shanghai Banking Corporation Ltd and HSBC Institutional Trust Services (Asia) Limited are wholly owned subsidiaries 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 for the Fund 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.

#### Trustee's Delegates

- 1) 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)20753000 Fax No: (603)21796488
- 2) HSBC Institutional Trust Services (Asia) Limited  
1 Queens' Road Central, Hong Kong  
Telephone No: (852)28221111 Fax No: (852)28105259

#### 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.

## 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 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

9 June 2017

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 unit trust and unit holders**

This letter has been prepared for inclusion in the Prospectus to be dated 18 July 2017 in connection with the offer of units in the unit trust known Affin Hwang Select Income 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 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

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.

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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.

<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.

## **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.

## **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 other 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
<p>Malaysian tax resident:</p> <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> <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 RM 2.5 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>Progressive tax rates ranging from 0% to 28%</li> <li>Progressive tax rates ranging from 0% to 24%</li> <li>24% (Note 1)</li> <li>First RM500,000 of chargeable income @ 19%<sup>6</sup></li> <li>Chargeable income in excess of RM 500,000 @ 24% (Note 1)</li> <li>24% (Note 1)</li> </ul>
<p>Non-Malaysian tax resident (Note 2):</p> <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>7</sup> from payment of income tax on an ascertained amount of chargeable income derived from the business

<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.

<sup>5</sup> A company would not be eligible for the 20% tax rate on the first RM500,000 of chargeable income if:-

- (a) 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;
- (b) 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;
- (c) 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> Effective from the year of assessment 2017, the tax rate is reduced from 19% to 18%.

<sup>7</sup> In order to be a qualifying person, such person must be resident in Malaysia and:

- (a) a company incorporated under the Companies Act 2016;
- (b) a limited liability partnership registered under the Limited Liability Partnership Act 2012;
- (c) a trust body;
- (d) an executor of an estate of a deceased individual who was domiciled outside Malaysia at the time of his death; or
- (e) a receiver with respect to whom Section 68(4) of the Income Tax Act 1967 (ITA) applies.

The exemption order only applies to a qualifying person:

- (a) whose business has been in operation for not less than twenty four months; and

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.

**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 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.

- 
- (b) 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;

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

# RELEVANT INFORMATION

## INFORMATION AVENUES

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

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 supplemental 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.

# DIRECTORY OF SALES OFFICE

## AFFIN HWANG ASSET MANAGEMENT BERHAD:

<b>HEAD OFFICE</b> Ground Floor, Menara Boustead 69 Jalan Raja Chulan 50200 Kuala Lumpur Tel : 03 – 2116 6000 Fax : 03 – 2116 6100 Toll Free No : 1-800-88-7080 Email: <a href="mailto:customercare@affinhwangam.com">customercare@affinhwangam.com</a> Website: <a href="http://www.affinhwangam.com">www.affinhwangam.com</a>	<b>PERAK</b> 13A Persiaran Greentown 7 Greentown Business Centre 30450 Ipoh, Perak Tel: 05 - 241 0668 Fax: 05 – 255 9696	<b>SABAH</b> Lot No. B-2-09, 2 <sup>nd</sup> Floor Block B, Warisan Square Jalan Tun Fuad Stephens 88000 Kota Kinabalu, Sabah Tel : 088 - 252 881 Fax : 088 - 288 803
<b>SELANGOR</b> A-7-G Jaya One No. 72A, Jalan Universiti 46200, Petaling Jaya, Selangor Tel: 03 - 7620 1290 Fax: 03 - 7620 1298	<b>JOHOR</b> 1 <sup>st</sup> Floor, No. 93, Jalan Molek 1/29 Taman Molek 81100 Johor Bahru, Johor Tel : 07 – 351 5677 / 5977 Fax : 07 – 351 5377	<b>SARAWAK</b> Ground Floor, No. 69 Block 10, Jalan Laksamana Cheng Ho 93200 Kuching, Sarawak Tel : 082 – 233 320 Fax : 082 – 233 663
<b>PENANG</b> No. 10-C-23 & 10-C-24, Precinct 10 Jalan Tanjung Tokong 10470 Penang Tel : 04 – 899 8022 Fax : 04 – 899 1916	<b>MELAKA</b> Ground Floor No. 584 Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel: 06 -281 2890 Fax: 06 -281 2937	1 <sup>st</sup> Floor, Lot 1291 Jalan Melayu, MCLD 98000 Miri, Sarawak Tel : 085 - 418 403 Fax : 085 – 418 372

## AUTHORISED DISTRIBUTORS:

For more information about our authorised distributors, kindly contact 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 e-mail us at [customercare@affinhwangam.com](mailto:customercare@affinhwangam.com).

**PROSPECTIVE UNIT HOLDERS SHOULD READ AND UNDERSTAND THE CONTENTS OF THE PROSPECTUS AND, IF NECESSARY, SHOULD CONSULT THEIR ADVISER(S).**

Affin Hwang Asset Management Bhd (429786-T)

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