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AFFIN HWANG  
CAPITAL

Information Memorandum

# Affin Hwang World Series - US Short Duration High Income Fund



MANAGER  
Affin Hwang Asset Management Berhad (429786-T)

TRUSTEE  
TMF Trustees Malaysia Berhad (610812-W)

This Information Memorandum is dated 21 February 2018.

The Affin Hwang World Series - US Short Duration High Income Fund was constituted on 3 March 2017\*.

\* 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 INFORMATION MEMORANDUM AND OBTAIN PROFESSIONAL ADVICE BEFORE SUBSCRIBING TO THE UNITS OF THE FUND. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

This Information Memorandum has been seen and approved by the directors of Affin Hwang Asset Management Berhad and they collectively and individually accept full responsibility for the accuracy of all information contained herein and confirm, having made all enquiries which are reasonable in the circumstances, that to the best of their knowledge and belief, there are no other facts omitted which would make any statement herein misleading.

A copy of this Information Memorandum has been lodged with the Securities Commission Malaysia. The Securities Commission Malaysia will not be liable for any non-disclosure on the part of Affin Hwang Asset Management Berhad and takes no responsibility for the contents of this Information Memorandum, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from, or in reliance upon the whole or any part of the contents of this Information Memorandum.

Sophisticated 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 this Information Memorandum that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to this Information Memorandum or the conduct of any other person in relation to the Fund.

This Information Memorandum is to be issued and distributed in Malaysia only. Consequently, no representation has been and will be made as to its compliance with the laws of any foreign jurisdiction.

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# CORPORATE DIRECTORY

## **The Manager**

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

### **Registered Office**

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

### **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**

- Tan Sri Dato' Seri Che Lodin bin Wok Kamaruddin
- Datuk Maimoonah binti Mohamed Hussain
- Mr Teng Chee Wai
- Mr David Semaya
- Encik Abd Malik bin A Rahman (Independent Director)
- Dato' Hj Latip bin Ismail (Independent Director)

## **Manager's Delegate**

(fund valuation & accounting function)

**Deutsche Bank (Malaysia) Berhad (312552-W)**

### **Business address**

Level 18-20, Menara IMC

8, Jalan Sultan Ismail

50250 Kuala Lumpur

Tel No. : (603) 2053 6788

Fax No. : (603) 2031 9822

## **The Trustee**

TMF Trustees Malaysia Berhad (610812-W)

### **Registered & Business Address**

10<sup>th</sup> Floor, Menara Hap Seng

No. 1 & 3, Jalan P. Ramlee

50250 Kuala Lumpur

Tel No. : (603) 2382 4288

Fax No. : (603) 2026 1451

## **Trustee's Delegate**

(Local & Foreign Custodian)

**Deutsche Bank (Malaysia) Berhad (312552-W)**

### **Business address**

Level 18-20, Menara IMC

8, Jalan Sultan Ismail

50250 Kuala Lumpur

Tel No. : (603) 2053 6788

Fax No. : (603) 2031 8710

# GLOSSARY

<b>Act</b>	Means the Capital Markets and Services Act 2007 as originally enacted and amended or modified from time to time.
<b>AUD</b>	Means the Australian Dollar, the lawful currency of Australia.
<b>Base Currency</b>	Means the currency in which the Fund is denominated i.e. USD.
<b>Bursa Malaysia</b>	Means the stock exchange managed and operated by Bursa Malaysia Securities Berhad and includes any changes to the name or the operator of the Malaysian stock exchange.
<b>Business Day</b>	A day on which the Bursa Malaysia is open for trading. The Manager may declare certain Business Days a non-Business Day when deemed necessary, such as in the event of market disruption.
<b>Class(es)</b>	Means any number of Class(es) of Unit(s) representing similar interests in the assets of the Fund and "Class" means any one class of Units.
<b>Company</b>	Refers to Allianz Global Investors Fund, an open-ended investment company incorporated in Luxembourg.
<b>CSSF</b>	Refers to Commission de Surveillance du Secteur Financier.
<b>Deed(s)</b>	Refers to the deed dated 4 <sup>th</sup> January 2017, supplemental deed dated 7 December 2017 and second supplemental deed dated 26 January 2018 entered into between the Manager and the Trustee, which may be modified or varied by further supplemental deeds from time to time.
<b>Deposit(s)</b>	Has the same meaning as per the definition of "deposit" in the Financial Services Act 2013 and "Islamic deposit" in the Islamic Financial Services Act 2013. For the avoidance of doubt, it shall exclude structured deposit.
<b>Development Financial Institutions</b>	Means a development financial institution under the Development Financial Institutions Act 2002.
<b>Duration</b>	Means the average cash-value weighted residual maturity.
<b>Emerging Market(s)</b>	Means a country which is not classified by the World Bank as high gross national income per capita.
<b>EU</b>	Refers to the European Union.
<b>EUR</b>	Means Euro, the official currency of the European Union's member states.
<b>Financial Institution</b>	Means (1) if the institution is in Malaysia – (i) Licensed Bank; (ii) Licensed Investment Bank; (iii) Development Financial Institutions; or (iv) Licensed Islamic Bank; (2) if the institution is outside Malaysia, any institution that is licensed, registered, approved or authorised by the relevant banking regulator to provide financial services.
<b>Forward Pricing</b>	Means the method of determining the price of a Unit which is the NAV per Unit calculated at the next valuation point after an application for purchase or repurchase request is received by the Manager.
<b>Fund</b>	Refers to Affin Hwang World Series – US Short Duration High Income Fund.

<b>GBP</b>	Means the British pound sterling, the lawful currency of United Kingdom.
<b>GST</b>	Refers to the tax levied on goods and services pursuant to the Goods and Services Tax Act 2014.
<b>Guidelines</b>	<i>Guidelines on Unlisted Capital Market Products Under The Lodge And Launch Framework</i> issued by the SC and as amended or modified from time to time.
<b>Hedged-class</b>	Means a particular Class that aims to reduce the effect of exchange rate fluctuations between the Base Currency and the currency in which Unit Holders are exposed to having invested in that Class, also known as NAV hedging method. NAV hedging is undertaken regardless of whether the Base Currency is expected to increase or decline in value relative to the hedged currency.
<b>High-yield Investments</b>	Means investments in assets, which do not have an investment-grade rating from a recognised rating agency (so-called non-investment grade rating) or are not rated at all, but which, in the opinion of the Target Fund Manager, would be rated non-investment grade if they were to be rated.
<b>Information Memorandum</b>	Means this offer document in respect of this Fund as may be, replaced or amended from time to time.
<b>Interest-bearing Securities</b>	Means any security which bears interest, including, but not limited to, zero-coupon bonds, in particular government bonds, mortgage bonds and similar foreign asset-backed securities issued by financial institutions, public sector bonds, floating-rate notes, convertible bonds and bonds with warrants, corporate bonds, mortgage-backed securities and asset-backed securities, as well as other collateralised bonds.
<b>Law</b>	Refers to Part I of the Luxembourg Law of 17 December 2010.
<b>Licensed Bank</b>	Means a bank licensed under the Financial Services Act 2013.
<b>Licensed Investment Bank</b>	Means an investment bank licensed under the Financial Services Act 2013.
<b>Licensed Islamic Bank</b>	Means an Islamic bank licensed under the Islamic Financial Services Act 2013.
<b>Management Company</b>	Refers to Allianz Global Investors GmbH, a company appointed by the Company with the responsibility for day-to-day operations of the Company and investment management of the assets of the Company.
<b>the Manager / AHAM</b>	Refers to Affin Hwang Asset Management Berhad.
<b>medium to long-term</b>	Means a period of between three (3) years and above.
<b>Member State</b>	Means a member state of the European Union.
<b>MYR</b>	Means the Malaysian Ringgit, the lawful currency of Malaysia.
<b>NAV</b>	Means the value of all the assets of the Fund less the value of all the liabilities of the Fund at a valuation point; where the Fund has more than one Class of Units, there shall be a Net Asset Value of the Fund attributable to each Class of Units.
<b>NAV per Unit</b>	Means the NAV of the Fund at a particular valuation point divided by the number of Units in Circulation at the same valuation point; where the Fund has more than one Class of Units, there shall be a NAV per Unit for each Class of Units; the NAV per Unit of a Class of Units at a particular valuation point shall be the NAV of the Fund attributable to that Class of Units divided by the number of Units in Circulation of that Class of Units at the same valuation point.

<b>OECD</b>	Refers to the Organisation for Economic Co-operation and Development. The 35 members of the OECD are: Australia, Austria, Belgium, Canada, Chile, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Latvia, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, South Korea, Spain, Sweden, Switzerland, Turkey, United Kingdom and United States.
<b>PHS</b>	Means the product highlights sheet, a disclosure document that contains clear and concise information of the salient features of the Fund.
<b>Regulated Market</b>	Means a stock exchange or a regulated, recognised market which is a market that operates regularly and is open to the public and which in each case is in a member state of the EU, or if not in a member state of the EU, is provided for in the articles.
<b>Regulations</b>	Means the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (S.I. No. 352 of 2011) and any further amendments thereto) and any regulations or notices issued by the Central Bank of Ireland pursuant thereto for the time being in force.
<b>Repurchase Charge</b>	Means a charge imposed pursuant to the Unit Holder's repurchase request.
<b>Repurchase Price</b>	Means the price payable to a Unit Holder by the Manager for a Unit pursuant to a repurchase request and it shall be exclusive of any Repurchase Charge.
<b>SC</b>	Means the Securities Commission Malaysia established under the Securities Commission Malaysia Act 1993.
<b>Sales Charge</b>	Means a charge imposed pursuant to the Unit Holder's purchase request.
<b>Selling Price</b>	Means the NAV per Unit payable by the Unit Holder for the Manager to create a Unit in the Fund and it shall be exclusive of any Sales Charge.
<b>SGD</b>	Means Singapore Dollar, the lawful currency of Singapore.
<b>Sophisticated Investors</b>	Refers to – <ul style="list-style-type: none"> <li>(1) an individual whose total net personal assets, or total net joint assets with his or her spouse, exceed RM3 million or its equivalent in foreign currencies, excluding the value of the individual's primary residence;</li> <li>(2) an individual who has a gross annual income exceeding RM300,000 or its equivalent in foreign currencies per annum in the preceding 12 months;</li> <li>(3) an individual who, jointly with his or her spouse, has a gross annual income exceeding RM400,000 or its equivalent in foreign currencies per annum in the preceding 12 months;</li> <li>(4) a corporation with total net assets exceeding RM10 million or its equivalent in foreign currencies based on the last audited accounts;</li> <li>(5) a partnership with total net assets exceeding RM10 million or its equivalent in foreign currencies;</li> <li>(6) a unit trust scheme or prescribed investment scheme;</li> <li>(7) a private retirement scheme;</li> <li>(8) a closed-end fund approved by SC;</li> <li>(9) a company that is registered as a trust company under the Trust Companies Act 1949 which has assets under management exceeding RM10 million or its equivalent in foreign currencies;</li> <li>(10) a corporation that is a public company under the Companies Act 2016 which is approved by the SC to be a trustee under the Act and has assets under management exceeding RM10 million or its equivalent in foreign currencies;</li> <li>(11) a statutory body established by an Act of Parliament or an enactment of any State;</li> </ul>

- (12) a pension fund approved by the Director General of Inland Revenue under section 150 of the Income Tax Act 1967 [Act 53];
- (13) central bank of Malaysia;
- (14) a holder of a capital markets services licence or an executive director or a chief executive officer of a holder of a capital markets services licence;
- (15) a licensed institution as defined in the Financial Services Act 2013;
- (16) an Islamic bank as defined in the Islamic Financial Services Act 2013;
- (17) an insurance company licensed under the Financial Services Act 2013;
- (18) a takaful operator registered under the Islamic Financial Services Act 2013;
- (19) a bank licensee or insurance licensee as defined under the Labuan Financial Services and Securities Act 2010 [Act 704];
- (20) an Islamic bank licensee or takaful licensee as defined under the Labuan Islamic Financial Services and Securities Act 2010 [Act 705]; and
- (21) such other investor(s) as may be permitted by the Securities Commission Malaysia from time to time and/or under the relevant guidelines for wholesale funds.

**Special Resolution**

Means a resolution passed at a meeting of Unit Holders duly convened in accordance with the Deed by a majority of not less than three-fourths of the Unit Holders present and voting at the meeting in person or by proxy; for the avoidance of doubt, “three-fourths of the Unit Holders present and voting” means three-fourths of the votes cast by the Unit Holders present and voting; for the purposes of terminating the Fund or a Class of Units, “Special Resolution” means a resolution passed at a meeting of Unit Holders duly convened in accordance with the Deed by a majority in number holding not less than three-fourths of the value of the votes cast by the Unit Holders present and voting at the meeting in person or by proxy.

**Target Fund**

Means Allianz US Short Duration High Income Bond.

**Target Fund Manager**

Refers to Allianz Global Investors U.S. LLC.

**Trustee**

Refers to TMF Trustees Malaysia Berhad.

**UCITS**

Refers to undertakings for collective investment in transferable securities being an undertaking:

- (1) the sole objective of which is the collective investment in either or both:- transferable securities; other liquid financial assets referred to in Regulation 68 of the Regulations, of capital raised from the public and which operates on the principle of risk spreading;
- (2) the shares of which are, at the request of holders, repurchased or redeemed, directly or indirectly, out of the undertaking’s assets.

**Unit(s)**

Means an undivided share in the beneficial interest and/or right in the Fund and a measurement of the interest and/or right of a Unit Holder in the Fund and means a Unit of the Fund and if the Fund has more than one Class of Units, it means a Unit issued for each Class.

**Unit(s) in Circulation**

Means Units created and fully paid for and which has not been cancelled.  
*It is also the total number of Units issued at a particular valuation point.*

**Unit Holder(s) or You**

Refers to the person or persons registered for the time being who is in full compliance to the relevant law, is a Sophisticated Investor pursuant to the Guidelines and is registered pursuant to the Deed as a holder of Units of a Class of Units, including a jointholder. In relation to the Fund, means all the Unit Holders of every Class of Units in the Fund.

**USD**

Means United States Dollar, the lawful currency of United States of America.

**US**

Means United States of America.



**US Person**

Means a US citizen or US tax resident individual, (including a green-card holder, an individual with substantial US presence and an individual who has US permanent or mailing address), a US corporation, US partnership, US trust or US estate for US federal income tax purposes.

Reference to first person pronouns such as “we”, “us” or “our” in this Information Memorandum means the Manager/AHAM.

# ABOUT AFFIN HWANG WORLD SERIES - US SHORT DURATION HIGH INCOME FUND

<b>FUND CATEGORY</b>	: Bond feeder (wholesale)	<b>BASE CURRENCY</b>	: USD
<b>FUND TYPE</b>	: Income	<b>LAUNCH DATE</b>	: 3 March 2017
<b>FINANCIAL YEAR END</b>	: 31 October		

## INVESTORS' PROFILE

The Fund is suitable for you, if you:

- seek income through investment in a portfolio of US high yield bonds;
- have a medium to long-term investment horizon; and
- have a moderate risk tolerance.

## INVESTMENT OBJECTIVE

The Fund aims to provide investors with regular income\* through investments in US high yield bonds.

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

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

## PERFORMANCE BENCHMARK

Merrill Lynch 1-3 Years BB-B US Cash Pay High Yield Index

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

## ASSET ALLOCATION

- A minimum of 80% of the Fund's NAV to be invested in the Target Fund; and
- A maximum of 20% of the Fund's NAV to be invested in money market instruments, Deposits with Financial Institutions and/or liquid assets.

## INVESTMENT STRATEGY

The Fund will be investing a minimum of 80% of the Fund's NAV into the Target Fund and a maximum of 20% of the Fund's NAV into money market instruments, Deposits with Financial Institutions and/or liquid assets. The Fund may also have the flexibility to invest in non US-related money market instruments, Deposits and/or liquid assets.

We may take temporary defensive positions that may be inconsistent with the Fund's principal strategy by reducing its investment into the Target Fund and raise liquidity levels of the Fund during adverse market conditions to protect the Unit Holders' interest. In raising the Fund's liquidity levels, we may also invest into collective investment schemes that are able to meet this objective.

We may substitute the Target Fund with another fund that has a similar objective with the Fund, if, in our opinion, the Target Fund no longer meets the Fund's investment objective. However, this is subject to the Unit Holder's approval before any such changes are made.

We may use derivatives, such as foreign exchange forward contracts and cross currency swaps, mainly for hedging purposes. Cross currency swaps and/or foreign exchange forward contracts may be used to hedge the principal and/or the returns of the foreign currency exposure of any of the Class(es) against the Base Currency of the Fund. The employment of derivatives under these circumstances is expected to reduce the impact of foreign currency movements on the Fund's NAV, irrespective of the currency classes. While the hedging strategy will assist with mitigating the potential foreign exchange losses by the Fund, any potential gains from the hedging strategy will be capped as well. The Fund may also employ derivatives for investment purposes to enhance the returns of the Fund by taking a view on the underlying asset or currency, and establish a long position to gain a specific underlying exposure. The types of derivatives envisaged for investment purposes include forwards and swaps which are over-the-counter or traded on centralized exchanges.

### **Cross trades policy**

The Manager may conduct cross trades between funds it currently manages provided that all criteria imposed by the regulators are met. Notwithstanding the above, cross trades between the personal account of an employee of the Manager and the Fund's account(s); and between the Manager'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 Manager's Compliance and Risk Management Committee, to avoid conflict of interests and manipulation that could have a negative impact on investors.

### **PERMITTED INVESTMENT**

The Fund will invest in the following investments:

- Collective investment scheme;
- Money market instruments;
- Deposits;
- Derivatives; and
- Any other form of investments as may be determined by us from time to time that is in line with the Fund's objective.

### **DISTRIBUTION POLICY**

Subject to the availability of income, the Fund endeavours to distribute income for the respective Classes in the following manner, after the end of its first financial year:

<b>Class(es)</b>	<b>Income Distribution Policy</b>
USD Class	Monthly basis
MYR Class	
MYR Hedged-class	Quarterly basis.
SGD Hedged-class	
AUD Hedged-class	
GBP Hedged-class	
EUR Hedged-class	

### **VALUATION OF THE FUND**

The Fund will 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"). All foreign assets are translated into the Base Currency based on the 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 at such time as stipulated in the investment management standards issued by FiMM. If the foreign market in which the Fund is invested in is closed for business, we will value the underlying assets based on the latest available price as at the day the particular foreign market was last opened for business.

### **VALUATION OF ASSETS**

In valuing the Fund's investments, we will ensure that all the assets of the Fund will be valued at fair value and in accordance to the Malaysian Financial Reporting Standard 9 issued by the Malaysian Accounting Standards Board.

#### **Unlisted Collective Investment Schemes**

Investments in unlisted collective investment schemes shall be valued based on the last published repurchase price.

**Deposit**

Valuation of Deposits placed with Financial Institutions will be done by reference to the principal value of the deposits and the interests accrued thereon for the relevant period.

**Money Market Instruments**

Valuation of money market instruments will be based on amortised costs.

**Derivatives**

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

**Any Other Investment**

Fair value as determined in good faith by us, on methods or bases which have been verified by the auditor of the Fund and approved by the Trustee.

# ABOUT THE CLASSES

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

Classes	USD Class	MYR Class	MYR Hedged-class	SGD Hedged-class	AUD Hedged-class	GBP Hedged-class	EUR Hedged-class	
<b>Initial Offer Price</b>	N/A	N/A	N/A	N/A	N/A	N/A	EUR 0.50	
	The price of Units for USD Class, MYR Class, MYR Hedged-class, SGD Hedged-class, AUD Hedged-class and GBP Hedged-class will be based on the NAV per Unit of each Class of Units.							
<b>Initial Offer Period</b>	The initial offer period for EUR Hedged-class will be one (1) day which is on the date of this Information Memorandum. The initial offer period for the existing USD Class, MYR Class, MYR Hedged-class, SGD Hedged-class, AUD Hedged-class and GBP Hedged-class has ended.							
<b>Minimum Initial Investment*</b>	USD 5,000	MYR 10,000	MYR 10,000	SGD 5,000	AUD 5,000	GBP 5,000	EUR 5,000	
<b>Minimum Additional Investment*</b>	USD 1,000	MYR 5,000	MYR 5,000	SGD 1,000	AUD 1,000	GBP 1,000	EUR 1,000	
<b>Minimum Units Held*</b>	10,000 Units	20,000 Units	20,000 Units	10,000 Units	10,000 Units	10,000 Units	10,000 Units	
	If the balance of your investment (i.e. total number of Units) is less than the minimum holding of Units, you will be required to make an additional investment in order to meet the required minimum balance of investment. Otherwise, we may withdraw all your holding of Units in the Fund and pay the proceeds to you.							
<b>Minimum Units Per Switch</b>	10,000 Units	20,000 Units	20,000 Units	10,000 Units	10,000 Units	10,000 Units	10,000 Units	
<b>Unitholdings in Different Classes</b>	You should note that there are differences when purchasing Units of the USD Class and other Classes in the Fund. For illustration purposes, assuming you have USD 10,000 to invest:							
	<b>Class(es)</b>	<b>USD Class</b>	<b>MYR Class</b>	<b>MYR Hedged-class</b>	<b>SGD Hedged-class</b>	<b>AUD Hedged-class</b>	<b>GBP Hedged-class</b>	<b>EUR Hedged-class</b>
	<b>NAV per Unit</b>	USD 0.50	MYR 0.50	MYR 0.50	SGD 0.50	AUD 0.50	GBP 0.50	EUR 0.50
	<b>Currency exchange rate</b>	USD 1 = USD 1	USD 1 = RM 4	USD 1 = RM 4	USD 1 = SGD 2	USD 1 = AUD 2	USD 1 = GBP 0.80	USD 1 = EUR 0.80
	<b>Invested amount</b>	USD 10,000 x USD 1 = USD 10,000	USD 10,000 x MYR 4 = MYR 40,000	USD 10,000 x MYR 4 = MYR 40,000	USD 10,000 x SGD 2 = SGD 20,000	USD 10,000 x AUD 2 = AUD 20,000	USD 10,000 x GBP 0.80 = GBP 8,000	USD 10,000 x EUR 0.80 = EUR 8,000
	<b>Units received</b>	USD 10,000 ÷ USD 0.50 = 20,000 Units	MYR 40,000 ÷ MYR 0.50 = 80,000 Units	MYR 40,000 ÷ MYR 0.50 = 80,000 Units	SGD 20,000 ÷ SGD 0.50 = 40,000 Units	AUD 20,000 ÷ AUD 0.50 = 40,000 Units	GBP 8,000 ÷ GBP 0.50 = 16,000 Units	EUR 8,000 ÷ EUR 0.50 = 16,000 Units
	<i>Invested amount = USD 10,000 x currency exchange rate of the Class</i>							
	<i>Units received = Invested amount ÷ NAV per Unit of the Class</i>							
	<b>By purchasing Units in the USD Class, you will receive less Units for every USD invested in the Fund (i.e. 20,000 Units) compared to purchasing Units in MYR Class (i.e. 80,000 Units), MYR Hedged-class (i.e. 80,000 Units), SGD Hedged-class (i.e. 40,000 Units), AUD Hedged-class (i.e. 40,000 Units), GBP Hedged-class (i.e. 16,000 Units) or EUR Hedged-class (i.e. 16,000 Units). Upon a poll, the votes by every Unit Holder present in person or by proxy is proportionate to the value of Units held by him or her. Hence, holding more number of Units may not give you an advantage when voting at Unit Holders' meetings. You should note that in a Unit Holders' meeting to</b>							

\* Subject to the Manager's discretion, you may negotiate for a lower amount or value.

Classes	USD Class	MYR Class	MYR Hedged-class	SGD Hedged-class	AUD Hedged-class	GBP Hedged-class	EUR Hedged-class
	terminate or wind up the Fund, a Special Resolution will only be passed by a majority in number holding not less than three-fourths of the value of the votes cast by the Unit Holders present and voting at the meeting in person or by proxy.						

**The Fund may create new Classes of Units and/or new Hedged-classes of Units in respect of the Fund in the future. You will be notified of the issuance of the new classes of Units and/or new Hedged-classes of Units by way of communiqué and the prospective investors will be notified of the same by way of a supplemental/replacement information memorandum.**

# ABOUT THE FEES AND CHARGES

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

The fees, charges and expenses quoted in this Information Memorandum are exclusive of GST. We (including the Trustee and other service providers of the Fund) will charge GST at the prevailing rate of 6% on the fees, charges and expenses in accordance with the Goods and Services Tax Act 2014.

***The following are the charges that may be directly incurred by you.***

## **SALES CHARGE**

Up to 3.00% of the initial offer price of a Class during the initial offer period, thereafter, on the NAV per Unit of a Class.

## **REPURCHASE CHARGE**

Nil.

## **TRANSFER FEE**

Nil.

## **SWITCHING FEE**

Nil.

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

With the issuance of multiple Classes in this Fund, the **indirect** fees and/or charges for the Fund are apportioned based on the size of the Class relative to the whole Fund. This means that the multi-class ratio is calculated by taking the “*value of a Class before income & expenses*” for a particular day and dividing it with the “*value of the Fund before income & expenses*” for that same day. This apportionment is expressed as a ratio and calculated as a percentage.

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

## **ANNUAL MANAGEMENT FEE**

The management fee is up to 1.50% per annum of the NAV of the Fund, and is calculated using the Fund’s Base Currency (before deducting the management fee and trustee fee). The management fee is accrued daily and payable monthly.

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

$$\begin{array}{l} \text{USD 120 million} \times 1.50\% \\ 365 \text{ days} \end{array} = \text{USD 4,931.50 per day}$$

The management fee is only charged at the Fund level. The management fee chargeable by the Target Fund will be paid out of the annual management fee charged by us at the Fund level. There is no double charging of the management fee.

## **ANNUAL TRUSTEE FEE**

The trustee fee is up to 0.04% per annum of the NAV of the Fund (excluding foreign custodian fees and charges), and is calculated using the Fund’s Base Currency (before deducting the management fee and trustee fee). The trustee fee is accrued daily and payable monthly. In addition to the annual trustee fee, the Trustee may be reimbursed by the Fund for any expenses properly incurred by it in the performance of its duties and responsibilities.

Please note that the example below is for illustration only:

USD 120 million x 0.04%

365 days

= USD 131.50 per day

#### **ADMINISTRATIVE FEE**

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

- commissions or fees paid to brokers in effecting dealings in the investments of the Fund, shown on the contract notes or confirmation notes;
- taxes and other duties charged on the Fund by the government and/or other authorities;
- costs, fees and expenses properly incurred by the auditor;
- costs, fees and expenses incurred for the valuation of any investments of the Fund by independent valuers for the benefit of the Fund;
- costs, fees and expenses incurred for any modification of the Deed save where modification is for the benefit of the Manager and/or the Trustee;
- costs, fees and expenses incurred for any meeting of the Unit Holders save where such meeting is convened for the benefit of the Manager and/or the Trustee;
- costs, commissions, fees and expenses of the sale, purchase, insurance and any other dealing of any asset of the Fund;
- costs, fees and expenses incurred in engaging any specialist approved by the Trustee for investigating or evaluating any proposed investment of the Fund;
- costs, fees and expenses incurred in engaging any valuer, adviser or contractor for the benefit of the Fund;
- costs, fees and expenses incurred in the preparation and audit of the taxation, returns and accounts of the Fund;
- costs, fees and expenses incurred in the termination of the Fund or the removal of the Trustee or the Manager and the appointment of a new trustee or management company;
- costs, fees and expenses incurred in relation to any arbitration or other proceedings concerning the Fund or any asset of the Fund, including proceedings against the Trustee or the Manager by the other for the benefit of the Fund (save to the extent that legal costs incurred for the defence of either of them are not ordered by the court to be reimbursed by the Fund);
- remuneration and out of pocket expenses of the independent members of the investment committee of the Fund, unless the Manager decides otherwise;
- 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;
- costs and expenses incurred in relation to the distribution of income (if any);
- (where the custodial function is delegated by the Trustee) charges and fees paid to sub-custodians taking into custody any foreign assets of the Fund;
- fees, charges, costs and expenses relating to the preparation, printing, posting, registration and lodgment of documents and reports which the Manager and/or the Trustee may be obliged to prepare, print, post, register and/or lodge in relation to the Fund by virtue of any relevant law; and
- any tax such as GST and/or other indirect or similar tax now or hereafter imposed by law or required to be paid in connection with any costs, fees and expenses incurred as mentioned above.



## MAXIMUM RATE OF FEES AND CHARGES ALLOWABLE BY THE DEED

We may impose higher fees and charges up to the following stated maximum rate, provided that we have taken the necessary procedures as stated in the Deed to increase the fees and charges.

<b>Sales Charge</b>	5.00% of the NAV per Unit of a Class
<b>Repurchase Charge</b>	1.00% of the NAV per Unit of a Class
<b>Annual Management Fee</b>	3.00% per annum of the NAV of the Fund calculated and accrued daily
<b>Annual Trustee Fee</b>	0.10% per annum of the NAV of the Fund or its equivalent in the Base Currency of the Fund calculated and accrued daily (excluding foreign custodian fees and charges)

## FEES AND CHARGES OF THE TARGET FUND

<b>Preliminary Charge</b>	Not applicable
<b>Redemption Fee</b>	Not applicable
<b>Management Fee</b>	Up to 1.10% per annum of the net asset value of the Target Fund. <i>Please note that management fee will only be charged once at the Fund level. The management fee charged by the Target Fund will be paid out of the annual management fee charged by us at the Fund level. There is no double charging of management fee.</i>

## 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.

# ABOUT THE TARGET FUND

<b>NAME</b>	: Allianz US Short Duration High Income Bond
<b>BASE CURRENCY</b>	: USD
<b>TYPE OF CLASS</b>	: AM (Monthly Distribution Share Class)
<b>INCEPTION DATE OF THE CLASS</b>	: 10 December 2015
<b>INCEPTION DATE OF THE TARGET FUND</b>	: 22 September 2015
<b>COUNTRY OF ORIGIN</b>	: Luxembourg
<b>CUSTODIAN</b>	: State Street Bank Luxembourg S.C.A.
<b>REGULATORY AUTHORITY</b>	: Luxembourg Commission for the Supervision of the Financial Sector (Commission de Surveillance du Secteur Financier)

## **ALLIANZ GLOBAL INVESTORS FUND (“the Company”)**

The Target Fund is one of the sub-funds under the Company (an umbrella fund with several sub-funds). The Company is an open-ended investment company with a variable share capital established in Luxembourg as a SICAV (Société d’Investissement à Capital Variable) and is subject to the provisions of the Luxembourg law relating to commercial companies of 10 August 1915 and Part I of the Luxembourg Law on Undertakings for Collective Investment of 17 December 2010. The Company is subject to the supervision of the CSSF, 283, route d’Arlon, L-1150 Luxembourg.

## **ALLIANZ GLOBAL INVESTORS U.S. LLC (“the Target Fund Manager”)**

The Target Fund Manager is appointed by the Company. The Target Fund Manager is part of the Company and is domiciled in US. The Target Fund Manager is regulated by the US Securities and Exchange Commission. The Target Fund Manager has two offices, one at 600 West Broadway, 31st Floor, San Diego, CA92101, USA. The Target Fund Manager has been managing collective investment schemes and discretionary funds out of its San Diego office since the office’s establishment in 2010. The other office is located at 555 Mission Street, Suite 1700, San Francisco, CA94105, US. The San Francisco office of the Target Fund Manager was originally established in 1970 as Rosenberg Capital Management and has been managing collective investment schemes and discretionary funds since its establishment.

## **INVESTMENT OBJECTIVE**

The investment policy is geared towards generating an above-average current income with a below-average volatility compared to the US short duration high yield bond market.

## **INVESTMENT PRINCIPLES**

- (a) The Target Fund assets are invested in Interest-bearing Securities. Index certificates and other certificates whose risk profile typically correlates with Interest-bearing Securities or with the investment markets to which these assets can be allocated may also be acquired for the Target Fund. Up to 20 % of the Target Fund assets may be invested in Mortgage-backed securities (MBS) and asset-backed securities (ABS).

Equities and comparable rights may be acquired in the exercise of subscription, conversion and option rights on convertible bonds and bonds with warrants, but they must be sold within twelve months. Up to 5% of Target Fund assets as described in the aforementioned meaning may be invested longer than twelve (12) months if the Target Fund Manager considers it in the best interest of the Target Fund.

Convertible bonds and bonds with warrants may also be acquired, up to 30% of the Target Fund assets.

- (b) At least 70% of the Target Fund assets are invested in Interest-bearing Securities whose issuers are companies that have their registered office in the US or whose repayment is guaranteed by a company that has its registered office in the US or which are constituents of the Merrill Lynch 1-3 Years BB-B US Cash Pay High Yield Index.
- (c) At least 70 % of the Target Fund assets are invested in Interest-bearing Securities, which at the time of acquisition are High-Yield Investments.

- (d) Up to 10 % of Target Fund assets may be invested in UCITS or UCI (undertakings for collective investment).
- (e) Up to 10% of the Target Fund assets may be invested in securities issued by or guaranteed by any single country with a credit rating below investment grade. For the avoidance of doubt, a “single country” shall include a country, its government, a public or local authority or nationalized industry of that country.
- (f) Up to 100% Target Fund assets may be held in deposits or invested in money market instruments and (up to 10% of Target Fund assets) in money market funds for liquidity management or defensive purpose, or if the Target Fund Manager otherwise considers it in the best interest of the Target Fund.
- (g) The share of the assets and liabilities not denominated in USD may only exceed 20 % of the value of the Target Fund assets if the amount exceeding this limit is hedged. Assets and liabilities denominated in the same currency will be netted for the purpose of the aforementioned limit. Investment instruments that are not denominated in a currency (i.e. no par shares) are considered to be denominated in the currency of the country in which the registered office of the issuer (for securities representing equities: the company) is located.
- (h) Acquisitions of Interest-bearing Securities issued from or in Emerging Markets may also be made, but are restricted to a maximum of 20 % of Target Fund assets.
- (i) The Duration in the Target Fund should be between zero (0) and three (3) years.
- (j) The limits listed in items (b), (c), (e), (g), (h) and (i) are not required to be adhered to in the first two (2) months after launching the Target Fund and in last two months before liquidation or merger of the Target Fund.
- (k) The Target Fund may invest in derivatives for efficient portfolio management (including for hedging). The Target Fund will not invest extensively in derivatives for investment purposes.

#### **LIMITED RISK DIVERSIFICATION**

With reference to item (3) (f) of “*Investment Powers and Restrictions*”, in derogation of item (3) (a) to (d) of “*Investment Powers and Restrictions*” and in accordance with the principle of risk diversification, up to 100 % of the Target Fund’s net assets may be invested in securities and money-market instruments of different issues being offered or guaranteed by the EU, the European Central Bank, a member state of the EU or its local authorities, by a member state of the OECD, or by international organisations under public law to which one or more member states of the EU belong or by any other non-EU member state which is officially accepted by the CSSF, provided that such securities and money-market instruments have been offered within the framework of at least six different issues, with the securities and money-market instruments of one and the same issue not to exceed 30 % of the Target Fund’s net assets.

#### **RISK PROFILE OF THE TARGET FUND**

Considering the above-mentioned circumstances and risks, the Target Fund contains such opportunities and highest risks that are associated with an investment in bonds/money markets.

To a very high degree, the risks in the bond and money markets, such as the risk of interest rate changes, the creditworthiness risk, the general market risk, the company-specific risk, the counterparty risk, the risk of settlement default, the emerging-market risks, the liquidity risk, the country and transfer risks, the custodial risk, the specific risks of investing in High-Yield Investments and, to a lesser extent, the specific risks of Asset-Backed Securities (ABS) and Mortgage-Backed Securities (MBS) play a significant role.

For information on the special risks related to the use of techniques and instruments, please see the sections “*Use of Techniques and Instruments and Special Risks associated with such Use*” section and “*Possible Effects of the Use of Derivatives on the Risk Profile of the Target Fund*” section.

## INVESTMENT POWERS AND RESTRICTIONS

1) Target Fund may invest in the following assets unless there is a restriction in the information sheet:

a) Securities and money-market instruments that:

- are traded on a stock exchange or another Regulated Market of an EU member state or of a third country, which operates regularly and is recognised and open to the public, or
- are offered within the scope of initial public offerings, the issuing terms of which include the obligation to apply for admission to official listing on a stock exchange or in another Regulated Market (as detailed above), and the admission of which is obtained no later than one year after the issue.

Money-market instruments are investments that are normally traded on the money market that are liquid and whose value can be determined precisely at any time.

Securities referring to indices may only be acquired if the respective index is compliant with Art. 44 of the Law and Art. 9 of the Directive of the Grand Duchy of 8 February 2008.

b) Units of UCITS or other UCIs (as defined in the UCITS Directive) established in a member state of the EU or in a third country, if:

- such other UCIs are subject to official supervision, which in the opinion of the CSSF is equivalent to that of European Community law, and adequate assurance of the co-operation between the relevant government agencies exists;
- the level of protection for the unitholders of the UCI is equivalent to the level of protection for the unitholders of a UCITS, and in particular the provisions for separate safekeeping of fund assets, borrowing, lending, and short sales of securities and money-market instruments are equivalent to the requirements of the UCITS Directive;
- the business operations of the UCI are the subject of annual and semi-annual reports that make it possible to form a judgement concerning the assets and liabilities, the income and transactions in the reporting period;
- the UCITS or the UCI, the units of which are to be acquired, may according to its formation documents, invest a maximum of 10 % of its assets in units of other UCITS or UCIs.

Target Fund may also invest in shares issued by another sub-fund of the Company (the “Target Sub-Fund”) provided that:

- the Target Sub-Fund does not invest in the Target Fund invested in the Target Sub-Fund;
- no more than 10% of the assets of the Target Sub-Fund may, pursuant to its investment policy, be invested in aggregate in shares of other sub-funds of the Company;
- voting rights, if any, attaching to the relevant shares are suspended for as long as they are held by the Target Fund invested in the Target Sub-Fund and without prejudice to the appropriate processing in the accounts and the periodic reports;
- in any event, for as long as these shares are held by the sub-fund, their value will not be taken into consideration for the calculation of the net assets of the Company for the purposes of verifying the minimum threshold of the net assets imposed by the Law; and
- there is no duplication management fees, sales charges or redemption fees between those at the level of the Target Fund invested in the Target Sub-Fund and those at the level of the Target Sub-Fund.

c) Demand deposits or deposits subject to call with a maximum term of twelve (12) months with credit institutions, provided the credit institution in question has its registered office in a member state of the EU or, if the registered office of the credit institution is located in a third country, is subject to regulatory provisions, which in the opinion of the CSSF are equivalent to those of European Community law. The deposits may in principle be denominated in all currencies permitted by the investment policy of the Target Fund

d) Financial derivative instruments (“derivatives”), e.g. in particular futures, forward contracts, options and swaps including equivalent instruments settled in cash, which are traded on Regulated Markets described in a) above,

and/or derivative financial instruments that are not traded on Regulated Markets (“OTC derivatives”), if the underlying securities are instruments as defined under this No. 1, or financial indices, interest rates, exchange rates or currencies in which Target Fund may invest in accordance with its investment objectives. Financial indices for this purpose include, specifically, currency, exchange-rate, interest-rate, price and overall interest-rate return indices, as well as, in particular, bond, equity, commodity futures, precious metal and commodity indices and indices on additional permissible instruments listed under this number. For the avoidance of doubt, no derivative transaction will be entered into which provides for a physical delivery of any component of an underlying commodity futures, precious metal and commodity indices.

In addition, the following conditions must also be fulfilled for OTC derivatives:

- The counterparty must be top-rated financial institutions, specialised in such transactions, and be institutions subject to prudential supervision, and belonging to the categories approved by the CSSF. There are no further restrictions with regard to legal status or country of origin.
  - The OTC derivatives must be subject to a reliable and verifiable valuation on a daily basis and may be sold, liquidated or closed out by an offsetting transaction at any time at a reasonable price.
  - The transactions must be effected on the basis of standardised contracts.
  - The transactions shall be subject to the Company’s collateral management policy as described under “Collateral Management Policy”.
  - The Company must deem the purchase or sale of such instruments, instead of instruments traded on a stock exchange or in a Regulated Market, to be advantageous to Shareholders. The use of OTC derivatives is particularly advantageous if it facilitates a hedging of assets at matching maturities, thus being less expensive.
- e) Money-market instruments that are not traded on a Regulated Market and do not fall under the definition under item (1) (a), provided that the issue or issuer of these instruments is itself subject to regulations concerning deposit and investor protection. The requirements for deposit and investor protection are fulfilled for money-market instruments if these instruments are rated investment grade by at least one recognised rating agency or the Company considers that the credit rating of the issuer corresponds to a rating of investment grade. These money-market instruments must also be
- issued or guaranteed by a central governmental, regional or local body or the central bank of a member state of the EU, the European Central Bank, the EU or the European Investment Bank, a third country or if a federal state, a state of this federal state, or by an international organisation under public law, to which at least one member states belongs; or
  - issued by a company whose securities are traded on the Regulated Markets described under item (1) (a); or
  - issued or guaranteed by an institution that is subject to official supervision in accordance with criteria set down in European Community law, or an institution that is subject to regulatory provisions, which in the opinion of the CSSF, are equivalent to European Community law; or
  - issued by other issuers who belong to a category that was admitted by the CSSF, provided that regulations for investor protection apply to investors in these instruments, which are equivalent to those of the first, second or third bullet points and provided the issuer is either a company having a share capital of at least EUR 10 million, which prepares and publishes its annual financial statements according to the requirements of the Fourth Directive 78/660/EEC, or is a legal entity, which within a group of one or several listed companies, is responsible for the financing of this group, or is a legal entity, which is intended to finance the securitisation of debt by utilising a credit line granted by a financial institution.

2) Target Fund may also conduct the following transactions, unless explicitly excluded in the information sheet:

- a) invest of up to 10 % of the assets of Target Fund in securities and money-market instruments other than those listed under item (1) – subject to the provisions of the information sheet;
- b) raise short-term loans of up to 10 % of Target Fund’s net assets, provided the custodian agrees to the borrowing and the terms of the relevant loan; the information sheet of the Target Fund will give an only declarative indication. Not included in this 10 % limit, but permissible without the approval of the custodian, are foreign

currency loans in the form of back-to-back loans as well as securities repurchase agreements and securities lending transactions.

3) In investing the assets of the Company, the following restrictions must be observed; the information sheet of the Target Fund may provide for additional restrictions or more extensive powers:

a) On behalf of Target Fund, the Company may purchase securities or money-market instruments of an issuer, provided that the aggregate value of such securities and the value of securities issued by the same issuer which are already contained in the Target Fund does not exceed 10 % of the Target Fund's net assets at the time of purchase. Target Fund may invest a maximum of 20 % of its net assets in deposits at one institution. The default risk of the counterparties in OTC Derivatives may not exceed 10 % of Target Fund's net assets if the counterparty is a credit institution within the meaning of item (1) (c); for other cases, the maximum limit is 5 % of the Target Fund's net assets. The aggregate value in the Target Fund's net assets of securities and money-market instruments of issuers where the Target Fund has invested more than 5% of its net assets in securities and money-market instruments of the same issuer may not exceed 40 % of the Target Fund's net assets. This restriction does not apply to deposits and to transactions with OTC derivatives that are effected with financial institutions that are subject to official supervision.

Irrespective of the individual investment limits cited above, Target Fund may not invest more than 20 % of its net assets in aggregate in:

- the securities or money-market instruments issued by a single body;
- deposits with that body; and/or
- exposure arising under OTC derivatives entered into with that body.

b) If the purchased securities or money-market instruments are issued or guaranteed by a member state of the EU or its central, regional or local authorities, a third country, or by international organisations under public law to which one or more member states of the EU belong, the restriction under the first sentence of item (3) (a) is increased from 10 % to 35 % of the Target Fund's net assets.

c) In the case of bonds issued by credit institutions domiciled in an EU member state, where the respective issuers are subject to a special official supervision due to statutory provisions protecting bondholders, the restrictions under item (3) (a) sentence 1 and 4 are increased from 10 % to 25 % and 40 % to 80 %, respectively, provided that these credit institutions invest the issuing proceeds, pursuant to the respective statutory provisions, in assets which sufficiently cover the liabilities from bonds for their whole term to maturity, and which, as a matter of priority, are intended for capital and interest repayments becoming due on the issuer's default.

d) The securities and money-market instruments cited under item (3) (b) and (c) will not be considered when applying the 40% investment limit provided under item (3) (a) sentence 4. The restrictions under item (3) (a) to (c) do not apply on a cumulative basis. Therefore, investments in securities or money-market instruments of the same issuer or in deposits with this issuer or in derivatives of the same may not exceed 35 % of the Target Fund's net assets. Companies that, with respect to the preparation of their consolidated financial statements in accordance with Directive 83/349/EEC or according to accepted international accounting standards, belong to the same group of companies, are regarded as one issuer when calculating the investment limits listed under item (3) (a) to (d). Target Fund may invest up to 20 % of its net assets in securities and money-market instruments of one group of companies.

e) Investments in derivatives are included in the limits of the numbers listed above.

f) In derogation of the limits listed under item (3) (a) to (d), the Company may decide that in accordance with the principle of risk diversification, up to 100 % of a Target Fund's assets may be invested in securities and money-market instruments of different issues being offered or guaranteed by the EU, the European Central Bank, a member state of the EU or its local authorities, by a member state of the OECD, by international organisations under public law to which one or more member states of the EU belong, or by any other non-EU member state which is officially accepted by the CSSF (currently the following states are accepted by CSSF: The special administrative region of Hong Kong, the Federal Republic of Brazil, the Republic of India, the Republic of

Indonesia, the Russian Federation, the Republic of South Africa, the Republic of Singapore), provided that such securities and money-market instruments have been offered within the framework of at least six different issues, with the securities and money-market instruments of one and the same issue not to exceed 30 % of the Target Fund's net assets. If Target Fund intends to avail of this derogation, a disclosure will be made in the Target Fund's information sheet.

- g) Target Fund may purchase units of other UCITS or UCIs as defined under item (1) (b) up to a total of 10 % of its net Target Fund assets. In derogation of this, the Company may decide that a higher percentage of Target Fund net assets may be invested in units of other UCITS or UCIs as defined under item (1) (b), which will be explicitly mentioned in the information sheet for the Target Fund. In this case Target Fund may not invest more than 20% of its net assets in a single UCITS or UCI. When this investment limit is applied, each sub-fund of an umbrella fund as defined under Article 181 of the Law must be considered to be an independent investment fund if the principle of separate liability with regards to third parties is applied to each sub-fund. Similarly, in this case investments in units of other UCIs than UCITS may not exceed a total of 30 % of a Target Fund's net assets.

Moreover, the Company may decide to allow the investment in units of a master fund qualifying as a UCITS provided that the relevant sub-fund (the "Feeder Sub-Fund") invests at least 85 % of its net asset value in units of such master fund and that such master fund shall neither itself be a feeder fund nor hold units of a feeder fund, which will be explicitly mentioned in the information sheet of the Sub-fund in question.

A Feeder Sub-Fund may hold up to 15% of its assets in one or more of the following:

- ancillary liquid assets in accordance with Article 41 paragraph 2 second sub-paragraph of the Law;
- Derivatives, which may be used only for hedging purposes, in accordance with Article 41 paragraph 1, item (g) and Article 42 paragraphs 2 and 3 of the Law;
- movable and immovable property which is essential for the direct pursuit of the Company's business.

If Target Fund has acquired units of a UCITS or a UCI, the investment values of the relevant UCITS or UCI are not considered with regard to the investment limits stated under item (3) (a) to (d).

If Target Fund acquires shares of a UCITS or UCI which is directly or indirectly managed by the same company or by another company with which the Company is linked by common management or control, or by a substantial direct or indirect participation (at least 10 % of the capital or the votes) then neither the Company nor the associated company may charge fees for the subscription or redemption of units. In such a case, the Company will also reduce its share of the management and central administration agent fee in respect of units in such linked UCITS or UCI by the amount of the relevant actual calculated fixed management fee of the UCITS or UCI concerned. This results in a complete decrease of any management and central administration agent fee levied at the share class level of Target Fund in case of a linked UCITS or UCIs actually affected by a fixed management fee which is higher or at the same level. However, a decrease does not occur with respect to such linked UCITS or UCI as far as a reimbursement of this actually calculated fixed management fee is made in favour of the Target Fund. The Target Fund's information sheet may directly or indirectly provide other rules relevant for the Target Fund.

The weighted average management fee of the target fund units as defined above to be acquired may not exceed 2.50% per annum.

- h) Irrespective of the investment limits set down in item (i) below, the Company may determine that the upper limits stated in items (a) to (d) above for investments in equities and/or debt instruments of a single issuer amount to 20% if the objective of the Target Fund investment strategy is to replicate a specific equity or bond index recognised by the CSSF, provided that
- the composition of the index is adequately diversified;
  - the index represents an adequate benchmark for the market to which it refers;
  - the index is published in an appropriate manner.

The limit of 20 % is raised to 35 % provided this is justified based on exceptional market conditions, and in particular in Regulated Markets where certain securities or money-market instruments are in a strongly dominant position. An investment up to this limit is only possible with a single issuer. The limit in accordance

with (a) above does not apply. If Target Fund intends to avail of this possibility, a disclosure will be made in the Target Fund's Information Sheet.

- i) The Company may not acquire voting shares carrying a voting right for any of its investment funds to an extent to which it would be permitted to exercise a significant influence over the management of the issuer. Target Fund may acquire a maximum of 10 % of the non-voting shares, bonds and money-market instruments of any one and a maximum of 25 % of the shares or units of a UCITS or a UCI. This limit does not apply to the acquisition of bonds, money-market instruments and target fund units if the total amount issued or the net amount of the shares issued cannot be calculated. It also does not apply in as much as these securities and money-market instruments are issued or guaranteed by a member state of the EU or its central, regional or local authorities or by a third country, or are issued by international organisations under public law to which one or more member states of the EU belong.

The restrictions stated under the first bullet point of item (2) and item (3) refer to the time the assets are acquired. If the limits set are subsequently exceeded as a result of price movements or due to reasons beyond the control of the Company, the Company will adopt as its primary objective the remedying of such situation, taking due account of the interests of its Shareholders.

- 4) The Company is not permitted to enter into the following transactions:
  - a) Assume liabilities in connection with the purchase of partly paid securities, the aggregate of which including loans as stipulated in item (2) second indent exceeds 10 % of the Target Fund's net assets.
  - b) Grant loans, or act as guarantor on behalf of third parties.
  - c) Acquire securities the disposal of which is subject to any kinds of restrictions due to contractual provisions.
  - d) Invest in real estate, although real-estate-backed securities or money-market instruments or interests in such investments, or investments in securities or money-market instruments issued by companies which invest in real estate (such as REITs), and interests in such investments are permitted.
  - e) Acquire precious metals or certificates on precious metals.
  - f) Pledge or charge assets, transfer them as collateral, or assign them as collateral, unless this is required within the framework of a transaction permitted under the prospectus. Such collateral agreements are applicable in particular to OTC trades in accordance with item (1) (d) ("Collateral Management").
  - g) No Target Fund may conduct short sales of securities, money market instruments or target fund shares.
  - h) Pursuant to the investment restrictions applicable under Hong Kong requirements, the total aggregate investments by the Company in any ordinary shares issued by any single issuer may not exceed 10 %.

#### **USE OF TECHNIQUES AND INSTRUMENTS**

Subject to the Target Fund's investment restrictions, the Company may use techniques and instruments, in particular securities repurchase and securities lending agreements and derivatives as defined in item (1) (d) of "*Investment Powers and Restrictions*", for efficient portfolio management (including exercising transactions for hedging purposes). The Company may also use techniques and instruments, in particular, to enter into market-contrary transactions.

In particular, the Company may enter into any type of swap, e.g. including credit default swaps pursuant to which the Company and the counterparty agree to swap the returns generated by investments, a security, a money-market instrument, share of a fund, a derivative, a financial index, or a basket of securities or indices for returns from another security, money-market instrument, share of a fund, derivative, a financial index, a basket of securities or indices or other investments. The Company is also authorised to use such credit default swaps, which have an objective other than hedging.



The counterparty of credit default swaps must be a top-rated financial institution which specialises in such transactions. Both the underlyings of the credit default swap and the respective counterparty to the credit default swap must be taken into account with regard to the investment limits set out in item (3) of *“Investment Powers and Restrictions”*. Credit default swaps are valued on a regular basis using clear and transparent methods. The Company and the independent auditor will monitor the clarity and transparency of the valuation methods and their application. If the monitoring should reveal any irregularities, the Company will arrange for these to be resolved and eliminated.

The Company may also acquire securities and money-market instruments in which one or more derivatives are embedded (structured products). Derivatives are based on “underlyings”. These “underlyings” may be the admissible instruments listed in item (1) of *“Investment Powers and Restrictions”* or they may be financial indices, interest rates, exchange rates or currencies. Financial indices here includes, specifically, currency, exchange-rate, interest-rate, price and overall interest-rate return indices, as well as the continued use of bond and equity indices, indices on the additional permissible instruments listed in item (1) of *“Investment Powers and Restrictions”*, and commodity futures, precious metal and commodity indices.

The techniques and instruments must be used for the purpose of efficient portfolio management, which supposes that they must fulfil the following criteria:

- a) they are economically appropriate in that they are realised in a cost-effective way;
- b) they are entered into for one or more of the following specific aims:
  - reduction of risk;
  - reduction of cost;
  - generation of additional capital or income for the Target Fund with a level of risk which is consistent with the risk profile of the Target Fund and the risk diversification rules laid down in Investment Powers and Restrictions, item (3) (a) to (d) of *“Investment Powers and Restrictions”*;
- c) their risks are adequately captured by the risk management process of the Company.

The use of techniques and instruments should not:-

- a) result in a change of declared investment objective of the Target Fund; or
- b) add substantial supplementary risks in comparison to the risk profile as described in the Target Fund’s information sheet.

A Target Fund entering into efficient portfolio management transactions should take into account these operations when developing its liquidity risk management process in order to ensure it is able to comply with its redemption obligations.

#### **POTENTIAL IMPACT OF THE USE OF TECHNIQUES AND INSTRUMENTS ON THE PERFORMANCE OF TARGET FUND**

The use of Techniques and Instruments might have a positive and a negative impact on the performance of Target Fund.

The Target Fund may use derivatives for hedging purposes. This may lead to correspondingly lower opportunities and risks in the general sub-fund profile. Hedging can be used in particular to reflect the different currency-/duration-hedged share classes and thus to mark the profile of the respective share class.

The Target Fund may also employ derivatives in a speculative sense in order to increase returns in pursuing the investment objective, in particular, to represent the general Target Fund’s profiles and to increase the level of investment above the level of investment of a fund that is fully invested in securities. In reflecting the general Target Fund ‘s profiles through derivatives, the general Target Fund’s profiles will be implemented through the replacement of direct investments in securities, for example, by investments in derivatives or also, in shaping the general Target Fund’s profiles, specific components of the Target Fund’s investment objectives and principles may be derivative based, for example reflecting currency positions through investments in derivatives, which normally will not have a substantial effect on the general Target Fund’s profiles. In particular, if a Target Fund’s investment objective states that, with the objective of

achieving additional returns, the Target Fund Manager may also assume separate foreign currency risks with regard to certain currencies and/or separate risks with regard to equities, bonds and/or commodity futures indices and/or precious metals indices and/or commodity indices these components of the investment objectives and principles are predominantly derivative based. If the Target Fund employs derivatives to increase the level of investment, they do so in order to achieve a medium to long-term risk profile that offers potentially much greater market risk than that of a fund with a similar profile that does not invest in derivatives. The Target Fund Manager follow a risk controlled approach in the use of derivatives.

The use of securities repurchase agreements and securities lending transactions shall result in additional income for the fund by obtaining the lending fee from the respective counterparty. However, the use of securities lending transactions also imposes certain risks on the Target Fund which might also result in losses of the fund, i.e. in the case of a default of the counterparty of the securities lending transactions.

Securities repurchase agreements are used to either invest or obtain liquidity on behalf of the Target Fund, usually on a short term basis. If the Target Fund is entering into securities repurchase agreements as lender it obtains additional liquidity which may be fully invested pursuant to the Target Fund's investment policies. In such scenario, the Target Fund has to comply with its repurchase obligation irrespective of whether the use of liquidity obtained through the securities repurchase agreements has resulted in losses or gains for the Target Fund. If the Target Fund is entering into securities repurchase agreements as borrower it reduces its liquidity which cannot be used for other investments.

#### **POLICY REGARDING DIRECT AND INDIRECT OPERATIONAL COSTS/FEEES ON THE USE OF TECHNIQUES AND INSTRUMENTS**

Direct and indirect operational costs and fees arising from the efficient portfolio management techniques of stock lending, repurchase and reverse repurchase arrangements may be deducted from the revenue delivered to the Target Fund (e.g., as a result of revenue sharing arrangements). These costs and fees should not include hidden revenue. All the revenues arising from such efficient portfolio management techniques, net of direct and indirect operational costs, will be returned to the Target Fund. The entities to which direct and indirect costs and fees may be paid include banks, investment firms, broker-dealers, securities lending agents or other financial institutions or intermediaries and may be related parties to the Management Company or the trustee. The revenues arising from such efficient portfolio management techniques for the relevant reporting period, together with the direct and indirect operational costs and fees incurred and the identity of the counterparty(ies) to these efficient portfolio management techniques, will be disclosed in the annual and semi-annual reports of the Target Fund.

#### **COLLATERAL MANAGEMENT POLICY**

When entering into OTC derivatives transactions or efficient portfolio management techniques the Company will observe the criteria laid down below in accordance with Circular 13/559 of the CSSF dated 18 February 2013 when using collateral to mitigate counterparty risk. As long as collateralization of OTC derivatives transactions is not legally binding the level of collateral required is in the discretion of the portfolio manager of Target Fund.

The risk exposure to a counterparty arising from OTC derivatives and efficient portfolio management techniques should be combined when calculating the counterparty risk limits of Item (3) (a) to (d) of *"Investment Powers and Restrictions"*.

All assets received by the Target Fund in the context of efficient portfolio management techniques should be considered as collateral and should comply with the criteria laid down below:

- a) Liquidity: any collateral other than cash should be highly liquid and traded on a Regulated Market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to its pre-sale valuation. Collateral received should also comply with the provisions set out Item (3) (i) of *"Investment Powers and Restrictions"*. If the market value of the collateral exceeds or fall short of the contractually agreed threshold, the collateral will be adjusted on a daily basis as to maintain the agreed threshold. This monitoring process is on a daily basis.
- b) Valuation: collateral received should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place.

- c) Issuer credit quality: collateral should be of high quality.
- d) Correlation: collateral received must be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty.
- e) Collateral diversification (asset concentration): collateral must be sufficiently diversified in terms of country, markets and issuers. The criterion of sufficient diversification with respect to issuer concentration is considered to be respected if the Target Fund receives from a counterparty of efficient portfolio management and OTC derivatives a basket of collateral with a maximum exposure to a given issuer of 20 % of the Target Fund's net asset value. When a Fund is exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20 % limit of exposure to a single issuer.
- f) Enforceable: collateral received should be capable of being fully enforced by the Target Fund at any time without reference to or approval from the counterparty.
- g) Non-cash collateral cannot be sold, pledged or re-invested.
- h) Cash collateral received should only be
  - held in accordance with item (1) (c) of "Investment Powers and Restrictions"; or
  - invested in high-quality government bonds; or
  - may be used for the purpose of reverse repo transactions provided that transactions are with credit institutions subject to prudential supervision and the Target Fund is able to recall at any time the full amount of cash on accrued basis; or
  - short term money market funds as defined in the Guidelines on a Common Definition of European Money Market Funds.

Re-invested cash collateral should be diversified in accordance with the diversification requirements applicable to non-cash collateral. Re-investment of cash collateral does not release the Target Fund from repayment of full cash collateral received, i.e. potential losses incurring from the re-investment have to be borne by the Target Fund.

Risks linked to the management of collateral, such as loss in value or illiquidity of received collateral operational and legal risks, should be identified, managed and mitigated by the risk management process. The re-investment of cash collateral exposes to the Target Fund to a potential loss of the re-invested assets whereas the full nominal amount (plus interest if applicable) has to be repaid to the counterparty.

Where there is a title transfer, the collateral received should be held by the custodian. For other types of collateral arrangement, the collateral can be held by a third party custodian which is subject to prudential supervision, and which is unrelated to the provider of the collateral.

If a Target Fund receives collateral for at least 30% of its net asset value an appropriate stress testing policy will be applied to ensure regular stress tests are carried out under normal and exceptional liquidity conditions to enable the Target Fund to assess the liquidity risk attached to the collateral. The liquidity stress testing policy should at least prescribe the following:

- a) design of stress test scenario analysis including calibration, certification and sensitivity analysis;
- b) empirical approach to impact assessment, including back-testing of liquidity risk estimates;
- c) reporting frequency and limit/loss tolerance threshold(s); and
- d) mitigation actions to reduce loss including haircut policy and gap risk protection.

The Company has a clear haircut policy adapted for each class of assets received as collateral. The Company will only accept the following classes of assets as collateral and will apply to each asset a haircut (a percentage by which the market value of the respective collateral will be reduced) in accordance with the range mentioned for each asset class:

Cash (no haircut); high-quality government and central bank bonds (haircut between 0.5% and 6% of the market value); high-quality corporate bonds and covered bonds (haircut between 6% and 15% of the market value) and equities (haircut between 15 % and 30% of the market value).

As a general rule the haircut applied for bonds will be the higher the longer the residual maturity or residual period until regular yield adjustment is. Bonds with a residual maturity of more than ten (10) years will generally not be accepted. Generally, equities will only be accepted as collateral if they are included in major stock indices. Additional (additive) haircuts apply for securities received as collateral in which their currency differs from the base currency of the Target Fund.

### **RISK MANAGEMENT PROCESS**

The Management Company will calculate the global exposure of the Target Fund. The Management Company will use for Target Fund’s the relative value-at-risk approach. The applied risk management approach, reference portfolio, expected level of leverage of derivatives are disclosed.

The expected level of leverage of derivatives is calculated as the expected average sum of notionals of derivatives (not including the investment portfolio). Please note that the actual sum of notionals of derivatives might change over time and might temporarily exceed the expected level of leverage of derivatives. Shareholders should be aware that derivatives might be used for different purposes including hedging or investment purposes. The calculation of the expected level of leverage does not distinguish between the different purposes of a derivative. Therefore this figure delivers no indication regarding the true riskiness of the Target Fund.

<b>Target Fund</b>	<b>Approach</b>	<b>Expected Level of Leverage</b>	<b>Reference Portfolio</b>
Allianz US Short Duration High Income Bond	Relative Value-at-Risk	0 - 0.5	The reference portfolio corresponds to the composition of the Bank of America Merrill Lynch 1-3 Years BB-B US Cash Pay High Yield Index.

# UNDERSTANDING THE RISKS OF THE FUND AND THE TARGET FUND

Below are the risks associated with the investments of the Fund and the Target Fund.

It is important to note that events affecting the investments cannot always be foreseen. Therefore, it is not possible to protect investments against all risks. You are recommended to read the whole Information Memorandum to assess the risks associated to the Fund. If necessary, you should consult your professional adviser(s) for a better understanding of the risks.

<b>GENERAL RISKS OF THE FUND</b>	
<b>Market risk</b>	Market risk arises because of factors that affect the entire market place. Factors such as economic growth, political stability and social environment are some examples of conditions that have an impact on businesses, whether positive or negative. It stems from the fact that there are economy-wide perils, or instances of political or social instability which threaten all businesses. Hence, the Fund will be exposed to market uncertainties and fluctuations in the economic, political and social environment that will affect the market price of the investments either in a positive or negative way.
<b>Fund management risk</b>	This risk refers to the day-to-day management of the Fund by us which will impact the performance of the Fund. For example, investment decisions undertaken by us as a result of an incorrect view of the market or any non-compliance with internal policies, investment mandate, the Deed, relevant law or guidelines due to factors such as human error, fraud, dishonesty or weaknesses in operational process and systems, may adversely affect the performance of the Fund.
<b>Performance risk</b>	This Fund is a feeder fund which invests in another collective investment scheme, namely the Target Fund. The performance of the Fund very much depends on the performance of the Target Fund. If the Target Fund does not perform in accordance with its objective, the performance of the Fund will also be impacted negatively. The performance of the Target Fund and consequently of this Fund may go down as well as up, depending on the circumstances prevailing at a particular given time. On that basis, there is never a guarantee that investing in the Fund will produce a positive investment returns in accordance with its objective.
<b>Inflation risk</b>	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.
<b>Loan financing risk</b>	This risk occurs when you take a loan/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 net asset value per unit as compared to the net asset value per unit at the point of purchase towards settling the loan.
<b>Operational risk</b>	Operational risk is the risk of loss due to the breakdown, deficiencies or weaknesses in the operational support functions resulting in the operations or internal control processes producing an insufficient degree of customer quality or internal control by the Manager. Operational risk is typically associated with human error, system failure, fraud and inadequate or defective procedures and controls.

	<b>SPECIFIC RISKS OF THE FUND</b>
<b>Concentration risk</b>	The Fund is a feeder fund which invests in a single collective investment scheme. Any adverse effect on the Target Fund will inevitably affect the Fund as well. The performance of the Fund is also dependent on the performance of the Target Fund. This risk may be mitigated as we are allowed to take temporary defensive positions in response to adverse market conditions. We also are able to substitute the Target Fund with another fund with similar objective of the Fund if, in our opinion, the Target Fund no longer meets the Fund's objective subject to Unit Holders' approval with prior notification to SC.
<b>Liquidity risk</b>	This is the risk that the units of the Target Fund that is held by the Fund cannot be readily sold and converted into cash. This can occur when there is a restriction on realisation of units of the Target Fund. The Target Fund Manager may suspend the realisation of units, or delay the payment of realisation proceeds in respect of any realisation request received, during any periods in which the determination of the net asset value of the Target Fund is suspended. As a result, the Fund may not be able to receive the repurchase proceeds in timely manner which in turn may delay the payment of repurchase proceeds to the Unit Holders. In managing liquidity risk, we will maintain sufficient liquidity level for the purposes of meeting repurchase requests.
<b>Country risk</b>	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 in. 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 to fall.
<b>Currency risk</b>	<p>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 be aware that if the currencies in which the investments are denominated depreciate against the Base Currency, this will have an adverse effect on the NAV of the Fund in the Base Currency and vice versa. 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.</p> <p><b><i>Currency risk at the Fund level</i></b></p> <p>The impact of the exchange rate movement between the Base Currency and the currency of the underlying investments may result in a depreciation of the value of the investments as expressed in the Base Currency.</p> <p><b><i>Currency risk at the Class level</i></b></p> <p>The impact of the exchange rate movement between the Base Currency and the currency of the respective Classes may result in a depreciation of your holdings as expressed in the Base Currency.</p> <p><b><i>Currency risk at the Hedged-class level</i></b></p> <p>Currency hedging reduces the effect of exchange rate movements for the Hedged-class, but it does not entirely eliminate currency risk between the Hedged-class and the Base Currency (not a perfect hedge). Hence, the unhedged portion of the respective Hedged-class will be affected by the exchange rate movements and it may cause fluctuation of NAV of the respective Hedged-class. You should note however, that if the exchange rate moves favourably, the Fund would not benefit from any upside in currency movement due to the hedging strategy. In addition, hedging is subject to a minimum investment size of entering into a forward contract and cost of hedging which may affect returns of the respective Hedged-class.</p>

SPECIFIC RISKS OF THE FUND	
<b>Target Fund Manager risk</b>	As a feeder fund, the Fund invests into the Target Fund which is managed by the Target Fund Manager. We have no control over the investment technique and knowledge, operational controls and management of the Target Fund Manager. In the event of any mismanagement of the Target Fund, the NAV of the Fund, which invests substantially all of its assets into the Target Fund, would be affected adversely.

SPECIFIC RISKS OF THE TARGET FUND	
<b>Company-specific risk</b>	The value of the assets in particular of securities and money-market instruments directly or indirectly held by the Target Fund may be affected by company-specific factors, such as the issuer's business situation. If a company-specific factor deteriorates, the price of the respective asset may drop significantly and for an extended period of time, possibly even without regard to an otherwise generally positive market trend.
<b>Counterparty risk</b>	To the extent that transactions are not handled through a stock exchange or a Regulated Market (e.g. OTC trades), there is a risk that a counterparty may default or not completely fulfil its obligations in addition to the general risk of settlement default. This is particularly true of OTC financial derivative instruments and other transactions based on techniques and instruments. A default of the counterparty might result in losses for the Target Fund. However, in particular with regard to OTC derivatives transactions such risk can be significantly reduced by receipt of collateral from the counterparty in accordance with the Company's collateral management policy as described in "Collateral Management Policy".
<b>Country and region risk</b>	If the Target Fund focuses its investments on particular countries or regions, this may reduce risk diversification. Consequently, the Target Fund is particularly dependent on the development of individual or interdependent countries and regions, or of companies based and/or operating in those countries or regions.
<b>Country and transfer risks</b>	Economic or political instability in countries in which the Target Fund is invested may lead to a situation in which the Target Fund does not receive part or all of the monies owed to it in spite of the solvency of the issuer of the respective security or other assets. Currency or transfer restrictions or other legal changes, for example, may be significant in this regard.
<b>Creditworthiness risk</b>	The creditworthiness (solvency and willingness to pay) of the issuer of an asset in particular of a security or money-market instrument directly or indirectly held by the Target Fund may subsequently fall. This usually leads to a decrease in the price of the asset greater than that caused by general market fluctuations.
<b>Currency risk</b>	If the Target Fund directly or indirectly holds assets denominated in foreign currencies, it is exposed to a currency risk if foreign currency positions have not been hedged. Any devaluation of the foreign currency against the Base Currency of the Target Fund would cause the value of the assets denominated in the foreign currency to fall.
<b>Custodial risk</b>	Custodial risk is the risk arising from the possibility that the Target Fund could be denied access, in whole or in part, to investments held in custody in the event of bankruptcy, negligence, willful misconduct or fraudulent activity on the part of the custodian or sub-custodian.
<b>Emerging Markets risks</b>	Investing in Emerging Markets means investing in countries not classified by the World Bank as "high gross national income per capita" (i.e. not "developed"). In addition to the specific risks of the particular investment class, investments in these countries are subject to greater liquidity risk and general market risk. Additionally, increased risks may arise in connection with the settlement of

	<b>SPECIFIC RISKS OF THE TARGET FUND</b>
	<p>transactions in securities in these countries, especially as it may not be general practice or may not even be possible to deliver securities directly when payment is made in such countries. In addition, the legal and regulatory environment, as well as the accounting, auditing and reporting standards there may deviate substantially to the detriment of the investors from the levels and standards that are considered standard international practice. Increased custodial risk in such countries may also arise, which may, in particular, also result from differing disposal methods for acquired assets.</p>
<b>General market risk</b>	<p>To the extent that the Target Fund invests directly or indirectly in securities or other assets, it is exposed to various general trends and tendencies in the economic situation as well as in the markets, especially in the securities markets, which are partially attributable to irrational factors. Such factors could lead to substantial and longer-lasting drops in prices affecting the entire market. Securities from top-rated issuers are subject to essentially the same general market risk as other securities and assets.</p>
<b>Liquidity risk</b>	<p>Even relatively small orders for purchases or sales of illiquid securities (securities that cannot be sold readily) in particular can lead to significant price changes. If an asset is not liquid, there is the risk that the asset cannot be sold or can only be sold at a significant discount to the purchase price. The lack of liquidity of an asset may cause its purchase price to increase significantly.</p>
<b>Risk of interest rate changes</b>	<p>To the extent that the Target Fund invests directly or indirectly in Interest-bearing Securities, it is exposed to interest-rate risk. If market interest rates rise, the value of the Interest-bearing assets held by the Target Fund may decline substantially. This applies to an even greater degree if the Target Fund also holds Interest-bearing Securities with a longer time to maturity and a lower nominal interest rate.</p>
<b>Risk of settlement default</b>	<p>The issuer of a security directly or indirectly held by the Target Fund or the debtor of a claim belonging to the Target Fund may become insolvent. This could cause those assets of the Target Fund becoming economically worthless.</p>
<b>Specific risks of Asset-Backed Securities (ABS) and Mortgage-Backed Securities (MBS)</b>	<p>The income, performance, and/or capital repayment amounts of ABS and MBS are linked to the income, performance, liquidity and credit rating of the respective economically or legally underlying or covering pool of reference assets (e.g. receivables, securities and/or credit derivatives), as well as the individual assets included in the pool or their issuers. If the performance of the assets in the pool turns out unfavourably for investors, depending on the form of the ABS or MBS, those investors may suffer losses up to and including total loss of invested capital.</p> <p>ABS and MBS may be issued either by a company formed for this purpose (special-purpose vehicle) or without the use of such a special-purpose vehicle. Special-purpose vehicles used to issue ABS or MBS normally do not engage in any other business aside from issuing ABS or MBS; the pool underlying the ABS or MBS, which also often consists of non-fungible assets, normally represents the only assets of the special-purpose vehicle or the only assets from which the ABS and MBS are to be serviced. If ABS or MBS are issued without the use of a special-purpose vehicle, there is the risk that the liability of the issuer will be limited to the assets included in the pool. The principal risks to be mentioned in respect of the assets included in the pool are concentration risk, liquidity risk, interest-rate risk, creditworthiness risk, company-specific risk, general market risk, risk of default and counterparty risk.</p> <p>Whether issued with or without the use of a special-purpose vehicle, the ABS and MBS investment instrument further entails the general risks of an investment in bonds and derivatives, in particular interest-rate risk, creditworthiness risk,</p>



<b>SPECIFIC RISKS OF THE TARGET FUND</b>	
	company-specific risk, general market risk, risk of default, counterparty risk and liquidity risk.
<b>Specific risks of investing in High-Yield Investments</b>	High-Yield Investments means Interest-bearing investments that are either rated non-investment grade by a recognised rating agency or are not rated at all, but that would presumably receive a rating of non-investment grade if they were rated. Such investments are subject to the same general risks of this investment class, but the level of risk is greater. In particular, such investments are normally associated with increased creditworthiness risk, risk of interest rate changes, general market risk, company-specific risk and liquidity risk.
<b>Risk relating to distribution out of capital</b>	The Company may launch share classes whose distribution policy deviates from the regular distribution policy and therefore may provide for distributions out of capital in accordance with Article 31 of the Law. The payment of distributions out of capital represents a return or withdrawal of part of the amount the investors originally invested and/or capital gains attributable to the original investment. Investors should be aware that any distributions involving payment of distributions out of the Target Fund's capital may result in an immediate decrease in the net asset value per share and may reduce the capital available for the Target Fund for future investment and capital growth.

# DEALING INFORMATION

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

If you are intending to invest in a Class other than MYR Class and MYR Hedged-class, you are required to have a foreign currency account with any Financial Institutions as all transactions relating to the particular foreign currency will ONLY be made via telegraphic transfers.

## WHO IS ELIGIBLE TO INVEST?

- You must be a Sophisticated Investor in order to invest in this Fund. Please refer to the “Glossary” chapter of this Information Memorandum for the details.

## 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 documentations before we process the purchase application.

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

## 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. Payment must be made in the currency of the Class which you intend to invest into. 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”), the pricing of Units will be created in the following manner:

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

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

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

- Please note that if you are a US Person, you are not eligible to subscribe to the Units of the Fund. If we become aware that you are a US Person who holds Units of the Fund, we will issue a notice requiring you to:-
  - withdraw your Units of the Funds; or
  - transfer your Units to a non-US Person;
 within thirty (30) days from the date of the said notice.

#### HOW TO REPURCHASE UNITS?

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

<b>USD Class</b>	<b>MYR Class</b>	<b>MYR Hedged-class</b>	<b>SGD Hedged-class</b>	<b>AUD Hedged-class</b>	<b>GBP Hedged-class</b>	<b>EUR Hedged-class</b>
10,000 Units	20,000 Units	20,000 Units	10,000 Units	10,000 Units	10,000 Units	10,000 Units

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

We may, with the consent of the Trustee, reserve the right to defer your repurchase request if such transaction would adversely affect the Fund or the interest of the Unit Holders of the Fund.

- You may submit the repurchase request by completing a transaction form and returning it to us between 8.45 a.m. to 3.30 p.m. on a Business Day.
- In the transaction form, you may choose to receive the repurchase proceeds in the manner of a cheque (for MYR Class and MYR Hedged-class only) or bank transfer (for all Classes). If cheque is your option, we will issue the cheque in your name. If bank transfer is your option, proceeds will be transferred to your bank account. Where Units are held jointly, payment will be made to the person whose name appears first in the register of Unit Holders.
- Any incurred bank charges and other bank fees due to a withdrawal by 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”), the pricing of Units will be repurchased in the following manner:

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

Any repurchase request received after 3.30p.m. will be transacted on the next Business Day (or “T + 1 day”).

- Processing is subject to receipt of a complete transaction form and such other documents as may be required by us.

**WHAT IS THE REPURCHASE PROCEEDS PAYOUT PERIOD?**

- You will be paid within fourteen (14) days from the day the repurchase request is received by us, provided that all documentations are completed and verifiable.

**WHAT IS THE PRICING OF UNITS?**

- The Selling Price and the Repurchase Price are equivalent to the NAV per Unit. Any applicable Sales Charge and Repurchase Charge are payable separately from the Selling Price and Repurchase Price.
- During initial offer period, the Selling Price and the Repurchase Price for EUR Hedged-class is equivalent to the initial offer price of the Class and thereafter, the NAV per Unit of the Class.
- Forward Pricing will be used to determine the Selling Price and the Repurchase Price of the respective Class after the initial offer period, i.e. the NAV per Unit of each Class as at the next valuation point after we receive the purchase request or repurchase request.

**WHERE TO PURCHASE AND REPURCHASE UNITS?**

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

**WHAT IS COOLING-OFF RIGHT?**

- 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 of the particular Class, 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 are investing in any of our funds for the first time. However, if you are a staff of AHAM or a person registered with a body approved by the SC to deal in unit trusts, you are not entitled to this right.

**WHAT ARE THE SWITCHING OPTIONS?**

You are able to switch:

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

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

USD Class	MYR Class	MYR Hedged-class	SGD Hedged-class	AUD Hedged-class	GBP Hedged-class	EUR Hedged-class
10,000 Units	20,000 Units	20,000 Units	10,000 Units	10,000 Units	10,000 Units	10,000 Units

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

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

The process of the switching application is as below:

➤ **Switching between Classes of the Fund**

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

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

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

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

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

**CAN I TRANSFER MY UNITS TO ANOTHER PERSON?**

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

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

Please note that the person who is in receipt of the Units must be a Sophisticated Investor as well.

## HOW DO I RECEIVE THE INCOME DISTRIBUTION?

- Income distribution, if any, will be paid out in the currencies which the Classes are denominated. You have the option to receive the income distribution in cash payment or additional Units (by way of reinvestment) by ticking the appropriate column in the application form. All distribution will be automatically reinvested into additional Units in the Fund if you do not select the mode of distribution in the application form.

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

### Cash Payment Process

Income distribution by way of cash payment will be paid via telegraphic transfer. Income will be transferred to your bank account within seven (7) Business Days after the distribution date.

### Reinvestment Process

We will create the Units based on the NAV per Unit of the Class at the income payment date which is two (2) Business Days after the distribution date. There will not be any additional cost for reinvestments of those additional Units, i.e. no Sales Charge will be imposed on such transaction.

# RELATED PARTIES TO THE FUND

## ABOUT THE MANAGER - AHAM

AHAM was incorporated in Malaysia on 2 May 1997 and began 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 offers a wide range of products, comprising conventional equity, balanced, bond, money market, capital guaranteed, capital protected, global, structured and feeder funds, as well as Shariah-compliant equity, Islamic money market and Islamic fixed income funds.

### **Our Role as the Manager**

We are 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.

### **Our Investment Team**

Our investment team comprises a group of portfolio managers who possess the necessary expertise and experience to undertake the fund management of its unit trust funds. The investment team will meet at least once a week or more should the need arise. The designated fund manager of the Fund is:-

### **Ms Esther Teo Keet Ying**

*Head, Fixed Income Investment*

Ms. Esther Teo is the head of fixed income investment. Prior to joining AHAM, Ms. Esther Teo was a portfolio manager with HwangDBS Asset Management and was responsible for managing fixed income investment of corporate clients and unit trust funds. Prior to this, she was attached with the fixed income division of RHB Asset Management Sdn. Bhd. covering both institutional and unit trust mandates for three (3) years. She began her career in KPMG Malaysia in 1999 as a consultant in financial advisory services specializing in corporate debt restructuring and recovery. Ms. Esther graduated from the University of Melbourne, Australia with a Bachelor of Commerce majoring in Accounting and Finance. She has also obtained her licence from the SC since 29 April 2004 to act as a fund manager.

## ABOUT THE TRUSTEE

The Trustee is part of TMF Group, an independent global service provider in the trust & fiduciary sector. The group has more than 125 offices in 80 jurisdictions in the world. The Trustee started in Malaysia in 1992 with its first office in Labuan International Business Financial Centre (IBFC), providing trust and fiduciary services. The Kuala Lumpur office was established in 2003 to support the Labuan office in servicing Malaysian clients and to undertake domestic trust business.

### **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 and duties, the Trustee has to exercise all due care and vigilance and is required to act in accordance with the provisions of the Deed, all relevant laws and the Guidelines. Apart from being the legal owner of the Fund’s assets, the Trustee is also responsible for ensuring that the Manager performs its duties and obligations in accordance with the provisions of the Deed, all relevant laws and the Guidelines.

# RELEVANT INFORMATION

## SALIENT TERM OF THE DEED

### Your Rights and Liabilities

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

- (a) To receive the distributions of income (if any), to participate in any increase in the value of the Units and to enjoy such other rights and privileges as are provided for in the Deed;
- (b) To call for Unit Holders' meetings, and to vote for the removal of the Trustee or the Manager through a Special Resolution; and
- (c) To receive quarterly and annual reports.

However, you would not have the right to require the transfer to you of any of the assets of the Fund. Neither would you 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 the registered owner of such assets.

You are not liable to the followings:-

- (a) For any amount in excess of the purchase price paid for the Units as determined in accordance to the Deed at the time the Units were purchased and any charges payable in relation thereto;
- (b) For any obligation to indemnify the Manager and/or the Trustee in the event that the liabilities incurred by the Manager and/or the Trustee in the name of or on behalf of the Fund pursuant to and/or in the performance of the provisions of the Deed exceed the value of the assets of the Fund and any right of indemnity of the Manager and/or the Trustee shall be limited to recourse to the Fund.

### Provisions Regarding Unit Holders' Meetings

#### *Quorum Required for Convening a Unit Holders' Meeting*

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

#### *Unit Holders' Meeting convened by the 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), whichever is less, of all the Unit Holders of the Fund or of a particular Class of Units, as the case may be, summon a meeting of the Unit Holders of the Fund or of that Class of Units 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 or Unit Holders of a particular Class of Units, as the case may be; and
- (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.

The Unit Holders may direct 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 a direction has been received from not less than fifty (50) or one-tenth (1/10), whichever is less, of all the Unit Holders of the Fund or the Unit Holders of a particular Class of Units.

#### *Unit Holders' Meeting convened by the Manager or Trustee*

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

The Trustee shall summon a Unit Holders' meeting where:

- (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 Deed or contravened any of the provisions of the Act.

The Trustee may also summon a Unit Holders' meeting for any purpose including, without limitation, 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 Clause 6.9.1 of the Deed; and
- (e) deciding on the reasonableness of the annual management fee charged to the Fund or each Class of Units.

Unless otherwise required or allowed by the relevant laws, a meeting of the Unit Holders summoned by the Trustee pursuant to the aforesaid 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**

The Fund may be terminated or wound up subject to a Special Resolution being passed at a Unit Holders' meeting to terminate or wind up the Fund.

#### **Termination of a Class of Units**

The Manager may terminate a particular Class of Units via the passing of a Special Resolution by the Unit Holders of such Class of Units at a meeting of such Unit Holders, and subject to and in accordance with the relevant laws. The Manager may only terminate a particular Class of Units if the termination of that Class of Units does not prejudice the interests of Unit Holders of any other Class of Units. For the avoidance of doubt, the termination of a Class of Units shall not affect the continuity of any other Class of Units of the Fund.

#### **Procedures to be taken to increase the Fees and Charges from the current amount stipulated in the Information Memorandum**

We may not charge a Sales Charge and/or Repurchase Charge (if any) at a rate higher than that disclosed in a prevailing information memorandum unless:-

- (a) we have notified the Trustee in writing of the higher charge and the effective date for the higher charge; and
- (b) a supplemental/replacement information memorandum in respect of the Fund setting out the higher charge is issued.

We or the Trustee may not charge an annual management fee and/or an annual trustee fee at a rate higher than that disclosed in a prevailing information memorandum unless:

- (a) both the Trustee and the Manager have come to an agreement on the higher rate;
- (b) we have notified the Unit Holders of the higher rate and the date on which such higher rate is to become effective; and
- (c) a supplemental/replacement information memorandum stating the higher rate is issued thereafter.

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

## 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 USD 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

## POLICY ON GEARING AND MINIMUM LIQUID ASSETS REQUIREMENTS

The Fund is not permitted to borrow cash or other assets (including the borrowing of securities within the meaning of the SC's Securities Borrowing and Lending Guidelines [SBL Guidelines]) in connection with its activities.

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.

## **UNCLAIMED MONIES**

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.

# INVESTORS INFORMATION

## 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). The daily prices are based on information available one (1) Business Day prior to publication.

We will provide you with an annual report and a quarterly 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.

## 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 8.45 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).

## 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 failed 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.

## DIRECTORY OF SALES OFFICE

### HEAD OFFICE

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

### PENANG

No. 10-C-23 & 10-C-24, Precinct 10  
Jalan Tanjung Tokong  
10470 Penang  
Tel : 04 – 899 8022  
Fax : 04 – 899 1916

### PERAK

13A Persiaran Greentown 7  
Greentown Business Centre  
30450 Ipoh, Perak  
Tel: 05 - 241 0668  
Fax: 05 – 255 9696

### JOHOR

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

### MELAKA

Ground Floor  
No. 584 Jalan Merdeka  
Taman Melaka Raya  
75000 Melaka  
Tel: 06 -281 2890  
Fax: 06 -281 2937

### SABAH

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

### SARAWAK

Ground Floor, No. 69  
Block 10, Jalan Laksamana Cheng Ho  
93200 Kuching, Sarawak  
Tel : 082 – 233 320  
Fax : 082 – 233 663

1<sup>st</sup> Floor, Lot 1291  
Jalan Melayu, MCLD  
98000 Miri, Sarawak  
Tel : 085 - 418 403  
Fax : 085 – 418 372

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