

INFORMATION MEMORANDUM FOR THE AFFIN HWANG ABSOLUTE RETURN FUND III

**Manager : Affin Hwang Asset Management Berhad
(formerly known as Hwang Investment Management
Berhad) (429786-T)**

Trustee : TMF Trustees Malaysia Berhad (610812-W)

This Information Memorandum is dated 6th April 2015.

The Affin Hwang Absolute Return Fund III was constituted on 18th November 2014*.

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

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THE INFORMATION MEMORANDUM AND OBTAIN PROFESSIONAL ADVICE BEFORE SUBSCRIBING TO THE FUND. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY QUALIFIED INVESTORS SEE “RISK FACTORS” COMMENCING ON PAGE 14.

This Information Memorandum has been seen and approved by the directors of Affin Hwang Asset Management Berhad (formerly known as Hwang Investment 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.

The Securities Commission Malaysia has authorized the Fund, which is the subject of this Information Memorandum, and the authorization shall not be taken to indicate that the Securities Commission Malaysia recommends the investment.

The Securities Commission Malaysia will not be liable for any non-disclosure on the part of Affin Hwang Asset Management Berhad (formerly known as Hwang Investment Management Berhad) and takes no responsibility for the contents of the 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.

INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, INVESTORS WHO ARE IN DOUBT ON THE ACTION TO BE TAKEN SHOULD CONSULT PROFESSIONAL ADVISERS IMMEDIATELY.

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

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

THIS INFORMATION MEMORANDUM IN RESPECT OF THE AFFIN HWANG ABSOLUTE RETURN FUND III REPLACES AND SUPERSEDES THE INFORMATION MEMORANDUM DATED 18 NOVEMBER 2014 IN RESPECT OF THE FUND.

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1. CORPORATE DIRECTORY

The Manager

Affin Hwang Asset Management Berhad
(formerly known as Hwang Investment Management Berhad) (429786-T)

Registered Office

27th Floor, Menara Boustead
69 Jalan Raja Chulan
50200 Kuala Lumpur

Business Address

Suite 11-01, 11th Floor

Menara Keck Seng

203 Jalan Bukit Bintang

55100 Kuala Lumpur

Tel No.: (603) 2116 6000

Fax No.: (603) 2116 6100

Toll free line: 1-800-88-7080

E-mail: customercare@affinhwangam.com

Website: www.affinhwangam.com

Board of Directors of the Manager

- Tan Sri Dato' Seri Che Lodin Bin Wok Kamaruddin
- Mr Teng Chee Wai
- Mr Blair Chilton Pickerell
- Puan Maimoonah Binti Mohamed Hussain
- En. Abd Malik Bin A Rahman (Independent Director)
- YBhg Mej Jen Dato' Haji Latip bin Ismail (Independent Director)
- Ms Seet Oon Hui Eleanor (Alternate Director to Mr Blair Chilton Pickerell)

Audit Committee Members

- YBhg Mej Jen Dato' Hj Latip bin Ismail (Chairman, Independent member)
- En. Abd Malik bin A Rahman (Independent member)
- Mr Blair Chilton Pickerell (Non-independent member)

Manager's Delegate

(fund valuation & accounting function)

TMF Trustees Malaysia Berhad (610812-w)

10th Floor, Menara Hap Seng

No. 1 & 3, Jalan P. Ramlee

50250 Kuala Lumpur

Tel No.: (603) 2382 4288

Fax No.: (603) 2026 1451

The Trustee

TMF Trustees Malaysia Berhad (610812-w)

Registered & Business Address

10th 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 and Foreign Custodian)

Standard Chartered Bank Malaysia Berhad (312552-W)

Business Address

Level 16, Menara Standard Chartered

30 Jalan Sultan Ismail

50250 Kuala Lumpur

Company Secretary

Azizah Shukor (LS0008845)

27th Floor Menara Boustead

69 Jalan Raja Chulan

50200 Kuala Lumpur

Tax Adviser

Deloitte Tax Services Sdn. Bhd.

Level 16, Menara LGB

1 Jalan Wan Kadir

Taman Tun Dr Ismail

60000 Kuala Lumpur

Auditor

PricewaterhouseCoopers

Level 10, 1 Sentral, Jalan Travers, KL Sentral

P.O. Box 10192

50706 Kuala Lumpur

Banker

HSBC Bank (M) Berhad

Head Office

2, Leboh Ampang

50100 Kuala Lumpur

Solicitors

Messrs. Soon Gan Dion & Partners

1st Floor, No. 73, Jalan SS 21/1A

Damansara Utama

47400 Petaling Jaya

FiMM

Federation of Investment Managers Malaysia

19-07-3, 7th Floor, PNB Damansara

19, Lorong Dungun, Damansara Heights

50490 Kuala Lumpur

Tel No.: (603) 2093 2600

Fax No.: (603) 2093 2700

Email: info@fimm.com.my

Website: www.fimm.com.my

Agents

Registered unit trust consultants and other approved Institutional Unit Trust Advisers (as and when appointed) of the Manager.

2. GLOSSARY

the Act or CMSA 2007	Means the Capital Markets and Services Act 2007 as originally enacted and amended or modified from time to time.
Board	The Board of Directors of Affin Hwang Asset Management Berhad (formerly known as Hwang Investment Management Berhad).
Bursa Malaysia	Means the stock exchange managed and operated by Bursa Malaysia Securities Berhad including such other name as it may be changed to from time to time.
Business Day	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.
Commencement Date	Means the date of this Information Memorandum and is the date on which sales of Units of the Fund is first made. The Commencement Date is also the date of constitution of the Fund.
Cooling – off Period	<p>Refers to a period where the Unit Holders are entitled to exercise their Cooling-off Rights.</p> <p>This period is six (6) Business Days from the date the purchase request is received by the Manager.</p>
Cooling – off Right	<p>A Cooling-off Right refers to the right of the Unit Holder to obtain a refund of his investment in the Fund if the Unit Holder so requests within the Cooling-off Period. This right is available if you are investing in any funds managed by the Manager for the first time. This right is not applicable to you if you are:</p> <ul style="list-style-type: none">i. A corporation or institution;ii. A staff of the Manager; andiii. Persons registered with a body approved by the SC to deal in unit trusts. <p>The Unit Holder shall be refunded within ten (10) days from receipt of the cooling-off application.</p>
Debenture	It includes debenture stock, bond notes and any other evidence of indebtedness of a corporation for borrowed moneys, whether or not constituting a charge on the assets of the corporation as per the definition in the Act.
Deed(s)	Refers to the Deed dated 7 November 2014 entered into between the Manager and the Trustee and includes any subsequent amendments and variations to the Deed.
FiMM	Means the Federation of Investment Managers Malaysia.
Financial Institution	Means (a) if the institution is in Malaysia – <ul style="list-style-type: none">(i) a licensed bank;(ii) a licensed investment bank; or(iii) a licensed Islamic bank; (b) if the institution is outside Malaysia, any institution that is licensed, registered, approved or authorised by the relevant

banking regulator to provide financial services.

Forward Pricing	Means the price of a Unit that is the Net Asset Value per Unit calculated at the next valuation point after a purchase or repurchase request, as the case may be, is received by the Manager.
Fund	Refers to Affin Hwang Absolute Return Fund III.
Guidelines	<i>Guidelines on Wholesale Funds</i> issued by the SC and as amended from time to time.
GST	Refers to the tax levied on goods and services pursuant to the Goods and Services Tax Act 2014.
High Water Mark or HWM	Means the NAV per Unit that forms the basis of calculating and determining the Hurdle Value for a Performance Period. At launch, the HWM will be the initial offer price and thereafter, will be the closing NAV per Unit on the last Business Day of the preceding Performance Period or the previous HWM of the preceding Performance Period, whichever is higher. Further explanation and illustration are found in <i>Section 6.6</i> of this Info Memo.
Hurdle Value	Means the minimum value that needs to be achieved before the Manager is eligible for a performance fee. The Hurdle Value is calculated by adding 8.0% to the HWM and is determined at the beginning of each Performance Period. Further explanation and illustration are found in <i>Section 6.6</i> of this Info Memo.
Information Memorandum or Info Memo or IM	Means this offer document in respect of this Fund.
Islamic bank	Means a bank licensed under Islamic Financial Services Act 2013.
Institutional Unit Trust Advisers	Means institutional unit trust adviser, which is an institution, a corporation or an organisation that is registered with the FiMM to market and distribute unit trust funds.
licensed bank	Means a bank licensed under Financial Services Act 2013.
licensed investment bank	Means an investment bank licensed under Financial Services Act 2013.
long-term	Means a period of five (5) years or more.
the Manager	Refers to Affin Hwang Asset Management Berhad (formerly known as Hwang Investment Management Berhad).
medium-term	Means a period of between three (3) to five (5) years.
Net Asset Value / NAV	Determined by deducting the value of all the Fund's liabilities from the value of all the Fund's assets, at the valuation point. For the purpose of computing the annual management fee and the annual trustee fee, the NAV of the Fund should be inclusive (that is, before any deduction) of the management fee and the trustee fee for the relevant day.
NAV per Unit	Means the NAV of the Fund at a particular point divided by the number of Units in Circulation at the same valuation point.
Performance Period	Means a period of 12 months beginning from 1 July to 30 June every year to coincide with the start and the end of the Fund's financial year. However, the Fund's financial year may be more or less than 12 months in the first year, depending on when the fund is launched.

The Manager only calculates the performance fee on a Business Day.

Repurchase Charge

Means a charge imposed pursuant to the Unit Holder's request for repurchase of Units of the Fund.

Qualified Investors

Refers to –

- (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;
- (2) an individual who has a gross annual income exceeding RM300,000.00 or its equivalent in foreign currencies per annum in the preceding twelve months;
- (3) an individual who, jointly with his or her spouse, has a gross annual income exceeding RM400,000.00 or its equivalent in foreign currencies in the preceding twelve months;
- (4) a corporation with total net assets exceeding RM10 million or its equivalent in foreign currencies based on the last audited accounts;
- (5) a partnership with total net assets exceeding RM10 million or its equivalent in foreign currencies;
- (6) a unit trust scheme or prescribed investment scheme;
- (7) a private retirement scheme;
- (8) a closed-end fund;
- (9) a company that is registered as a trust company under the Trust Companies Act 1949 [Act 100] which has assets under management exceeding RM10 million or its equivalent in foreign currencies;
- (10) a corporation that is a public company under the Companies Act 1965 [Act 125] 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;
- (11) a statutory body established by an Act of Parliament or an enactment of any State;
- (12) a pension fund approved by the Director General of Inland Revenue under section 150 of the Income Tax Act 1967 [Act 53];
- (13) a holder of a capital markets services licence;
- (14) a licensed institution;
- (15) an Islamic bank;
- (16) an insurance company licensed under the Financial Services Act 2013;
- (17) a takaful operator registered under the Islamic Financial Services Act 2013;
- (18) a bank licensee or insurance licensee as defined under the Labuan Financial Services and Securities Act 2010 [Act 704]; and
- (19) an Islamic bank licensee or takaful licensee as defined under the Labuan Islamic Financial Services and Securities Act 2010 [Act 705].

Repurchase Price

Means the Net Asset Value per Unit 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.

RM

Means Ringgit Malaysia.

SC	Means the Securities Commission Malaysia established under the Securities Commission Act 1993.
Sales Charge	Means a charge imposed pursuant to the Unit Holder's purchase request.
Selling Price	Means the Net Asset Value 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.
Special Resolution	<p>Means a resolution passed by a majority of not less than three quarter ($\frac{3}{4}$) of Unit Holders voting at a meeting of the Unit Holders.</p> <p><i>For the purpose of terminating or winding up the Fund, a Special Resolution is passed by a majority in number representing at least three quarter ($\frac{3}{4}$) of the value of Units held by the Unit Holders voting at the meeting in person or by proxy.</i></p>
Trustee	Refers to TMF Trustees Malaysia Berhad.
Unit or Units	It is a measurement of the right or interest of a Unit Holder and includes a fraction of a Unit.
Units in Circulation	<p>Means Units created and fully paid for and which has not been cancelled.</p> <p><i>It is also the total number of Units issued at a particular valuation point.</i></p>
Unit Holder	Refers to the person registered for the time being as the holder of Units of the Fund including persons jointly registered.

3. KEY DATA

THIS SECTION IS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT THE FUND, INVESTORS SHOULD READ AND UNDERSTAND THE WHOLE INFORMATION MEMORANDUM, BEFORE MAKING ANY INVESTMENT DECISIONS.

Fund Information		Page										
The Fund	Affin Hwang Absolute Return Fund III											
Fund Category	Mixed Asset (Wholesale)											
Fund Type	Growth											
Base Currency	Ringgit Malaysia											
Financial Year End	30 June											
Qualification for Investment	This Fund is only open to Qualified Investors											
Investment Objective	<p>The Fund seeks to provide Unit Holders with long-term capital appreciation.</p> <p><i>Note: Any material change to the Fund's investment objective would require Unit Holders' approval.</i></p>	18										
Asset Allocation	<p>The Fund asset allocation range is as follows:-</p> <table border="1" data-bbox="568 1003 1294 1469"> <thead> <tr> <th data-bbox="568 1003 987 1059">Asset Class</th> <th data-bbox="987 1003 1294 1059">% of NAV of the Fund</th> </tr> </thead> <tbody> <tr> <td data-bbox="568 1059 987 1155">Equity & Equity-linked notes</td> <td data-bbox="987 1059 1294 1155">0% to 100%</td> </tr> <tr> <td data-bbox="568 1155 987 1261">Fixed income instruments*</td> <td data-bbox="987 1155 1294 1261">0% to 100%</td> </tr> <tr> <td data-bbox="568 1261 987 1366">Money market instruments and fixed deposits with Financial Institutions</td> <td data-bbox="987 1261 1294 1366">0% to 100%</td> </tr> <tr> <td data-bbox="568 1366 987 1469">Collective investment schemes</td> <td data-bbox="987 1366 1294 1469">0% - 100%</td> </tr> </tbody> </table> <p>*As stated under section 5.4, item (c), (d) and (f) of the permitted investment.</p> <p><i>The Manager will also maintain a sufficient level of cash or cash equivalent for liquidity purposes.</i></p>	Asset Class	% of NAV of the Fund	Equity & Equity-linked notes	0% to 100%	Fixed income instruments*	0% to 100%	Money market instruments and fixed deposits with Financial Institutions	0% to 100%	Collective investment schemes	0% - 100%	18
Asset Class	% of NAV of the Fund											
Equity & Equity-linked notes	0% to 100%											
Fixed income instruments*	0% to 100%											
Money market instruments and fixed deposits with Financial Institutions	0% to 100%											
Collective investment schemes	0% - 100%											
Performance Benchmark	<p>8.0% per annum</p> <p><i>Please refer to Section 5.1 for further details.</i></p>	18										
Investment Strategy	<p>To meet the Fund's objective, the Fund will adopt a tactical asset allocation strategy of investing in a portfolio where the Fund may invest up to 100% of the Fund's NAV in equities, equity-linked notes, fixed income instruments, collective investment schemes or money market instruments and fixed deposits with Financial Institutions. At any one time, the asset mix may also comprise all asset classes.</p> <p>The Manager may invest in collective investment schemes that has similar investment objective to the Fund's investment objective. The value of the Fund's investments in units/shares of any single collective investment scheme will not exceed 25% of the Fund's NAV.</p>	18-19										

	<i>Please refer to Section 5.3 for further details.</i>	
Investors' Profile	Suitable for investors who: <ul style="list-style-type: none"> • seek potential capital growth for their investments; • have medium-term to long-term investment horizon; and • have a medium to high risk tolerance. 	18
Specific Risks of Investing in the Fund	<ul style="list-style-type: none"> • Equity investment risk • Equity-linked notes risk • Credit/default risk • Concentration risk • Interest rate risk • Counterparty risk • Currency risk • Country risk • Tactical asset allocation fund risk 	14-15
Fees and Charges		
<i>This table describes the charges that you may incur directly when you buy or sell Units of the Fund.</i>		
Sales Charge	Maximum of 2.00% on the NAV per Unit of the Fund.	23
Repurchase Charge	There will be a maximum charge of 1.00%* of the NAV per Unit imposed on any repurchase of Units of the Fund within six (6) months from the date of investment by the Unit Holders. However, there will be no charges imposed on any repurchase of Units of the Fund after six (6) months from the date of investment by the Unit Holders. <i>*Investors may negotiate for a lower repurchase charge.</i> <i>Note: the exercise of a Cooling-off Right is not considered a repurchase request and no repurchase charge shall be imposed.</i>	
Switching Fee	The fee charged, if any, shall be equivalent to the Repurchase Charge and this is only applicable within six (6) months from the date of investment by the Unit Holder.	
Transfer Fee	RM5.00 per transfer.	
<i>This table describes the fees and expenses that you may incur indirectly when you invest in the Fund.</i>		
Annual Management Fee	Up to 1.50% per annum of the NAV of the Fund.	23-27
Performance Fee	The Manager will earn a 20% performance fee on the appreciation in the NAV per Unit over and above the Hurdle Value during a Performance Period. However, in the interest of investors, the Manager imposes a Hurdle Value, which is HWM plus 8.0%, in which the Fund's performance have to exceed before the Manager is eligible for a performance fee. <i>Please refer to Section 6.6 for further details.</i>	
Annual Trustee Fee	Up to 0.055% per annum of the NAV of the Fund, subject to a minimum fee of RM12,000 per annum (excluding foreign custodian fees and charges).	
Fund Expenses	These include: <ul style="list-style-type: none"> • Commissions or fees paid to brokers in effecting dealings in the investments of the Fund, shown on the contract notes or confirmation 	

	<p>notes;</p> <ul style="list-style-type: none"> • (where the custodial function is delegated by the Trustee for the custody of foreign investments) charges or fees paid to foreign sub-custodians; • Tax and other duties charged on the Fund by the government and/or other authorities; • Costs, fee and other expenses properly incurred by the auditor appointed for the Fund; • Costs, fees and expenses incurred for the valuation of any investments of the Fund by independent valuers for the benefit of the Fund; • Costs, fees and expenses incurred for any modification of the Deed save where such modification is for the benefit of the Manager and/or the Trustee; • Costs, fees and expenses incurred for any meeting of the Unit Holders save where such meeting is convened for the benefit of the Manager and/or Trustee; and • Other fees and expenses related to the Fund. 	
Transaction Details		
Minimum Initial Investment ⁺	RM30,000	31
Minimum Units Held ⁺	60,000 Units	
Minimum Additional Investment ⁺	RM10,000	
Repurchase Frequency and Minimum Units Redeemed	<p>There is no limit in frequency of repurchase and minimum repurchase amount for each repurchase application. If the repurchase request leaves a Unit Holder with less than 60,000 Units (minimum holdings) or such other amount as may be determined by the Manager, the Unit Holder may be required to make an application for the Manager to repurchase all the Unit Holder's holding in the Fund.</p> <p>The Manager in consultation with the Trustee reserves the right to defer any repurchase requests if such request would adversely affect the Fund or the interest of existing Unit Holders.</p>	32
Period of Payment of Repurchase Proceeds	Within ten (10) calendar days from the day the repurchase request is received by the Manager.	31
Cooling-off Period	Within six (6) Business Days from the day the initial application of Units is received by the Manager.	32
Transfer Facility	<p>Unit Holders are permitted to transfer their Units at any point in time by completing the transfer application form (Form A) and returning it to the Manager on any Business Day. The transfer must be made in terms of Units and not in RM value.</p> <p>There is no minimum amount for each transfer, however, Unit Holders who are affecting the transfer must maintain at least 60,000 Units in the Fund (the minimum holdings requirement) after the transfer is effected to remain as a Unit Holder of the Fund.</p>	32
Switching Facility	Unit Holders are allowed to switch to any another funds managed by the	32

⁺ subject to the Manager's discretion, the investor may negotiate for a lower amount or value.

	Manager. The minimum amount per switch is 60,000 Units or such other amount as may be determined by the Manager from time to time.	
Distribution Policy		
Distribution Policy	The Fund is not expected to make distribution. However, incidental distribution may be declared whenever is appropriate.	22
Other Information		
Manager's designated representative for the Fund	David Ng Kong Cheong	38
The Trustee	TMF Trustees Malaysia Berhad	39

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

For information concerning certain risk factors which should be considered by you, see "Risk Factors" commencing on page 14.

You should read and understand the contents of the Information Memorandum and, if necessary, should consult professional adviser(s).

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 THE INFORMATION MEMORANDUM ARE EXCLUSIVE OF GST. FROM 1 APRIL 2015 ONWARDS, WE OR THE FUND WILL CHARGE GST AT THE RATE OF 6% ON THE ABOVEMENTIONED FEES, CHARGES AND EXPENSES IN ACCORDANCE WITH THE GOODS AND SERVICES TAX ACT 2014.

4. RISK FACTORS

This section of the Information Memorandum provides you with information on the general risks involved when investing in the Fund and the specific risks associated with the assets that the Fund will be investing in.

4.1 General Risks

- **Fund manager risk** – The performance of the Fund depends on the experience, expertise and ability of the Manager to generate returns. Lack of any of the above mentioned may adversely affect the performance of the Fund.
- **Liquidity risk** – Liquidity risk refers to two scenarios. The first is where an investment cannot be sold due to unavailability of a buyer for that investment. The second scenario exists where the investment, by its nature, is thinly traded. This will have the effect of causing the investment to be sold at an unfavourable price.
- **Inflation risk** – Inflation risk is the risk of loss in the purchasing power of your investment due to general increase of consumer prices. Inflation erodes the nominal rate of your return giving you a lower real rate of return. Inflation is thus one of the major risks to you and results in uncertainty over the future value of investments. You are advised to take note that this Fund is not constituted with the objective of matching the inflation rate of Malaysia. The Fund has a specified objective that it seeks to achieve without having regard to the inflation rate. If your investment objective is to match the inflation rate (so as not to lose your purchasing power over time), this Fund may not be suitable for you.
- **Loan financing risk** – If you intend to purchase Units of this Fund by means of borrowed/ financed monies and pledging those Units as collateral for the borrowed/ financed monies, you should be aware that if the NAV attributable to the Units falls below the borrowed/ financed amount, the lender may require you to provide additional forms of collateral. You should be aware that the cost of borrowing may rise if the interest rates move up especially if your borrowing is based on floating interest rates (i.e. not a fixed rate). Thus, the cost of borrowings may even be higher than any returns that you may eventually make from your investments in this Fund.
- **Risk of non-compliance** – This refers to the risk where the Manager does not comply with the applicable rules, laws, regulations or the Deed. Although not every non-compliance will necessarily result in some losses to the Fund, there is always a risk that losses may be suffered by the Fund. For instance, if the Manager is forced to dispose off any investments of the Fund at loss to resolve the non-compliance. Notwithstanding that, the Manager has imposed stringent internal compliance controls to mitigate this risk.
- **Operational risk** – This risk refers to the possibility of a breakdown in the Manager's internal controls and policies. The breakdown may be a result of human error, system failure or fraud where employees of the Manager collude with one another. This risk may cause monetary loss and/or inconvenience to you. The Manager will regularly review its internal policies and system capability to mitigate instances of this risk. Additionally, the Manager maintains a strict segregation of duties to mitigate instances of fraudulent practices amongst employees of the Manager.

4.2 Specific Risks

There are specific risks associated with the assets in which the Fund will invest. These include the following:-

- **Equity investment risk** – The buying and selling of equity carry a number of risks, the more important being the volatility of the capital markets on which those securities are traded and the general insolvency risk associated with the issuers of equities.

The value of an equity investment depends on the companies' growth and earnings potential, sound management, treatment of minority shareholders, as well as a myriad of other factors. Failure to

achieve the expected earnings would result in declining investment value which in turn affects the performance of the Fund. To mitigate the negative impact on the performance of the Fund, the Manager will employ stringent equity selection criteria which would effectively filter the stock components to equities which can provide capital gains to the Fund.

- **Equity-linked notes risk** – The pricing of the equity-linked notes will depend on the price movements of the underlying equities. Any change to the pricing of the underlying equities would either positively or negatively impact the value of the equity-linked notes hence impacting the NAV of the Fund. If, in the opinion of the Manager that the price movement of the underlying equities indicates a downward trend in pricing, the Manager may consider liquidating the equity-linked notes to mitigate potential losses that may arise.
- **Credit/default risk** – This risk concerns the issuers of fixed income instruments and money market instruments. The risk arises when the issuers of such instruments will not make timely payment of interest and/or principal amount. This may lead to default in the payment of interest and/or principal amount and ultimately the value of the Fund may be adversely affected. The management of credit risk is largely accounted for by the Manager’s management of issuer-specific risk. This refers to the emphasis on credit analysis conducted to determine issuer’s ability to service promised payments.
- **Concentration risk** – This risk arises because the Fund may have placement of fixed deposits with a single Financial Institution of not more than 50% of the Fund’s NAV, investments in money market instruments with any single issuer of not more than 50% of the Fund’s NAV, investments in equities with a single issuer of 100% of the Fund’s NAV and/or investments in OTC derivative transaction with any single counterparty of not more than 40% of the Fund’s NAV. The Fund is subject to the risks linked to the particular Financial Institution, issuer or counterparty. The risk may be in the form of credit risk, for example, when the particular Financial Institution, issuer or counterparty is not able to repay the interest and/or principal possibly due to its poor financial position. Therefore, should such risk happens, the Fund’s concentrated portfolio will cause the Fund’s overall value to decline to a greater degree than if the Fund was exposed to a less concentrated portfolio.
- **Interest rate risk** – Fixed income instruments and money market instruments are subject to interest rate fluctuations. Generally, movement in interest rates affects the prices inversely, for example, when interest rates rise, prices of the instruments will fall. The fluctuations of the prices of the instruments will also have an impact on the NAV of the Fund. This risk can largely be eliminated by holding the instruments until their maturity. The Manager also manages interest rate risk by considering each instrument’s sensitivity to interest rate changes. When interest rates are expected to increase, the Fund would then likely seek to switch to instruments with lower duration that are less sensitive to interest rate changes.
- **Counterparty risk** - Counterparty risk concerns the Fund’s investment in equity-linked notes and derivatives (“Investments”). Counterparty risk is prevalent as the potential returns derived from the Investments are dependent on the ongoing ability and willingness of the issuer i.e. a Financial Institution to fulfill their respective financial commitments to the Fund in a timely manner. Bankruptcy, fraud or regulatory non-compliance arising out of and/or in connection with the issuer may impair the operations and/or the performance of the Fund. However, stringent credit selection process of the issuer of the Investments by the Manager prior to commencement of Investments and monitoring mechanisms established by the Manager may potentially mitigate this risk. If, in the opinion of the Manager there is material adverse change to an issuer, the Manager may consider unwinding the issuer’s Investments to mitigate potential losses that may arise.
- **Currency risk** - Whilst the Fund is denominated in RM, investments denominated in foreign currencies will cause the Fund to be exposed to currency risks.

As a simple illustration, suppose a Fund intends to purchase a particular equity which is denominated in Singapore Dollar (SGD). Since the Fund is denominated in RM, in order to purchase the equity, the Fund would have to exchange RM for SGD at an exchange rate valued at the date of purchase. When

the Fund is valued, the Fund will take into account the currency movement between RM and the SGD in order to determine the value of the asset for that day. If the SGD is stronger than RM for that particular day, it would mean that the asset has appreciated in value, all else being equal. Hence, even if the equity price in SGD terms remains unchanged, the value of the same equity in RM terms would be higher given the appreciation of the SGD against RM. However in the event, the SGD is weaker than RM, it would mean that the equity purchased has depreciated in value upon translating the value of the same equity back into RM.

- **Country risk** - Since the investments for the Fund may consist of investments issued in various countries in addition to Malaysia, the foreign investment portion of the Fund may be affected by the risks specific to the countries in which it invests. Such risks include changes in a country's economic fundamentals, changes in social and political stability and foreign investment policies, which may have an adverse impact on the Fund's investments.
- **Tactical asset allocation fund risk** - This Fund is a tactical asset allocation fund where the strategies employed to shift the asset mix between equities and equity-linked notes, fixed income instruments or money market instruments and fixed deposits, depends on the prevailing market outlook. The Manager's investment decision pertaining to the asset allocation may adversely affect the Fund's performance if the assessment concluded by the Manager is not consistent with the market outlook.

4.3 Risk Management

In the Manager's day-to-day running of the business, the Manager employs a proactive risk management approach to manage portfolio risks and operational risks. The Board has established a risk management committee (RMC) to oversee the Manager's risk management activities both at operational level and at portfolio management level to ensure that the risk management process is in place and functioning. The RMC comprises of at least three Board members and is chaired by an independent director. At the executive level, the Manager has established a executive risk management committee (ERMC) to identify, evaluate and monitor risks as well as to formulate internal control measures to prevent the exposure to risks that may affect the performance of the Fund, returns of the Fund or Unit Holders' interest within a clearly defined framework and is primarily responsible for ensuring that the policies and procedures that have been implemented are reviewed on an on-going basis with periodic assessments. The ERMC reports to the RMC on a quarterly basis.

As part of its portfolio management process, the Manager engages a stringent screening process by conducting fundamental analysis of economic, political and social factors to evaluate their likely effects on the performance of the markets and sectors and any risks associated with them. Regular meetings are held to discuss investment themes and portfolio decisions taken at the meetings are then implemented according to the investment guidelines and risks tolerance, which also take into account requirements for minimum portfolio diversification across individual investment holdings, sectors, geographies and asset classes (based on the portfolio's objective and strategy) to mitigate risks. For investments in fixed income instruments, credit risks are evaluated by a credit committee. The Manager also practises prudent liquidity management with the objective to ensure that the Fund is able to meet its short term expenses including repurchase requests by the Unit Holders.

To manage compliance and regulatory risks, the Manager uses information technology system that is able to monitor the transactions to ensure compliance with the Fund's limits and restrictions. These limits are system-controlled and not manually tracked, thus reducing the probability of human error occurring in ensuring the Fund's limits and restrictions are adhered to. The Manager also undertakes stringent evaluation of movements in market prices and regularly monitors, reviews and reports to the investment committee to ensure that the Fund's investment objective is met. Regular portfolio reviews by senior members of the investment team further reduce the risk of implementation inconsistencies and Guidelines violations.

The Manager also employs a performance attribution system that enables the Manager to review the performance of the Fund to determine the key factors that have contributed and detracted from the Fund's performance. This system complements the Manager's overall risk management process as the system also provides standard risk analytics on the portfolio such as the Fund's standard deviation, tracking error and measures of excess return. The data produced by the performance attribution system is reviewed regularly

and at least on a monthly basis in meetings chaired by the managing director and participated by the portfolio managers and the performance evaluation team.

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

5. FUND DETAILS

5.1 General Information

Investment Objective

The Fund seeks to provide Unit Holders with long-term capital appreciation.

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

Investors' Profile

The Fund is suitable for investors who:

- seek potential capital growth for their investments;
- have medium-term to long-term investment horizon; and
- have a medium to high risk tolerance.

Performance Benchmark

8.0% per annum.

Please note that unlike fixed deposits which generally provide a guarantee on capital invested and carry a specific rate of return, this Fund does not provide guarantee on capital contributed nor does it guarantee a fixed rate of return.

Tenure

The Fund is an open-ended fund which means there is no maturity date for the Fund and the Fund may only be terminated in accordance with the terms of this Information Memorandum and the provisions of the Deed.

5.2 Asset Allocation

The Fund asset allocation range is as follows:-

Asset Class	% of NAV of the Fund
Equity & Equity-linked notes	0% to 100%
Fixed income instruments*	0% to 100%
Money market instruments and fixed deposits with Financial Institutions	0% to 100%
Collective investment schemes	0% - 100%

*As stated under section 5.4, item (c), (d) and (f) of the permitted investment.

The Manager will also maintain a sufficient level of cash or cash equivalent for liquidity purposes.

5.3 Investment Strategies

To meet the Fund's objective, the Fund will adopt a tactical asset allocation strategy of investing in a portfolio where the Fund may invest up to 100% of the Fund's NAV in equities, equity-linked notes, fixed income instruments, collective investment schemes or money market instruments and fixed deposits with Financial Institutions. At any one time, the asset mix may also comprise all asset classes.

The investment approach employed by this strategy incorporates elements of both economic and fundamental analysis to seek profits from investments such as equities, equity-linked notes and fixed income instruments.

Economic analysis assesses the short to medium-term determinants of the economy. The focus will be on real activity and financial conditions in the economy. The analysis will also be influenced by the supply and demand market of labour, capital and resources. Fundamental analysis will take into account information

gathered during company visits, key earnings drivers and earnings revision trends for the company. Various tools will be used to facilitate the valuation process, including price over earnings ratio, the discounted cash flow model and enterprise value over earnings before interest, depreciation and taxation.

To avoid large portfolio losses, the Manager will reduce market exposure and performs quick swings in asset mix when there is a negative trend shifts in the areas of investor sentiment, market liquidity, and economic data.

When choosing individual equity, following are the more important considerations:

- Corporate governance;
- Historical and expected future dividend yield;
- Industry and business medium to long-term outlook;
- Management track record/quality;
- Financial strength and gearing levels; and
- Expected future earnings growth.

In addition, the selection of the fixed income instruments will depend largely on its credit quality, certainty of principal repayment by the issuers and the overall total return stability. There will be no minimum rating applicable in selecting the individual fixed income instruments. However, following are the more important considerations:

- Issuer's and/or guarantor's industry and business medium to long-term outlook;
- Issuer's and/or guarantor's financial strength and gearing levels;
- Issuer's and/or guarantor's cash-flow quality and volatility;
- Issuer's and/or guarantor's expected future cash flow and ability to pay interest and principal;
- Issuer's and/or guarantor's ratings by a domestic or globally recognized rating agency;
- Interest rate sensitivity;
- Collateral type and value, and claims priority; and
- Price and yield-to-maturity.

The Manager may invest in collective investment schemes that has similar investment objective to the Fund's investment objective. The value of the Fund's investments in units/shares of any single collective investment scheme will not exceed 25% of the Fund's NAV.

The Fund will invest in money market instruments and fixed deposits while waiting for investment opportunities to arise in equities, equity-linked notes or fixed income instruments markets. The selection of the issuers will depend largely on the credit quality and liquidity of the issuer based on the Manager's internal credit rating model.

The countries where the Fund will seek to invest in are listed or traded on selected global markets, where the regulatory authority is an ordinary or associate member of the International Organization of Securities Commissions ("IOSCO").

5.4 Permitted Investments

Unless otherwise prohibited by the relevant authorities or any relevant laws and provided always that there are no inconsistencies with the objective of the Fund, the Fund will invest in the following investments:

- (a) Equities listed or traded on the recognised Malaysian stock exchange or any other foreign exchanges;
- (b) Unlisted equities;
- (c) Fixed income securities listed or traded on the recognised Malaysian stock exchange or any other foreign exchanges;
- (d) Unlisted fixed income securities;
- (e) Money market instruments;
- (f) Debt securities which are sovereign issued, sovereign backed or sovereign guaranteed;
- (g) Derivatives;

- (h) Placement of fixed deposits with Financial Institution;
- (i) Units/shares in collective investment schemes, both local and foreign; and
- (j) Any other form of investments as may be determined by the Manager from time to time that is in line with the Fund's objectives.

5.5 Investment Limits

The purchase of the permitted investments set out above shall not contravene the following limits, unless otherwise revised by the Manager as it may deem beneficial to the Unit Holders from time to time:-

- (a) The value of the Fund's placements of fixed deposits with any single Financial Institution must not exceed 50% of the Fund's NAV;
- (b) The value of the Fund's OTC derivative transaction with any single counter-party must not exceed 40% of the Fund's NAV; and
- (c) The Fund's investments in money market instruments with any single issuer must not exceed 50% of the the Fund's NAV.

The above investment restrictions and limits must be complied with at all times based on the most up-to-date valuation of the investments and instruments of the Fund. However, a 10% allowance in excess of any restriction or limit may be permitted where the restriction or limit is breached through the appreciation or depreciation in NAV of the Fund (whether as a result of an appreciation or depreciation in value of the investments of the Fund, the repurchase of units or payments made from the Fund or due to currency movements).

If the relevant limit is breached, no further acquisition of the particular securities involved shall be made. The Manager shall, within a reasonable period of not more than six (6) months from the date of breach take all necessary steps and actions to rectify the breach.

5.6 Valuation of Assets

Listed Equities

Valuation of listed equities shall be based on closing market bid prices. Where no market value is publicly available or where the use of the quoted market value is inappropriate, or where no market price is available, including in the event of suspension in the quotation of the securities for a period exceeding fourteen (14) days, or such shorter period as agreed by the Trustee, such investments will be valued at fair value determined in good faith by the Manager, on methods or bases which have verified by the auditor of the Fund and approved by the Trustee.

Unlisted Equities

For unlisted equities, valuations will be based on fair value using methods which are verified by the auditor of the Fund and approved by the Trustee.

Listed & Unlisted Fixed Income Securities

Valuation of listed and unlisted fixed income securities denominated in Ringgit Malaysia will be done by using the fair value price quoted by a bond pricing agency ("BPA") registered with the SC. If the Manager is of the view that the price quoted by BPA differs from the "market price" quoted by at least 3 independent dealers by more than 20 basis points and the Manager determines that the methodology used by the independent dealers to obtain the "market price" is more appropriate, the Manager may elect to use the price quoted by the independent dealers as the "market price", provided that the Manager records its basis for using a non-BPA price, obtains the necessary internal approvals to use the non-BPA price and keeps an audit trail of all decisions and basis for adopting the "market yields".

Investment in other listed and unlisted fixed income securities will be valued using the Composite Bloomberg Bond Trader (CBBT price) provided by Bloomberg. When CBBT prices are not available, the other listed and unlisted fixed income securities will be valued by reference to the average indicative price quoted by at least 3 independent dealers. In the case where the Manager is unable to obtain quotation from 3 independent dealers, the other listed and unlisted fixed income securities will be

valued in accordance to fair value as determined in good faith by the Manager, on methods or bases which have been verified by the auditor of the Fund and approved by the Trustee.

Fixed Deposit

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

Money Market Instruments

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

Unlisted Collective Investment Schemes

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

Derivatives

Valuation of derivative trades is modelled after risk management engines, which take into account, amongst others, a random process; it is the simulation of random changes in the underlying assets upon which those derivatives are based on. The market parameters such as volatility and interest rates are some of the variables used to value the derivatives itself. In any event, the Manager shall ensure that the investment is valued at fair value, as determined in good faith by the Manager. The methods or bases of valuation will have to be verified by the auditor of the Fund and approved by the Trustee.

Any Other Investments

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

In accordance with the Financial Reporting Standard 139 issued by the Malaysian Accounting Standards Board, the Manager will for the purpose of valuing the Fund, obtain the daily price or value of the assets. In the absence of daily price or value of the assets, the Manager will use the latest available price or value of the assets respectively.

5.7 Valuation Point for the Fund

The Fund will be valued at 5.00 p.m. on every Business Day (or “trading day” or “T” day). However, as 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 will be translated into Ringgit Malaysia based on the bid exchange rate quoted by Bloomberg/Reuters at 4.00 p.m. (United Kingdom time) which is equivalent to 11 p.m. or 12 a.m. midnight (Malaysian time) on the same day, or such time as stipulated in the investment management standards issued by the FIMM.

5.8 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 Guidelines on Securities Borrowing and Lending [SBL Guidelines]) in connection with its activities. However the Fund may borrow cash for the purpose of meeting repurchase requests for Units and such borrowings are subjected to the following:-

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

Except for securities lending as provided under the SBL Guidelines, none of the cash or investments of the Fund may be lent. Further, the Fund may not assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person. In structuring the portfolio of the Fund, the Manager will maintain sufficient liquid assets to ensure short term liquidity in the Fund to meet operating expenses and possible repurchase of Units.

5.9 Distribution Policy

The Fund is not expected to make distribution. However, incidental distribution may be declared whenever is appropriate.

5.10 Termination of the Fund

The Fund may be terminated in the following events:-

- (a) In accordance with the provision under Section 8.3 of this Information Memorandum;
- (b) Where SC has withdrawn the authorization of the Fund under Section 256E of the Act; or
- (c) The effective date of an approved transfer scheme (if any) has resulted in the Fund, being with no asset / property.

6. FEES & CHARGES

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

6.1 Sales Charge

Sales Charge (chargeable as a percentage) of the NAV per Unit	2.00%
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6.2 Repurchase Charge

There will be a maximum charge of 1.00%* of the NAV per Unit imposed on any repurchase of Units of the Fund within six (6) months from the date of investment by the Unit Holders. However, there will be no charges imposed on any repurchase of Units of the Fund after six (6) months from the date of investment by the Unit Holders.

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

Note: the exercise of a Cooling-off Right is not considered a repurchase request and no repurchase charge shall be imposed.

6.3 Transfer Fee

A RM5.00 transfer fee will be levied for each transfer of Units.

6.4 Switching Fee

The fee charged, if any, shall be equivalent to the Repurchase Charge and this is only applicable within six (6) months from the date of investment by the Unit Holder.

The following are the fees and expenses that may be indirectly incurred by you.

6.5 Annual Management Fee

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

Please note that the example below is for illustration only:

Assuming that the NAV of the Fund is RM120 million for the day, then the daily accrued management fee would be:-

$$\frac{\text{RM120 million} \times 1.50\%}{365 \text{ days}} = \text{RM 4,931.51 per day}$$

6.6 Performance Fee

The Manager will earn a 20% performance fee on the appreciation in the NAV per Unit over and above the Hurdle Value during a Performance Period. However, in the interest of investors, the Manager imposes a Hurdle Value, which is HWM plus 8.0%, in which the Fund's performance has to exceed before the Manager is eligible for a performance fee.

The performance fee is calculated and readjusted on a daily basis. Although calculation is on a daily basis, the performance fee is only payable to the Manager at the end of each Performance Periods in the following events:

- Where on the last Business Day of a Performance Period, the NAV per Unit (before performance fee) is higher than the Hurdle Value (see illustration 1 and illustration 2 below); and
- The Manager receives a repurchase request at the time when the NAV per Unit (before performance fee) is higher than the Hurdle Value, during the Performance Period. Hence, performance fee is chargeable to the redeeming Unit Holder regardless of the Fund's performance at the end of the particular Performance Period (see illustration 4 below).

1. Determining the High Water Mark (HWM) and Setting the Hurdle Value

At the beginning of a Performance Period, the Manager will firstly determine the HWM. The HWM will be the closing NAV per Unit on the last Business Day of the Performance Period or the HWM of the preceding Performance Period, whichever is the higher. For example, if the NAV per Unit on the last Business Day of the 1st Performance Period is RM0.55 (which is higher than the HWM for the preceding Performance Period i.e. RM0.50), then the HWM for 2nd Performance Period will be RM0.55. However, if the NAV per Unit on the last Business Day of the 1st Performance Period is RM0.48 (which is lower than the HWM for the preceding Performance Period i.e. RM0.50), then the HWM for the 2nd Performance Period will be RM0.50.

Next, a Hurdle Value will be determined. A Hurdle Value is the minimum value that needs to be achieved before the Manager is eligible to earn performance fee. The Hurdle Value is calculated by adding 8.0% to the HWM. For example, in Year 1, the HWM is RM0.50. The Hurdle Value is therefore RM0.54 (i.e. $RM0.50 \times 1.08$). The Hurdle Value for each subsequent Performance Period is reset at the beginning of the Performance Period based on the latest HWM.

Illustration 1:

Assuming in Year 1, the price is RM0.50 and there are no subscription and repurchase requests during the Performance Period. The HWM and Hurdle Value are as follows:

Table 1:

1 st Performance Period	The Fund's 1 st financial year
NAV per Unit @ beginning of Year 1	RM0.5000
HWM for 1 st Performance Period	RM0.5000
Hurdle Value for 1 st Performance Period (which is $RM0.50 \times 1.08$)	RM0.5400

Therefore, the HWM for the 1st Performance Period is RM0.5000 and hence, the Hurdle Value of RM0.5400.

Table 2:

2 nd Performance Period	The Fund's 2 nd financial year
NAV per Unit @ beginning of Year 1 = HWM for 1 st Performance Period	RM0.5000
Hurdle Value for 1 st Performance Period	RM0.5400
NAV per Unit @ end of Year 1	RM0.5500
HWM for 2 nd Performance Period	RM0.5500
Hurdle Value for 2 nd Performance Period (which is $RM0.55 \times 1.08$)	RM0.5940

Based on Table 2 above, on the last Business Day of the 1st Performance Period, the NAV per Unit of the Fund rises to RM0.5500, which is higher than the HWM for the 1st Performance Period. As a result, the HWM for 2nd Performance Period will be reset and the HWM will be RM0.5500.

As the HWM is now RM0.5500, the new Hurdle Value for Year 2 will be RM0.5940.

Table 3:

3 rd Performance Period	The Fund's 3 rd financial year
NAV per Unit @ beginning of Year 2 = HWM for 2 nd Performance Period	RM0.5500
Hurdle Value for 2 nd Performance Period	RM 0.5940
NAV per unit @ end of Year 2	RM0.5300
HWM for 3 rd Performance Period	RM0.5500
Hurdle Value for 3 rd Performance Period (which is RM0.55 x 1.08)	RM0.5940

Based on Table 3 above, assuming the NAV per Unit on the last Business Day of the 2nd Performance Period fell to RM0.5300, which is lower than HWM for the 2nd Performance Period. The HWM for the 3rd Performance Period will not be reset and it will be the same as the HWM of the 2nd Performance Period.

The HWM remains as RM0.5500, the Hurdle Value for Year 3 will be RM0.5940.

2. Calculation of Performance Fee

The purpose of calculating and readjusting the performance fee on a daily basis is to take into account the calculation of the NAV per Unit for subscription and repurchase requests.

Illustration 2:

Assuming there is no subscription or repurchase request during the entire Performance Period, thus Units in Circulation is the same throughout the entire Performance Period.

Table 4:

Day	Units in Circulation (UIC)	NAV per Unit (before performance fee) (a)	NAV per Unit (after performance fee)	High Water Mark (RM)	Hurdle Value (HWM x 1.08) (b)	Performance Fee "[a-b] x 20%] x UIC" (RM)
1	500,000	0.5000	0.5000	0.5000	0.5400	0.00
2	500,000	0.5100	0.5100	0.5000	0.5400	0.00
3	500,000	0.5300	0.5300	0.5000	0.5400	0.00
4	500,000	0.5500	0.5480	0.5000	0.5400	1000.00
5	500,000	0.5600	0.5560	0.5000	0.5400	2000.00
6	500,000	0.5650	0.5600	0.5000	0.5400	2500.00
7	500,000	0.5800	0.5720	0.5000	0.5400	4000.00
8	500,000	0.5600	0.5560	0.5000	0.5400	2000.00
9	500,000	0.5400	0.5400	0.5000	0.5400	0.00
10	500,000	0.5200	0.5200	0.5000	0.5400	0.00
11	500,000	0.6000	0.5880	0.5000	0.5400	6000.00
↓						
365	500,000	0.5500	0.5480	0.5000	0.5400	1000.00

Based on the figures in Table 4 above, the HWM for the Performance Period is RM0.5000 which is also the NAV per Unit on Day 1 and hence, the Hurdle Value is RM0.5400. Let us assume that on day 4, the NAV per Unit (before performance fee) is RM0.5500, while the Hurdle Value is RM0.5400, with the Units in Circulation of 500,000 Units.

$$\text{Performance fee} = (\text{The difference between the NAV per Unit (before performance fee) and the Hurdle Value}) \times 20\% \times \text{Total number of Units in Circulation of the Fund}$$

$$\begin{aligned}
&= (\text{RM}0.5500 - \text{RM}0.5400) \times 20\% \times 500,000 \text{ Units} \\
&= \text{RM}0.0020 \times 500,000 \\
&= \text{RM}1000
\end{aligned}$$

Based on the figures in Table 4 above, the performance fee, if any, will be readjusted* on a daily basis. On day 365, which is the last Business Day, the NAV per Unit (before performance fee) appears higher than the Hurdle Value; therefore a performance fee of RM2000 will be charged and payable to the Manager at the end of the Performance Period.

** Adjustment is by reversing the daily accrued performance fee payable to the Manager. For example, on Day 5, the accrued performance fee from Day 4 which is RM1,000 will be reversed.*

Note: Where the difference between the NAV per Unit on the last Business Day of the Performance Period and the Hurdle Value is a negative figure, no performance fee is payable to the Manager.

Illustration 3:

Where there is a subscription request by a Unit Holder during the Performance Period, the chargeable performance fee (if any) on the day of the subscription will be reflected in the NAV per Unit (after performance fee).

Illustration is based on the Day 4 figures in Table 4 above:-

HWM	=	RM0.5000
Hurdle Value	=	RM0.5400
NAV per Unit (before performance fee)	=	RM0.5500
NAV per Unit (after performance fee)	=	RM0.5480

The NAV per Unit payable by the Unit Holder would be RM0.5480, i.e. Selling Price.

Illustration 4:

Where there is a repurchase request by a Unit Holder during the Performance Period, the chargeable performance fee (if any) will be calculated as follows:

Illustration is based on the Day 11 figures in Table 4 above:

Number of Units repurchased by Unit Holder	=	5,000 Units
Hurdle Value for the Performance Period	=	RM0.5400
NAV per Unit (before performance fee) @ Day 11	=	RM0.6000

The repurchase request is received by the Manager on Day 11 of the Performance Period where the NAV per Unit is higher than the Hurdle Value of the Performance Period. Hence, the Fund performed and the Manager is entitled to the performance fee, as follows:-

$$\begin{aligned}
&(\text{The difference between the NAV per unit on the Business Day when the redemption occurred and the Hurdle Value}) \times \text{total number of Units redeemed} \times 20\% \\
&= (\text{RM}0.6000 - \text{RM}0.5400) \times 5,000 \text{ Units} \times 20\% \\
&= \text{RM}60.00^*
\end{aligned}$$

** During the Performance Period, such amount will be maintained in the account payable of the Fund and will be paid to the Manager at the end of the Performance Period.*

6.7 Annual Trustee Fee

The Fund pays an annual trustee fee of up to 0.055% per annum of the NAV of the Fund, subject to a minimum fee of RM12,000 per annum (excluding foreign custodian fees and charges). The Trustee may be reimbursed by the Fund for any expenses properly incurred by it in the performance of its duties and responsibilities.

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

Please note that the example below is for illustration only:

Assuming that the NAV of the Fund is RM120 million for the day, then the daily accrued trustee fee would be:-

$$\frac{\text{RM120 million} \times 0.055\%}{365 \text{ days}} = \text{RM 180.82 per day}$$

6.8 Fund Expenses

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

- (a) Commissions or fees paid to brokers in effecting dealings in the investments of the Fund, shown on the contract notes or confirmation notes;
- (b) (where the custodial function is delegated by the Trustee for the custody of foreign investments) charges or fees paid to foreign sub-custodians;
- (c) Tax and other duties charged on the Fund by the government and/or other authorities;
- (d) Costs, fee and other expenses properly incurred by the auditor appointed for the Fund;
- (e) Costs, fees and expenses incurred for the valuation of any investments of the Fund by independent valuers for the benefit of the Fund;
- (f) 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;
- (g) 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 Trustee; and
- (h) Other fees and expenses related to the Fund.

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

6.9 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 Manager, Trustee or Fund are subject to GST which includes:

- (a) Sales Charge;
- (b) Repurchase Charge;
- (c) Switching fee;
- (d) Transfer fee;
- (e) Management fee;
- (f) Trustee fee; and
- (g) Any other expenses of the Fund that may be subject to GST.

From 1 April 2015 onwards, the Manager, the Trustee, the Fund and other service providers will charge GST at the rate of 6% on the abovementioned fees, charges and expenses in accordance with the Goods and Services Tax Act 2014. Investors should be aware that all fees, charges and expenses referred to or quoted in

the Information Memorandum (including any supplemental information memorandum) and the Deed (including any supplemental deed) are referred to or quoted as being exclusive of GST.

6.10 Policy on Stockbroking Rebates and Soft Commissions

The Manager or any delegate thereof shall not retain any rebate from, or otherwise share in any commission with, any broker in consideration for direct dealings in the investments of the Fund. Accordingly, any rebate or shared commission should be directed to the account of the Fund concerned.

However, the Manager or any delegate thereof may and intends to retain goods and services (“Soft Commissions”) from any broker, only if the goods and services are of demonstrable benefit to the Unit Holders such as research materials and computer software which are incidental to the investment management activities of the Fund.

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

THE FEES, CHARGES AND EXPENSES QUOTED IN THE INFORMATION MEMORANDUM ARE EXCLUSIVE OF GST. FROM 1 APRIL 2015 ONWARDS, WE OR THE FUND WILL CHARGE GST AT THE RATE OF 6% ON THE ABOVEMENTIONED FEES, CHARGES AND EXPENSES IN ACCORDANCE WITH THE GOODS AND SERVICES TAX ACT 2014.

7. SALE AND PURCHASE OF UNITS

7.1 Computation of NAV and NAV per Unit

Net Asset Value for the Fund is determined by deducting the value of all the Fund's liabilities from the value of all the Fund's assets, at a valuation point.

Illustration:-

For illustration purposes, we assume the following for a particular day:-

Investments of the Fund = RM 100,000,000.00
Other assets including cash = RM 50,000,000.00
Liabilities of the Fund = RM 30,000,000.00
Number of Units in Circulation = 100,000,000.00
Management fee = RM 1,643.84
Trustee fee = RM 180.82

The **NAV** of the Fund will be:-

	<u>RM</u>
Investments	100,000,000.00
<u>Add</u> other Assets	50,000,000.00
Total assets	<u>150,000,000.00</u>
<u>Less</u> liabilities	30,000,000.00
NAV (before deduction of management fee and trustee fee for the day)	<u>120,000,000.00</u>
<u>Less</u> management fee for the day	4,931.51
trustee fee for the day	180.82
NAV (before GST)	<u>119,994,887.67</u>
<u>Less</u> GST of 6% on the management fee for the day	295.90
GST of 6% on the trustee fee for the day	10.85
Less management fee for the day	<u>119,994,580.92</u>

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

The **NAV per Unit** of the Fund will be:-

$$\text{NAV} \div \text{Units in Circulation} = \text{RM } 119,994,580.92 \div 100,000,000 \\ = \text{RM } 1.2000$$

Note: The NAV per Unit will be rounded up to four (4) decimal places for the purposes of publication of the NAV per Unit.

7.2 Pricing of Units

Under a single pricing regime, the Selling Price and the Repurchase Price of the Fund shall be equivalent to the NAV per Unit of the Fund. Any applicable Sales Charge and Repurchase Charge shall be payable separately from the Selling Price and Repurchase Price of the Fund. The Forward Pricing will be used to determine the Selling Price per Unit and Repurchase Price per Unit of the Fund, which is the NAV per Unit for the Fund as at the next valuation point after the purchase or repurchase request is received by the Manager.

An illustration of which is given below:-

Calculation of Selling Price

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

For illustration purposes, we assume the following:-

Amount invested : RM100,000

Sales Charge : 2.00%
NAV per Unit : RM0.50 (Selling Price)

The investment amount, number of Units purchased and Sales Charge payable by the Unit Holder are as follows:-

Items	Formula	Amount
Amount invested by Unit Holder	-	RM100,000.00
Number of Units purchased	Amount invested divided by NAV per Unit = RM100,000 / RM0.50	200,000 Units
Sales Charge of 2.00% on NAV per Unit	Sales Charge x NAV per Unit x No. of Units = 2.00% x RM0.50 x 200,000 Units	RM2,000.00

Total amount invested = RM 100,000.00
Add Sales Charge paid @ Nil of NAV per Unit = RM 2,000.00
Add GST (6% of RM2,000.00) = RM 120.00

Total amount paid by Unit Holder = RM 102,120.00
=====

Calculation of Repurchase Price

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

For illustration purposes, assume the following:-

Number of Units repurchased : 60,000 Units
Repurchase Charge : 1.00%
NAV per Unit : RM0.50 (Repurchase Price)

The net repurchase proceeds payable to the Unit Holders are as follows:-

Items	Formula	Amount
Units intended for repurchase	-	60,000 Units
Amount requested to be repurchased by Unit Holder	No. of Units to be repurchased x NAV per Unit = 60,000 x RM0.50	RM 30,000.00
Repurchase charge is 0% of the NAV per Unit	Repurchase Charge x Amount repurchased = 1.00% x RM 30,000	RM300

Total amount repurchased = RM 30,000.00
Less Repurchase Charge is 1.00% of NAV per Unit = RM 300.00
Less GST (6% of RM0.00) = RM 18.00

Total amount paid to Unit Holder = RM 29,682.00
=====

Incorrect Pricing

Subject to any relevant laws, if there is an error in the pricing of the NAV per Unit of the Fund; the Manager will take immediate remedial action to correct the error. Rectification shall, where necessary, extend to the reimbursements of money as follows if the error is at or above the significant threshold of 0.5% of the NAV per Unit:-

- (a) if there is an over pricing in relation to the purchase and creation of Units, the Fund shall reimburse the Unit Holder;
- (b) if there is an over pricing in relation to the repurchase of Units, the Manager shall reimburse the Fund;
- (c) if there is an under pricing in relation to the purchase and creation of Units, the Manager shall reimburse the Fund; and
- (d) if there is an under pricing in relation to the repurchase of Units, the Fund shall reimburse the Unit Holder or former Unit Holder.

The Manager retains the discretion whether or not to reimburse if the error is below 0.5% of the NAV per Unit or where the total impact on an individual account is less than RM10.00 in absolute amount. This is because the reprocessing costs may be greater than the amount of the adjustment.

7.3 Sale of Units

The minimum initial investment for Units of the Fund is Ringgit Malaysia Thirty Thousand (RM30,000) and the minimum additional investment for Units of the Fund is Ringgit Malaysia Ten Thousand (RM10,000). Subject to the Manager's discretion, the investor may negotiate for a lower amount or value.

Investors can obtain the Information Memorandum, account opening form and investment application form from the offices listed in **Section 12** or from any of the Manager's authorised agents. The Fund's application form can be handed directly to any of the said offices, or sent by mail, together with a cheque or bank draft made payable to "*Affin Hwang Asset Management Berhad*". All cheques and bank drafts have to be crossed and drawn on a local bank. Bank charges, where relevant, for outstation cheques will be borne by the investors.

For first time investors

Individual or joint-application must be accompanied by a copy of the applicant's identity card or passport or other document of identification. Application by a corporation must be accompanied by a certified true copy of its Memorandum and Articles of Association, Certificate of Incorporation, Form 24, Form 44, Form 49, the latest audited financial statement of the corporation and board resolution relating to the investment, a list of the corporation's authorised signatories and specimen signatures of the respective signatories.

7.4 Minimum Holding of Units

Unit Holders must hold at least 60,000 Units in order to remain as a Unit Holder in the Fund. Subject to the Manager's discretion, the investor may negotiate for a lower amount or value.

7.5 Repurchase of Units

Unit Holders may request for a repurchase of their investments in the Fund at any point in time by completing the repurchase application (Form A) and returning it to the Manager on any Business Day from 9 a.m. to 3.30 p.m. Repurchase must be made in terms of Units and not Ringgit Malaysia (RM) values. The amount to be received by the Unit Holder for the repurchase of Units will be calculated in the manner illustrated under *Section 7.2* above.

7.6 Payment of Repurchase Proceeds

The Manager may repurchase Units by requesting the Trustee to cancel Units of the Fund for the purpose of meeting Unit Holders' repurchase requests. You will be paid within 10 days from the day the repurchase request is received by the Manager and provided that all documentations are completed and verifiable.

However, if the request to the Trustee to repurchase or cancel the Units results in the sale of assets of the Fund, or sale of assets which cannot be liquidated at an appropriate price or on adequate terms and is as such not in the interest of existing Unit Holders, the Trustee may refuse the said request in accordance with the Deed.

Unit Holder must complete a repurchase form and elect whether to receive the proceeds in a manner of cheque or telegraphic transfer. If cheque is elected, it will be issued in the name of the Unit Holder. If telegraphic transfer is elected, proceeds will be transferred to the Unit Holder's account.

Any incurred bank charges and other bank fees due to a withdrawal by way of telegraphic transfer, bank cheque or other special arrangement method will be borne by the Unit Holder.

7.7 Repurchase Frequency and Minimum Units Repurchased

There is no limit in frequency but subject to a minimum of 60,000 Units per repurchase application. If the repurchase request leaves a Unit Holder with less than 60,000 Units (minimum holdings) or such other amount as may be determined by the Manager, the Unit Holder may be required to make an application for the Manager to repurchase all the Unit Holder's holding in the Fund.

The Manager in consultation with the Trustee reserves the right to defer any repurchase requests if such request would adversely affect the Fund or the interest of existing Unit Holders.

7.8 Cooling-Off Period

A Cooling-off Right refers to the right of the Unit Holder to obtain a refund of his investment in the Fund if he so requests within the Cooling-off Period.

This right is only given to investors who are investing in any funds managed by the Manager for the first time. This right is not applicable to investors who are:

- (a) A corporation or institution;
- (b) A staff of that Manager; and
- (c) Persons registered with a body approved by the SC to deal in unit trusts.

The Cooling-off Period is six (6) Business Days from the date the purchase request is received by the Manager. You will be refunded within 10 days from receipt of the cooling-off application.

7.9 Transfer Facility

Unit Holders are permitted to transfer their Units to another person at any point in time by completing the transfer application (Form A) and returning it to the Manager on any Business Day. The transfer must be made in terms of Units and not RM value. There is no specific amount of Units required to be transferred except that the Unit Holder transferring the Units must have at least 60,000 Units after the transfer to remain as a Unit Holder of the Fund, and the Unit Holder in receipt of the Units must have a minimum of 60,000 Units to be a Unit Holder of a particular Fund.

7.10 Switching Facility

Unit Holders are permitted to switch from and to any other funds managed by the Manager. Nonetheless, the Manager shall not be bound to comply with the request for switching, if this request results in the Unit Holder's holding in the Funds being less than 60,000 Units.

The switching will be made at the prevailing NAV per Unit of the Fund and the intended fund to be acquired on a Business Day when the switching request is received or deemed to have been received by the Manager (subject to availability and terms of the intended fund).

If a Unit Holder of the Fund wishes to switch into another fund (e.g. fund A) and the Sales Charge paid by the Unit Holder is less than the Sales Charge of fund A, the Unit Holder shall pay the difference between the two (2) funds. Conversely, no Sales Charge on fund A will be imposed on the Unit Holder, should it (i.e. fund A) be less than or equal to the Sales Charge paid by the Unit Holder for the Funds.

However, if the Unit Holder subsequently changes his mind and decides to switch back into a fund with a lower Sales Charge, and then switch again into another fund with a higher Sales Charge, then the said Unit Holder need not pay the difference in the Sales Charge, if the said Sales Charge is the same as the maximum which the Unit Holder has paid earlier for the fund switched into.

In the event the Sales Charge paid on the Fund being switched from, exceeds the Sales Charge that is imposed on the intended fund to be switched into, the Unit Holder shall not be entitled to any refund of the difference in the Sales Charge.

The Manager reserves the right to reject any switching request:-

- (i) that it regards as disruptive to efficient portfolio management; or
- (ii) if deemed by the Manager to be contrary to the best interest of the Fund.

7.11 Where to Purchase and Repurchase

Units can be bought or sold on any Business Day from 9 a.m. to 3.30 p.m. at any of the locations set out in our Directory of Sales Offices listed under Section 12 or from any of the Manager's authorised agents.

7.12 Unclaimed Moneys

Any moneys payable to Unit Holders 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 (revised 1989) and Unclaimed Moneys (Amendment) Act 2002.

7.13 Anti-Money Laundering Policies and Procedures

Pursuant to the Anti Money Laundering and Terrorism Financing Act 2001, it is the responsibility of the Manager to ensure that the Manager is not used for money laundering and terrorism financing activities. To this end, the Manager has put in place anti-money laundering policies and procedures to combat such activities. Amongst others, prior to the Manager establishing or conducting business relations, particularly when opening new accounts for clients and entering into a fiduciary transaction with a client, the Manager will conduct a "Know Your Customer" procedures to identify and verify the client through documents such as identity card, passport, birth certificate, driver's licence, constituent documents or any other official documents, whether in the possession of a third party or otherwise. Such documents shall be filed and retained by the Manager in accordance with relevant laws.

The Manager will thereafter perform a Customer Due Diligence (CDD) to identify the risk profile of each customer and will continuously monitor each customers risk profile should there be any changes. Enhanced Customer Due Diligence (EDD) is performed on customers deemed as high risk and senior management's approval is required before a business relationship is entered into or an account is opened with such customers.

Where the Manager suspects that a particular transaction may not be genuine, a Suspicious Transactions Form (STF) shall be completed and the matter will be discussed with senior management. If senior management ascertains that there is a reasonable ground to suspect the transaction to be a money laundering or terrorism financing activity, a STF will then be submitted to the Financial Intelligence Unit of Bank Negara Malaysia.

Investors are advised not to make payment in cash when purchasing Units of the Fund via any institutional/retail agent.

8. SALIENT TERMS OF THE DEED

8.1 Rights and Liabilities of Unit Holders

Rights of Unit Holders

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

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

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

Liabilities of Unit Holders

- (a) No Unit Holder is liable for any amount in excess of the purchase price paid for the Units as determined pursuant to the Deed at the time the Units were purchased;
- (b) Unit Holders shall not be under any obligation to indemnify the Trustee and/or the Manager in the event that the liabilities incurred by the Trustee and the Manager in the name of or on behalf of the Fund pursuant to and/or in the performance of the provisions of the Deed exceed the NAV of the Fund, and any right of indemnity of the Trustee and/or the Manager shall be limited to recourse to the Fund.

8.2 Provisions regarding Unit Holders' Meetings

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) of all the Unit Holders, whichever is less, summon a meeting of the Unit Holders by:-

- (a) sending by post at least seven (7) days before the date of the proposed meeting a notice of the proposed meeting to all the Unit Holders; 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 apply to the Manager to summon a meeting for any purpose including, without limitation, for the purpose of:-

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

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

Unit Holders' Meeting convened by the Manager or Trustee

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

Quorum Required for Convening a Unit Holders' Meeting

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

8.3 Termination of the Fund

Circumstances that may lead to the termination of the Fund

The Fund may be terminated or wound up upon the occurrence of any of the following events:-

- (a) if the NAV of the Fund shall be at such level as the Manager considers it impossible or impracticable to continue the Fund;
- (b) if any new law shall be passed which renders it illegal or in the opinion of the Manager impracticable or inadvisable to continue the Fund; or
- (c) if in the reasonable opinion of the Manager it is impracticable or inadvisable to continue the Fund.

8.4 The maximum fees and charges that may be imposed by the Manager and the steps to be taken by the Manager to increase such fees and charges.

Maximum Rate of Direct Fees and Charges allowable by the Deed

- The maximum Sales Charge allowable by the Deed is **5.50%** of the NAV per Unit.
- The maximum Repurchase Charge allowable by the Deed is **3.00%** of the NAV per Unit.

Maximum Rate of Indirect Fees and Charges allowable by the Deed

- The maximum annual management fee allowable by the Deed is **5.00%** per annum of the NAV of the Fund calculated and accrued daily.
- The maximum annual trustee fee allowable by the Deed is **0.10%** per annum of the NAV of the Fund subject to a minimum fee of RM12,000 per annum calculated and accrued daily (excluding foreign custodian fees and charges).

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

Sales Charge

The Manager may not charge a Sales Charge at a rate higher than that disclosed in this Memorandum unless:-

- (a) the Manager has notified the Unit Holders of the higher rate and the date on which such higher rate is to become effective; and
- (b) a supplemental/replacement information memorandum is issued thereafter.

Repurchase Charge

The Manager may not charge a Repurchase Charge at a rate higher than that disclosed in this Information Memorandum unless:-

- (a) the Manager has notified the Unit Holders of the higher rate and the date on which such higher rate is to become effective; and
- (b) a supplemental/replacement information memorandum is issued thereafter

Annual Management Fee

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

- (a) the Manager has come to an agreement with the Trustee on the higher rate;
- (b) the Manager has 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.

Annual Trustee Fee

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

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

9. CLIENT COMMUNICATION

9.1 Unit Holders will / can receive regular updates on the Fund and on their investment through:-

(a) **Financial Reports**

The Manager will provide Unit Holders with an annual report within two (2) months of the Fund's financial year-end and a quarterly report within two (2) months of the end of the period covered. In both annual and quarterly report, the Manager will state its view on the performance of the portfolio and market review for the reporting period. A financial statement audited by the Fund's appointed auditor will be included in the annual report. The Trustee will prepare a report to Unit Holders in the annual reports stating its opinion on the conduct of the Manager, in particular whether the Manager had managed the Fund in accordance with the limitation on its investment powers as set out in the Deed and whether the Manager had acted in accordance with the Deed, Guidelines, securities laws and other relevant laws.

(b) **Statement of Accounts**

The Manager will issue a monthly statement to Unit Holders confirming the current shareholdings and transactions relating to their Units in the Fund.

(c) **Customer Service**

Unit Holders can seek assistance from the Manager's Customer Service personnel at the Manager's office or at any location listed in Section 12 during the office hour (8.45a.m. – 5.30p.m.). Alternatively, investors can communicate via the Manager's toll free number 1-800-88-7080 or email to customercare@affinhwangam.com.

10. RELATED INFORMATION

10.1 Role of the Manager

The Manager is responsible for the investment management and marketing of the Fund, servicing Unit Holders' needs, keeping proper administrative records of Unit Holders and the Funds, ensuring compliance with stringent internal procedures and guidelines of relevant authorities.

10.2 The Investment Team of the Manager

The investment team comprises a group of portfolio managers (8 personnel from fixed income team and 10 personnel from equity team) 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.

Mr. Teng Chee Wai – Managing Director

Mr Teng is the founder of the Manager. Over the past fourteen (14) years, he has built the company to its current position with an excess of RM 20 billion in assets under management. In his capacity as managing director and executive director of the Manager, Mr Teng manages the overall business and strategic direction as well as the management of the investment team. His hands on approach sees him actively involved in investments, product development and marketing. Mr Teng's critical leadership and regular participation in reviewing and assessing strategies and performance has been pivotal in allowing the Manager to successfully navigate the economically turbulent decade. Mr Teng's investment management experience spans more than twenty four (24) years, and his key area of expertise is in managing absolute return mandates for insurance assets and investment-linked funds in both Singapore and Malaysia. Prior to his current appointments, he was the assistant general manager (investment) of Overseas Assurance Corporation (OAC) and was responsible for the investment function of the Group Overseas Assurance Corporation Ltd. Mr Teng began his career in the financial industry as an investment manager with NTUC Income, Singapore. He is a Bachelor of Science graduate from the National University of Singapore and has a Post-Graduate Diploma in Actuarial Studies from City University in London.

Mr. David Ng Kong Cheong – Chief Investment Officer

Mr David Ng joined the Manager in September 2002 as a portfolio manager and was appointed as chief investment officer on 1 September 2006, to oversee the equities, fixed income and the central dealing units. He graduated with both Bachelor of Commerce (Accounting) and Bachelor of Law degrees from Monash University in Melbourne, Australia and he is also Chartered Financial Analyst charter holder. In total, Mr David has over 15 years of investment experience in managing both institutional and unit trust funds. Mr David's key responsibilities at the Manager are setting of investment strategy for the assets under management, and the management of selected portfolios. **He is the designated fund manager for this Fund.**

Ms Esther Teo Keet Ying – Head, Fixed Income Investment

Ms Esther Teo is the head of fixed income investment. Prior to joining the Manager, 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 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.

Mr Gan Eng Peng – Head, Equity

Mr Gan Eng Peng joined the Manager in April 2008, bringing with him more than twenty (20) years of experience in regional and local equities investment, corporate finance and business management. Prior to joining the Manager, Mr Gan was head of equities of investments at Pacific Mutual Fund Berhad where he led a 6 person strong regional fund management team. Prior to that, he was the general manager of business development at Pacific Mutual Fund Berhad, being overall in charge of six departments and driving the business function of the company. His other work experience included investment research at local and foreign research houses, corporate finance and running and owning an independent research house. Mr Gan

graduated with a Bachelor of Science (Industrial and Business Economics) from the London School of Economics, England.

10.3 Background Information of the Trustee

TMF Trustees Malaysia Berhad (Company No. 610812-W) was incorporated in Malaysia on 1 April 2003 under the Companies Act 1965 and registered as a trust company under the Trust Companies Act 1949 on 9 October 2003. Its registered and business address is at 10th Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia. The Trustee is part of TMF Group, an independent global service provider in the trust & fiduciary sector. The group has more than 100 offices in 75 jurisdictions in the world. TMF Trustees 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.

10.4 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 carrying out these functions and duties, the Trustee has to exercise all due care, skills, diligence and vigilance and is required to act in accordance with the provisions of the Deed, all relevant laws and the Securities Commission's Guidelines on Wholesale Funds. 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.

11. DIRECTORY OF SALES OFFICE

<p>HEAD OFFICE Suite 11-01, 11th Floor, Menara Keck Seng, 203, Jalan Bukit Bintang, 55100 Kuala Lumpur. Tel : 03 – 2116 6000 Fax : 03 – 2116 6100 Toll Free No : 1-800-88-7080 Email: customer@affinhwangam.com</p> <p>SELANGOR A-7-G Jaya One No. 72A, Jalan Universiti 46200, Petaling Jaya Selangor Tel: 03 -7620 1290 Fax: 03 -7620 1298</p> <p>PENANG No. 10-C-23 & 10-C-24, Precinct 10, Jalan Tanjung Tokong, 10470 Penang. Tel : 04 – 899 8022 Fax : 04 – 899 1916</p> <p>PERAK 13A Persiaran Greentown 7, Greentown Business Centre, 30450 Ipoh, Perak. Tel: 05 - 241 0668 Fax: 05 – 255 9696</p> <p>JOHOR 1st Floor, No. 93, Jalan Molek 1/29, Taman Molek, 81100 Johor Bahru, Johor. Tel : 07 – 351 5677/ 5977 Fax : 07 – 351 5377</p> <p>MELAKA Ground Floor, No. 584 Jalan Merdeka, Taman Melaka Raya 75000 Melaka Tel: 06 -281 2890 Fax: 06 -281 2937</p>	<p>SABAH Lot No. B-2-09, 2nd Floor, Block B, Warisan Square, Jalan Tun Fuad Stephens, 88000 Kota Kinabalu, Sabah. Tel : 088 - 252 881 Fax : 088 - 288 803</p> <p>SARAWAK Ground Floor, No. 69 Block 10, Jalan Laksamana Cheng Ho 93200 Kuching, Sarawak. Tel : 082 – 233 320 Fax : 082 – 233 663</p> <p>1st Floor, Lot 1291, Jalan Melayu, MCLD, 98000 Miri, Sarawak. Tel : 085 - 418 403 Fax : 085 – 418 372</p>
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