

FIRST SUPPLEMENTAL PROSPECTUS FOR AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) BALANCED FUND

Manager : **Affin Hwang Asset Management Berhad**
Registration Number: 199701014290 (429786-T)

Trustee : **Deutsche Trustees Malaysia Berhad**
Registration Number: 200701005591 (763590-H)

This First Supplemental Prospectus is dated 10 April 2020.

The Affin Hwang Select Asia Pacific (ex Japan) Balanced Fund was constituted on 8 December 2014*.

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

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS FIRST SUPPLEMENTAL PROSPECTUS WHICH IS TO BE READ TOGETHER WITH THE PROSPECTUS DATED 26 SEPTEMBER 2018. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 4 OF THE PROSPECTUS DATED 26 SEPTEMBER 2018.

THIS IS A FIRST SUPPLEMENTAL PROSPECTUS WHICH HAS TO BE READ IN CONJUNCTION WITH THE PROSPECTUS DATED 26 SEPTEMBER 2018

Responsibility Statements

This First Supplemental Prospectus has been reviewed and approved by the directors of Affin Hwang Asset Management Berhad and they collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, they confirm to the best of their knowledge and belief, that there are no false or misleading statements, or omission of other facts which would make any statement in this First Supplemental Prospectus false or misleading.

Statements of Disclaimer

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

The authorisation of the Fund, and registration of this First Supplemental Prospectus, should not be taken to indicate that Securities Commission Malaysia recommends the said Fund or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in the Prospectus dated 26 September 2018 or this First Supplemental Prospectus.

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

Additional Statements

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

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



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

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Unless otherwise provided in this First Supplemental Prospectus, all the capitalised terms used herein shall have the same meanings as ascribed to them in the Prospectus dated 26 September 2018.

EXPLANATORY NOTES

1. This First Supplemental Prospectus is issued mainly to reflect the change in the investment strategy of the Fund.
2. In addition, other information in the Prospectus have been updated or deleted to reflect other changes, amongst others, the information on the board of directors of the Manager and other updates which are general in nature.

A. CORPORATE DIRECTORY

Page iii of the Prospectus

- (i) The information on the "Board of Directors of the Manager/AHAM" is hereby deleted in its entirety and replaced with the following:
- "Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad (Chairman, Non-independent Director)
 - Mr Teng Chee Wai (Non-independent Director)
 - Ms Eleanor Seet Oon Hui (Non-independent Director)
 - Mr Yip Kit Weng (Non-independent Director)
 - En. Faizal Sham bin Abu Mansor (Independent Director)
 - Maj. Gen. Dato' Zulkiflee bin Mazlan (R) (Independent Director)"

B. ABBREVIATION

Page 1 of the Prospectus

The definition of the "GST" is hereby deleted in its entirety.

C. ABOUT AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) BALANCED FUND

Pages 8 – 9 of the Prospectus

INVESTMENT STRATEGY

The information in this section is hereby deleted in its entirety and replaced with the following:

"To achieve its objective, the Fund will be investing into equities, and fixed income instruments such as debentures, money market instruments, and deposits with Financial Institutions. The Fund will invest primarily in Asia Pacific (ex Japan) companies. The Fund may also invest a smaller portion of its NAV non-Asia Pacific (ex Japan) companies.

A combination of top-down (macroeconomic trends) and bottom-up (fundamental analysis) investment strategies will be adopted when identifying investment opportunities. The Fund will focus on companies that are able to provide growth potential over the medium to long-term investment horizon when investing into equities. Investments in fixed income instruments will take into consideration the interest rate outlook, credit market and currency movement. The Fund will also depend on the respective issuer's ability to meet their financial obligations, healthy cash-flow, the collateral type, value, claims priority as well as offer timely payment of interest and principal.

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

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Temporary Defensive Position

We hold the option to take temporary defensive positions that may be inconsistent with the Fund's principal strategy and asset allocation to protect the Fund against adverse market conditions that may impact financial markets. To manage the risk of the Fund, we may shift the Fund's focus and exposure into lower risk investments such as deposits or money market instruments.

Derivative Investments

The Fund may employ derivative investments for hedging purposes by participating in instruments such as forward contracts and cross currency swaps.

Foreign exchange contracts enable the Fund to trade currency at a specific exchange rate, specific time and specific amount as indicated in the contract. Cross currency swaps allow the Fund to convert foreign exchange rates and/or interest rate exposures between two currencies.

These derivatives may be used to hedge the principal and/or the returns of the foreign currency denominated investments back to MYR. The employment of derivatives under these circumstances, is expected to reduce the impact of foreign currency movements on the Fund's NAV. While the hedging strategy will assist with mitigating the potential foreign exchange losses by the Fund, any potential foreign exchange gain from the hedging strategy will be capped as well."

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VALUATION OF PERMITTED INVESTMENTS

- i. The information on "Money market instruments" is hereby deleted in its entirety and replaced with the following:

"Money market instruments

The valuation of MYR denominated money market instruments will be done using the price quoted by Bond Pricing Agency ("BPA") registered with the SC. For foreign money market instruments, valuation will be done using the indicative yield quoted by independent and reputable institutions."

- ii. The information on "Derivatives" is hereby deleted in its entirety and replaced with the following:

"Derivatives

The valuation of derivatives will be based on the prices provided by the respective issuers. The issuers generate the market valuation through the use of their own proprietary valuation models, which incorporate all the relevant and available market data with respect to the derivatives (e.g. interest rates, movement of the underlying assets, volatility of the underlying assets, the correlation of the underlying assets and other such factors). For foreign exchange forward contracts ("FX Forwards"), we will apply interpolation formula to compute the value of the FX Forwards based on the rates provided by the Bloomberg or Reuters. If the rates are not available on the Bloomberg or Reuters, the FX Forwards will be valued by reference to the average indicative rate quoted by at least 3 independent dealers. In the case where the Manager is unable to obtain quotation from 3 independent dealers, the FX Forwards will be valued in accordance to a fair value as determined by us in good faith, on methods or bases which have been verified by the auditor of the Fund and approved by the Trustee."

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VALUATION POINT FOR THE FUND

The information in this section is hereby deleted in its entirety and replaced with the following:

"The Fund will be valued at 6.00 p.m on every Business Day (or "trading day" or "T" day). However, if the Fund has exposure to investments outside of Malaysia, the Fund shall be valued at 11.00 a.m. on the next Business Day (or "T + 1"). All foreign assets are translated into the base currency of the Fund based on the last available bid exchange rate quoted by Bloomberg/Reuters at 4.00 p.m. (United Kingdom time) which is equivalent to 11 p.m. or 12 midnight (Malaysian time) on the same day, or at such time as stipulated in the investment management standards issued by the FiMM."

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D. DEALING INFORMATION

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PURCHASE AND REPURCHASE OF UNITS

The information on “WHAT IS THE PROCESS OF REPURCHASE APPLICATION?” is hereby deleted in its entirety and replaced with the following:

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

RM Class and SGD Hedged-class, EUR Hedged-class, USD Hedged-class, AUD Hedged-class and RMB Hedged-class	Based on the NAV per Unit of a Class for that Business Day.
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Any repurchase request received after 3.30p.m. will be transacted on the next Business Day (or “T + 1 day”).

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

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SWITCHING FACILITY

- (i) The table under fourth paragraph in this section is hereby deleted in its entirety and replaced with the following:

“Switching Out Fund	Switching In Fund	Pricing Day	
		Switching Out Fund	Switching In Fund
Money market fund	Non-money market fund	T Day	T Day
Non-money market fund	Non-money market fund		
Money market fund	Money market fund	T Day	T + 1 Day
Non-money market fund	Money market fund	T Day	At the next valuation point, subject to clearance of payment and money received by the intended fund”

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SUSPENSION OF DEALING

This is a new section and the following statement is hereby inserted after “TRANSFER FACILITY”:

“The Trustee may suspend the dealing in Units:

- where the Trustee considers that it is not in the interests of the existing Unit Holders to permit the assets of the Fund to be sold or that the assets cannot be liquidated at an appropriate price or on adequate terms and immediately call a Unit Holders’ meeting to decide on the next course of action; or
- without the consent of the Unit Holders, due to exceptional circumstances when there is a good and sufficient reason to do so having regard to the interests of the Unit Holders. In such case, the period of the suspension shall not exceed twenty one (21) days of the commencement of the suspension.”

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E. FEES, CHARGES AND EXPENSES

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- i. The information which appears at the beginning of the “Fees, Charges and Expenses” section is hereby deleted in entirety and replaced with the following:



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

You should be aware that all fees, charges and expenses referred to or quoted in this Prospectus (including any supplemental prospectus) and the Deed (including any supplemental deed) are referred to or quoted as being exclusive of any tax which may be imposed by the relevant authority. We (including the Trustee and other service providers) will charge the applicable tax, if any, on the fees, charges and expenses in accordance with the relevant laws.”

- ii. The information on “Sales Charge” is hereby deleted in its entirety and replaced with the following:

“A Sales Charge may be imposed on the purchase of Units in each Class of the Fund. The Sales Charge shall be a percentage of the initial offer price of a Class during the initial offer period and thereafter, the NAV per Unit of each Class.

The maximum Sales Charge that each of the distribution channel may impose is as stated below:

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

** Investors may negotiate for a lower charge.*

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

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

F. SALIENT TERMS OF THE DEED

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The following information is hereby inserted after “Termination of the Fund” in this section:

“Termination Of Class of Units

A Class may be terminated if a Special Resolution is passed at a meeting of Unit Holders of that Class to terminate the Class provided always that such termination does not prejudice the interests of any other Class.”

G. THE MANAGER

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ABOUT AHAM

- i. The first paragraph of this section is hereby deleted in its entirety and replaced by the following:

“AHAM was incorporated in Malaysia on 2 May 1997 and began its operations under the name Hwang–DBS Capital Berhad in 2001. In early 2014, AHAM was acquired by the Affin Banking Group (“Affin”) and hence, is now supported by a home-grown financial services conglomerate. Affin has over 39 years of experience in the financial industry which focuses on commercial, Islamic and investment banking services, money broking, fund management and underwriting of life and general insurance business. Meanwhile, AHAM has more than 16 years’ experience in the fund management industry. Additionally, AHAM is also 27% owned by Nikko Asset Management International Limited, a wholly-owned subsidiary of Tokyo-based Nikko Asset Management Co., Ltd., an Asian investment management franchise.”

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- ii. The third paragraph of this section is hereby deleted in its entirety and replaced by the following:

“AHAM’s head office is located in Kuala Lumpur and has a total of 7 main sales offices located in Peninsular and East Malaysia. The sales offices are in Penang, Ipoh, Johor Bahru, Melaka, Kuching, Miri and Kota Kinabalu.”

- iii. The information on the “Board of Directors” has been deleted in its entirety and replaced by the following:

“Raja Tan Sri Dato’ Seri Aman bin Raja Haji Ahmad (Chairman, Non-independent Director)
Mr Teng Chee Wai (Non-independent Director)
Ms Eleanor Seet Oon Hui (Non-independent Director)
Mr Yip Kit Weng (Non-independent Director)
En. Faizal Sham bin Abu Mansor (Independent Director)
Maj. Gen. Dato’ Zulkiflee bin Mazlan (R) (Independent Director)”

H. RELATED PARTIES TRANSACTION AND CONFLICT OF INTEREST

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- i. The information on the “Related Party Transaction” has been deleted in its entirety and replaced by the following:

“Name of Party Involved in the Transaction	Nature of Transaction	Name of Related Party	Nature of Relationship
AHAM	Placement of deposit and money market instruments	Affin Hwang Investment Bank Berhad (Affin Hwang IB)	Affin Hwang IB holds 63% equity interest in the Manager.”

- ii. The following information in this section is hereby deleted in its entirety and replaced with the following:

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

Save as disclosed below, as at 31 December 2019, the substantial shareholders of AHAM, do not have any direct or indirect interest in other corporations carrying on similar business:

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

- iii. The following information is hereby inserted after the “Details of the Substantial Shareholders of AHAM’s Direct and Indirect Interest in other Corporation Carrying on a Similar Business” in this section:

“Details of the Directors of AHAM’s Direct and Indirect Interest in other Corporation Carrying on a Similar Business

Save as disclosed below, as at 31 December 2019, the directors of the Manager do not have any direct and indirect interest in other corporations carrying on a similar business:

Mr Teng Chee Wai, as a shareholder of the Manager, has an indirect interest in AIIMAN Asset Management Sdn Bhd. AIIMAN Asset Management Sdn Bhd is wholly-owned by the Manager.”

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I. CONSENTS

This is a new section and the following statement is hereby inserted after "RELEVANT INFORMATION":

- "The written consents of Trustee and Trustee's delegate to the inclusion in this Prospectus of their names in the form and context in such names appear have been given before the issuance of this Prospectus and have not been subsequently withdrawn; and
- The written consent of Ernst & Young Tax Consultants Sdn Bhd to the inclusion in the Prospectus of its name and Tax Adviser's Letter in the form and context in which it is contained in this Prospectus has been given before the issuance of this Prospectus and has not been subsequently withdrawn."

J. DIRECTORY OF SALES OFFICE

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The information on the sales offices of Affin Hwang Asset Management Berhad is hereby deleted in its entirety and replaced with the following:

"AFFIN HWANG ASSET MANAGEMENT BERHAD:

HEAD OFFICE

Ground Floor, Menara Boustead
69 Jalan Raja Chulan
50200 Kuala Lumpur
Tel : 03 – 2116 6000
Fax : 03 – 2116 6100
Toll Free No : 1-800-88-7080
Email: customercare@affinhwangam.com
Website: www.affinhwangam.com

PENANG

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

PERAK

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

JOHOR

Unit 22-05, Level 22
Menara Landmark
No. 12, Jalan Ngee Heng
80000 Johor Bahru
Johor
Tel : 07 – 227 8999
Fax : 07 – 223 8998

MELAKA

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

SABAH

Unit 1.09(a), Level 1, Plaza Shell
29, Jalan Tunku Abdul Rahman
88000 Kota Kinabalu, Sabah
Tel : 088 - 252 881
Fax : 088 - 288 803

SARAWAK

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

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

AUTHORISED DISTRIBUTORS:

For more information about our authorised distributors, kindly contact our customer service personnel at our toll free number 1-800-88-7080 between 8.45 a.m. to 5.30 p.m. on a Business Day. Alternatively, you can e-mail us at customercare@affinhwangam.com.

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