

Asset Management

# **PRODUCT HIGHLIGHTS SHEET**

for

## **Affin Hwang Enhanced Deposit Fund**

**Date of issuance: 18 December 2020**

### **RESPONSIBILITY STATEMENT**

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

### **STATEMENT OF DISCLAIMER**

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

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

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

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

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

**PRODUCT HIGHLIGHTS SHEET**
**AFFIN HWANG ENHANCED DEPOSIT FUND**
**BRIEF INFORMATION ON THE PRODUCT**
**1. What is this product about?**

Affin Hwang Enhanced Deposit Fund is an open-ended money market fund, issued and managed in-house by the Manager.

The Fund aims to provide investors with a regular income stream and high level of liquidity to meet cash flow requirement while maintaining capital preservation.

**PRODUCT SUITABILITY**
**2. Who is this product suitable for?**

This Fund is designed for retail investors and is primarily suitable for low risk Investors who are generally conservative, risk averse and prefer a short-term investment horizon.

**KEY PRODUCT FEATURES**
**3. What am I investing in?**

Launch Date	18 April 2005	
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 the Prospectus and the provisions of the Deed.	
Asset Allocation	The Fund asset allocation range is as follows:-	
	<b>Asset Class</b>	<b>% of the Fund's NAV</b>
	Debenture, money market instruments and deposit with remaining a maturity period of not more than 365 days	90% to 100%
	Debenture, money market instruments and deposit with remaining a maturity period of more than 365 days but fewer than 732 days	0 to 10%
Benchmark	Maybank Overnight Repo Rate	
Investment Strategy	<p>The Fund will invest in a diversified portfolio of debentures, money market instruments and deposits with Financial Institutions.</p> <p>The Fund will only look to invest in debentures and money market instruments that meet a minimum investment grade rating of P1 by RAM or MARC -1 by MARC. The selection of individual debentures and money market instruments will depend largely on its credit quality where the respective issuers will have strong ability to meet their financial obligations, healthy cash-flow, the collateral type, value, claims priority as well as offer highest safety for timely payment of interest and principal. In the event the rating or a particular security or an issuer is downgraded resulting in non-compliance, we shall, within 6 months, take steps to replace such security or issuer.</p> <p>While we typically take an active trading policy, the frequency of our trades will be dependent on prevailing market opportunities as well as liquidity needs.</p> <p>We hold option to reduce the Fund's exposure into any investments that we believe may be impacted from the prevailing market conditions. However, focus will remain on constructing a</p>	

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	portfolio of liquid investments that are able to produce relative certainty of meeting its financial obligations.
Distribution Policy	The Fund endeavour to distribute income on a monthly basis.
Minimum Initial Investment*	MYR 10,000
Minimum Additional Investment*	MYR 10,000
Minimum Repurchase Amount	10,000 Units
Minimum Holding of Units*	10,000 Units

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

### 4. Who am I investing with?

Relevant parties' information:

The Manager	Affin Hwang Asset Management Berhad
Manager's Delegate (Fund Valuation & Accounting Function)	HSBC (Malaysia) Trustee Berhad
The Trustee	HSBC (Malaysia) Trustee Berhad
Trustee's Delegate	<i>Local custodian:</i> The Hongkong And Shanghai Banking Corporation Limited (as custodian) and assets held through:- HSBC Nominees (Tempatan) Sdn. Bhd. (258854-D) HSBC Bank Malaysia Berhad (127776-V) <i>Foreign Custodian:</i> The Hongkong And Shanghai Banking Corporation Limited
Tax Adviser	Ernst & Young Tax Consultants Sdn. Bhd. (179793k)
Auditor/Reporting Accountants	PricewaterhouseCoopers

### 5. What are the possible outcomes of my investment?

The Fund is a money market fund that invests in a diversified portfolio of debentures, money market instruments and deposits with Financial Institutions.

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

## KEY RISKS

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

#### General risks

- **Market risk** – Market risk arises due to fluctuations in market values of investments. Such fluctuations occur because of factors that affect the entire market. Factors such as economic growth, political stability and social environment are some examples of conditions that have an impact on businesses, whether positive or negative.
- **Manager's risk** – The performance of the Fund depends in part on the experience and expertise of the investment managers and this is of particular importance when the Fund has a narrower investment scope e.g. investments in certain countries or sectors only. The lack of experience and expertise in those countries or sectors may jeopardize the performance of the Fund.

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

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- **Performance risk** – The performance of the Fund depends on the financial instruments that the Fund purchases. If the instruments do not perform within expectation or if there is a default, then, the performance of the Fund will be impacted negatively.
- **Inflation risk** – This is the risk that your investment in the Fund may not grow or generate income at a rate that keeps pace with inflation. This would reduce your purchasing power even though the value of the investment in monetary terms has increased.
- **Liquidity risk** – This 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 below its actual value.
- **Loan financing risk** – This risk occurs when you take a loan/financing to finance your investment. The inherent risk of investing with borrowed money includes you being unable to service the loan repayments. In the event Units are used as collateral, you may be required to top-up your existing instalment if the prices of Units fall below a certain level due to market conditions. Failing which, the Units may be sold at a lower net asset value per unit as compared to the net asset value per unit at the point of purchase towards settling the loan.
- **Risk of non-compliance** – This is the risk that the Manager of the Fund may not follow the rules set out in the Fund's constitution, or the law that governs the Fund, or will act fraudulently or dishonestly. The non-compliance may expose the Fund to losses particularly caused by the fraudulent or dishonest acts or omissions of the Manager.
- **Operational risk** – This risk refers to the possibility of a breakdown in our internal controls and policies. The breakdown may be a result of human error, system failure or fraud where our employees collude with one another. This risk may cause monetary loss and/or inconvenience to you.
- **Political risk** – The Fund is exposed to the local political situation or environment at all times. Any change or instability in this regard may more likely than not result in less than favourable implications on the Fund.
- **Regulatory risk** – So long as the Fund continues to invest in a particular country, the Fund will be exposed to changes in the regulatory regime of that country. Perhaps a regulatory regime that changes constantly is in respect of tax treatment of investment income. Investors should not presume that the tax treatment of a particular investment will be the same in perpetuity. A change in the tax treatment of a particular investment would mean lower returns for the Fund and vice versa.

*Note: Please refer to the Fund's Prospectus on further detail of each risk.*

## Specific risks

- **Credit and default risk** – Credit risk relates to the creditworthiness of the issuers of the debentures or money market instruments (hereinafter referred as "investment") and their expected ability to make timely payment of interest and/or principal. Any adverse situations faced by the issuer may impact the value as well as liquidity of the investment. In the case of rated investment, this may lead to a credit downgrade. Default risk relates to the risk of an issuer of the investment either defaulting on payments or failing to make payments in a timely manner which will in turn adversely affect the value of the investment.
- **Interest rate risk** – This risk refers to the impact of interest rate changes on the valuation of debentures or money market instruments (hereinafter referred as "investment"). When interest rates rise, the investment prices generally decline and this may lower the market value of the investment. The reverse may apply when interest rates fall.
- **Liquidity risk** - Liquidity risk refers to the ease of liquidating an asset depending on the asset's volume traded in the market. If the Fund holds assets that are illiquid, or are difficult to dispose of, the value of the Fund will be negatively affected when it has to sell such assets at unfavourable prices.

*Note: Please refer to the Fund's Prospectus on further detail of each risk.*

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

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**PERFORMANCE**
**Average Total Return**

	1 Year (1/5/19 – 30/4/20)	3 Year (1/5/17 – 30/4/20)	5 Year (1/5/15 – 30/4/20)	10 Year (1/5/10 – 30/4/20)	Since Commencement (14/6/05 – 30/4/20)
<b>Fund</b>	3.35%	3.53%	3.60%	3.35%	3.34%
<b>Benchmark</b>	1.48%	1.72%	1.79%	1.78%	2.07%

Source: Bloomberg/Lipper

**Annual Total Return**

Financial Year End (“FYE”)	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Fund	3.35%	3.73%	3.52%	3.74%	3.68%	3.44%	3.18%	3.01%	2.93%	2.92%
Benchmark	1.48%	1.90%	1.79%	1.80%	2.01%	1.96%	1.80%	1.80%	1.72%	1.51%

Source: Bloomberg/Lipper

For the period from 1 May 2019 to 30 April 2020, the Fund registered a return of 3.35%, outperforming the benchmark return of 1.48%.

Basic of calculation and assumption made in calculating the returns

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

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

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

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

**Income Distribution**

FYE	2020	2019	2018
Gross distribution per Unit (sen)	4.06	1.43	1.20
Net distribution per Unit (sen)	4.06	1.43	1.20

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

**Portfolio Turnover Ratio (PTR)**

FYE	2020	2019	2018
PTR (times)	22.76	0.20	0.98

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

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

**FEES & CHARGES**
**7. What are the fees and charges involved?**

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

**What will I be charged by the Manager?**

Sales charge	There will be no Sales Charge for this Fund.
Repurchase charge	There will be no Repurchase Charge for this Fund.
Transfer fee	A MYR 5.00 transfer fee will be levied for each transfer of Units.
Switching fee	There will be no switching fee levied on any switching transactions.

**What are the key ongoing fees charged to the Fund?**

Management fee	Up to 0.50% per annum of the NAV of the Fund.
Trustee fee	Up to 0.05% per annum of the NAV of the Fund (including local custodian fee but excluding foreign sub-custodian fee)

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

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

### VALUATIONS AND EXITING FROM INVESTMENT

#### 8. How often are valuations available?

The Fund will be valued on every Business Day and you may obtain the NAV and NAV per Unit of the Fund from our website at [www.affinhwangam.com](http://www.affinhwangam.com), our customer service via our toll free number 1-800-88-7080 or email to [customercare@affinhwangam.com](mailto:customercare@affinhwangam.com).

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

You may request to redeem your investments in the Fund at any point in time by completing the repurchase application form and returning it to us on any Business Day between 8.45 a.m. and 2.30 p.m. Payments will be made to you within four (4) days from the day the repurchase request is received by us and provided that all documentations are completed and verifiable.

If you invest through the EMIS, we will remit the repurchase proceeds to EPF by crediting back into your EPF account. If you are above the age of fifty five (55) years old and invest through the EMIS, we will remit the repurchase proceeds to you directly.

### CONTACT INFORMATION

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

1. For internal dispute resolution, you may contact our customer service personnel:

- |                       |   |                                                                                                                     |
|-----------------------|---|---------------------------------------------------------------------------------------------------------------------|
| (a) via phone to      | : | 03 – 2116 6000                                                                                                      |
| (b) via fax to        | : | 03 – 2116 6100                                                                                                      |
| (c) via toll free no. | : | 1-800-88-7080                                                                                                       |
| (d) via email to      | : | <a href="mailto:customercare@affinhwangam.com">customercare@affinhwangam.com</a>                                    |
| (e) via letter        | : | Affin Hwang Asset Management Berhad<br>Ground Floor, Menara Boustead<br>69, Jalan Raja Chulan<br>50200 Kuala Lumpur |

Complaints should be made in writing with the following information:

- particulars of the complainant which include name, correspondence address, contact number, e-mail address (if any) and other relevant information;
- circumstances of the non-compliance or improper conduct;
- parties alleged to be involved in the improper conduct; and
- other supporting documentary evidence (if any).

2. If you are dissatisfied with the outcome of the internal dispute resolution process, please refer your dispute to the Securities Industries Dispute Resolution Centre (SIDREC):

- |                   |   |                                                                                                                                                               |
|-------------------|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (a) via phone to  | : | 03-2282 2280                                                                                                                                                  |
| (b) via fax to    | : | 03-2282-3855                                                                                                                                                  |
| (c) via email to  | : | <a href="mailto:info@sidrec.com.my">info@sidrec.com.my</a>                                                                                                    |
| (d) via letter to | : | Securities Industry Dispute Resolution Center (SIDREC)<br>Unit A-9-1 Level 9, Tower A, Menara UOA Bangsar, No. 5, Jalan Bangsar Utama 1<br>59000 Kuala Lumpur |

3. You can also direct your complaint to the SC even if you have initiated a dispute resolution process with SIDREC. To make a complaint, please contact the SC's Investor Affairs & Complaints Department:

- |                                                                                             |   |                                                                                                                                            |
|---------------------------------------------------------------------------------------------|---|--------------------------------------------------------------------------------------------------------------------------------------------|
| (a) via phone to the Aduan Hotline at                                                       | : | 03 – 6204 8999                                                                                                                             |
| (b) via fax to                                                                              | : | 03 – 6204 8991                                                                                                                             |
| (c) via e-mail to                                                                           | : | <a href="mailto:aduan@seccom.com.my">aduan@seccom.com.my</a>                                                                               |
| (d) via online complaint form available at <a href="http://www.sc.com.my">www.sc.com.my</a> | : |                                                                                                                                            |
| (e) via letter to                                                                           | : | Investor Affairs & Complaints Department<br>Securities Commission Malaysia, No 3 Persiaran Bukit<br>Kiara, Bukit Kiara, 50490 Kuala Lumpur |

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### 4. Federal of Investment Managers Malaysia (FIMM)'s Complaints Bureau:

- |                                            |   |                                                                                                                                                                                     |
|--------------------------------------------|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (a) via phone to                           | : | 03 – 20923800                                                                                                                                                                       |
| (b) via fax to                             | : | 03 – 20932700                                                                                                                                                                       |
| (c) via e-mail to                          | : | complaints@fimm.com.my                                                                                                                                                              |
| (d) via online complaint form available at | : | www.fimm.com.my                                                                                                                                                                     |
| (e) via letter to                          | : | Legal, Secretarial & Regulatory Affairs<br>Federal of Investment Managers Malaysia<br>19-06-1, 6th Floor Wisma Tune, No. 19, Lorong Dungun<br>Damansara Heights, 50490 Kuala Lumpur |

## APPENDIX : GLOSSARY

<b>Board</b>	Means the Board of Directors of the Manager.
<b>Bursa Malaysia</b>	Means the stock exchange operated by Bursa Malaysia Securities Berhad including such other name as it may be amended from time to time.
<b>Business Day</b>	Means a day on which Bursa Malaysia is open for trading.
<b>Debenture</b>	It includes debenture stock, bonds, 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.
<b>Deed</b>	Deed dated 4 April 2005 as amended by First Supplemental Deed dated 29 December 2005, Second Supplemental Deed dated 20 February 2006, Third Supplemental Deed dated 18 June 2007, Fourth Supplemental Deed dated 15 October 2008, Fifth Supplemental Deed dated 12 March 2009, Sixth Supplemental Deed dated 19 March 2010, the Seventh Supplemental Deed dated 18 January 2012, the Eighth Supplemental Deed dated 27 June 2014 and Ninth Supplemental Deed dated 19 December 2016 entered into between the Manager and the Trustee including any supplemental and variation thereto.
<b>Deposit(s)</b>	Has the same meaning as the definition of "deposit" in the Financial Services Act 2013. For the avoidance of doubt, it shall exclude structured deposit.
<b>EMIS</b>	Means EPF Members' Investment Scheme.
<b>EPF</b>	Means Employees Provident Fund.
<b>Financial Institution</b>	Means (a) if the institution is in Malaysia: (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.
<b>Fund</b>	Refers to Affin Hwang Enhanced Deposit Fund.
<b>Manager / AHAM</b>	Refers to Affin Hwang Asset Management Berhad.
<b>MARC</b>	Refers to Malaysian Rating Corporation Berhad.
<b>Net Asset Value or NAV</b>	Means the value of the Fund's assets which is determined by deducting the value of all the Fund's liabilities from the value of all the Fund's assets, at the valuation point. <i>For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund should be inclusive of the management fee and trustee fee for the relevant day.</i>
<b>NAV per Unit</b>	Means the NAV of the Fund at a particular valuation point divided by the total number of Units in Circulation at that point.
<b>Prospectus</b>	Means the prospectus for the Fund and includes any supplementary or replacement prospectus, as the case may be.
<b>RAM</b>	Means RAM Rating Services Berhad.
<b>Repurchase Charge</b>	Means a fee imposed pursuant to a repurchase request.
<b>Sales Charge</b>	Means a fee imposed pursuant to a purchase request.
<b>SC</b>	Means the Securities Commission Malaysia established under the Securities Commission Malaysia Act 1993.
<b>short-term</b>	Means a period of less than 3 years.
<b>The Trustee</b>	HSBC (Malaysia) Trustee Berhad (1281-T).
<b>Unit or Units</b>	Means a measurement of the right or interest of a Unit Holder in the Fund including a fraction of a unit.
<b>Units in Circulation</b>	Means Units created and fully paid. It is the total number of Units issued at a particular valuation point.
<b>Unit Holder(s), investor(s), you</b>	Means the person / corporation registered as a holder of Units, including persons jointly registered.

*Note:*

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

Reference to first person pronouns such as "we", "us" or "our" in the Prospectus means the Manager/AHAM.