

Asset Management

# **PRODUCT HIGHLIGHTS SHEET**

**for**

## **Affin Hwang Select Balanced Fund**

**Date of Issuance: 18 July 2017**

### **RESPONSIBILITY STATEMENT**

This Product Highlights Sheet has been reviewed and approved by the directors or authorized committee 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 omission 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 Affin Hwang Select Balanced 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

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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 SELECT BALANCED FUND**
**BRIEF INFORMATION ON THE PRODUCT**
**1. What is this product about?**

Affin Hwang Select Balanced Fund is an open-ended balanced fund, issued and managed in-house by the Manager.

The Fund is growth and income based fund which aims to provide investors an affordable access into a diversified investment portfolio containing a “balanced” mixture of equities and fixed income securities to achieve a balance of growth and income over medium to long-term.

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

The Fund is designed for retail investors who prefer more stable investment returns, are relatively conservative with a bias towards receiving regular income and want a meaningful medium to long-term capital growth.

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

Launch Date	28 July 2003
Tenure	The Fund is an open-ended fund where it does not have a fixed maturity date and may only be terminated in accordance with the terms of the Prospectus and the provisions of the Deed.
Investment Strategy	<p>The Fund will focus on achieving its objective by investing in a balanced portfolio consisting equities, debentures, money market instruments and/or deposits.</p> <p>When selecting its fixed income instruments such as debentures, money market instruments or deposits, macroeconomic trends and market analysis are the important considerations taken. Whereas, when investing into equities, we will focus on companies that are able to provide growth potential over the medium to long-term investment horizon.</p> <p>While we typically take an active trading policy, we look to maintain some core holdings that are held over the medium to long term which is similar to a buy and hold strategy. We will also maintain a trading portion for the portfolio, which we use to take advantage by participating in investment opportunities that are set to benefit from prevailing market conditions, with the aim of boosting the Fund’s performance.</p> <p>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.</p>

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	<p><b>Foreign Investments</b></p> <p>The Fund may invest up to 30% of its NAV in investments listed or issued in foreign markets. The decision to invest into foreign markets will be opportunistically driven where we would seek out investments that could provide a potential to enhance the returns of the Fund. The Fund will invest only into countries where the regulatory authorities are ordinary or associate members of the International Organization of Securities Commissions (IOSCO).</p> <p><b>Derivatives</b></p> <p>Derivative trades may be carried out for hedging purposes, through financial instruments including, but not limited to, forward contracts, futures contracts and swaps. Future and forward contracts are generally contracts between two parties to trade an asset at an agreed price on a pre-determined future date. Swaps, whereas, is an agreement to swap or exchange two financial instruments between two parties.</p> <p>The intention of hedging is to protect the value of the asset from any adverse price movements. For example, to hedge against foreign currency exchange risk, the Fund may enter into a currency forward contract to offset any adverse foreign currency movements by determining an agreed rate for an agreed tenure with its counterparty. While these hedging transactions would protect the Fund against potential losses, trades for hedging purposes would also limit the returns that the Fund may have potentially received from foreign exchange gains would the Fund not have hedged its foreign currency exposure.</p> <p><b>Temporary Defensive Position</b></p> <p>We hold the option to take temporary defensive measures that may be inconsistent with the Fund's principal strategy and asset allocation to protect the Fund against adverse market conditions. To manage the risk of the Fund, we may shift the Fund's focus into lower risk investments such as money market instruments and/or deposits.</p>						
<p>Asset Allocation</p>	<table border="1" data-bbox="579 1391 1382 1576"> <thead> <tr> <th data-bbox="579 1391 983 1442">Asset Class</th> <th data-bbox="983 1391 1382 1442">% of NAV of the Fund</th> </tr> </thead> <tbody> <tr> <td data-bbox="579 1442 983 1503">Equities</td> <td data-bbox="983 1442 1382 1503">40% to 60%</td> </tr> <tr> <td data-bbox="579 1503 983 1576">Debentures, money market instruments and/or deposits</td> <td data-bbox="983 1503 1382 1576">40% to 60%</td> </tr> </tbody> </table>	Asset Class	% of NAV of the Fund	Equities	40% to 60%	Debentures, money market instruments and/or deposits	40% to 60%
Asset Class	% of NAV of the Fund						
Equities	40% to 60%						
Debentures, money market instruments and/or deposits	40% to 60%						
<p>Distribution Policy</p>	<p>Subject to the availability of income, the Fund will distribute income on a semi-annual basis.</p> <p>However, the amount of income available may fluctuate from year to year.</p>						
<p>Minimum Initial Investment*</p>	<p>MYR1,000</p>						
<p>Minimum additional Investment*</p>	<p>MYR100</p>						
<p>Minimum units held*</p>	<p>500 Units</p>						

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

\* subject to change at our discretion

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### 4. Who am I investing with?

Relevant parties information:

The Manager	Affin Hwang Asset Management Berhad
Manager's Delegate (Fund Accounting and Valuation Agent)	HSBC (Malaysia) Trustee Berhad
The Trustee	HSBC (Malaysia) Trustee Berhad
Trustee's Delegate (Custody Services)	The Hong Kong and Shanghai Banking Corporation Limited (as Custodian) and assets held through HSBC Nominees (Tempatan) Sdn Bhd <i>(Local custodian)</i>  The Hong Kong and Shanghai Banking Corporation Limited <i>(Foreign custodian)</i>
Auditor / Reporting Accountants	PricewaterhouseCoopers
Tax Adviser	Ernst & Young Tax Consultants Sdn Bhd
Solicitor	Wei Chien & Partners

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

This is a balanced fund that invests in a diversified portfolio of equities and fixed income securities, in domestic and foreign markets.

The performance of the Fund would be dependent on the fixed income securities and equity markets that are investable by the Fund. The Fund's performance is reliant on the Manager's expertise in managing the Fund to meet its objective.

However, unlike fixed deposits which generally provide a guarantee on capital invested and carry specific rate of return, the Fund's investments into fixed income securities does not provide a guarantee on capital contributed nor does it guarantee a fixed rate of return.

The Fund's investment into equities would, to a great extent, be linked to the price movements of the domestic and/or foreign equity markets. If the equities that are investable by the Fund performs well, the Fund's performance may reflect the same. However, should the equities that are investable by the Fund perform poorly, the Fund's performance may also be impacted negatively.

The Fund endeavours to distribute income, if any, on a semi-annual basis.

Please note that the Fund does not guarantee your investment capital nor the returns from the Fund.

## KEY RISKS

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

#### General risks

- **Market risk** – This risk refers to the possibility that an investment will lose value because of a general decline in financial markets, due to economic, political and/or other factors, which will result in a decline in the Fund's NAV.
- **Fund management risk** – This risk refers to the day-to-day management of the Fund by the Manager which will impact the performance of the Fund. For example, investment decisions undertaken by the Manager as a result of an incorrect view of the market or any non-compliance with internal policies, investment mandate, the

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Deed, relevant law or guidelines due to factors such as human error, fraudulent, dishonesty, or weaknesses in operational process and systems, may adversely affect the performance of the Fund.

- **Performance risk** - There is no guarantee in relation to the investment returns or on the distribution to Unit Holders.
- **Inflation risk** – This is a risk that your investment in the Fund may not grow or generate income at a rate that keeps pace with inflation. This would reduce your purchasing power even though the value of the investment in monetary terms has increased.
- **Liquidity risk** – Liquidity risk refers to two scenarios. The first is where an investment cannot be sold due to unavailability of a buyer for that investment. The second scenario exists where the investment, by its nature, is thinly traded. This will have the effect of causing the investment to be sold below its fair value which would adversely affect the NAV of the Fund.
- **Operational risk** – This risk refers to the possibility of a breakdown in the Manager's internal controls and policies. The breakdown may be a result of human error, system failure or may be fraud where employees of the Manager collude with one another. This risk may cause monetary loss and/or inconvenience to you.
- **Loan financing risk** - This risk occurs when you take a loan or financing to finance your investment. The inherent risk of investing with borrowed money includes you being unable to service the loan repayments. In the event Units are used as collateral, you may be required to top-up your existing instalment if the prices of Units fall below a certain level due to market conditions. Failing which, the Units may be sold at a lower NAV per unit as compared to the NAV per unit at the point of purchase towards settling the loan.

### Specific risks

- **Stock specific risk** – Prices of a particular stock may fluctuate in response to the circumstances affecting individual companies such as adverse financial performance, news of a possible merger or loss of key personnel of a company. Any adverse price movements of such stock will adversely affect the Fund's NAV.
- **Credit and default risk** – Credit risk relates to the creditworthiness of the issuers of the debentures or money market instruments (hereinafter referred as "investment") and their expected ability to make timely payment of interest and/or principal. Any adverse situations faced by the issuer may impact the value as well as liquidity of the investment and this may lead to a credit downgrade. Default risk relates to the risk of an issuer of the investment either defaulting on payments or failing to make payments in a timely manner which will in turn adversely affect the value of the investment. This could adversely affect the value of the Fund.
- **Interest rate risk** – This risk refers to the impact of interest rate changes on the valuation of debentures or money market instruments (hereinafter referred as "investment"). When interest rates rise, the investment prices generally decline and this may lower the market value of the investment. The reverse may apply when interest rates fall.
- **Warrants investment risk** – The value of the warrants will depend on the pricing of the underlying security whereby the growth and performance prospect of the underlying security would consequentially affect the value of the warrants. In addition, the value of the warrants may decrease exponentially as the warrants approach its' maturity date and the potential gains from a favourable price movement of the underlying may be offset by aggressive time decay. We may consider unwinding these warrants if there are material adverse changes to its' value with the aim to mitigate the risk.
- **Country risk** – Investments of the Fund in any countries may be affected by changes in the economic and political climate, restriction on currency repatriation or other developments in the law or regulations of the countries in which the Fund invests.
- **Currency risk** – As the investments of the Fund may be denominated in currencies other than the base currency, any fluctuation in the exchange rate between the base currency and the currencies in which the investments are denominated may have an impact on the value of these investments. You should note that any gains or losses arising from the fluctuation in the exchange rate may further increase or decrease the returns of the investment.
- **Regulatory risk** - The investments of the Fund would be exposed to changes in the laws and regulations in the countries the Fund is invested in. These regulatory changes pose a risk to the Fund as it may materially impact the investments of the Fund.

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

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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 risks associated to the Fund. If necessary, you should consult your professional adviser(s) for a better understanding of the risks.

### FUND PERFORMANCE

Average Total return

	1 Year (1/4/16 – 31/3/17)	3 Years (1/4/14 – 31/3/17)	5 Years (1/4/12 – 31/3/17)	Since Commencement (18/8/03 - 31/3/17)
Fund	10.13 %	4.34 %	7.09 %	9.66 %
Benchmark	3.31 %	1.08 %	2.81 %	5.34 %
Outperformance	6.82 %	3.26 %	4.28 %	4.32 %

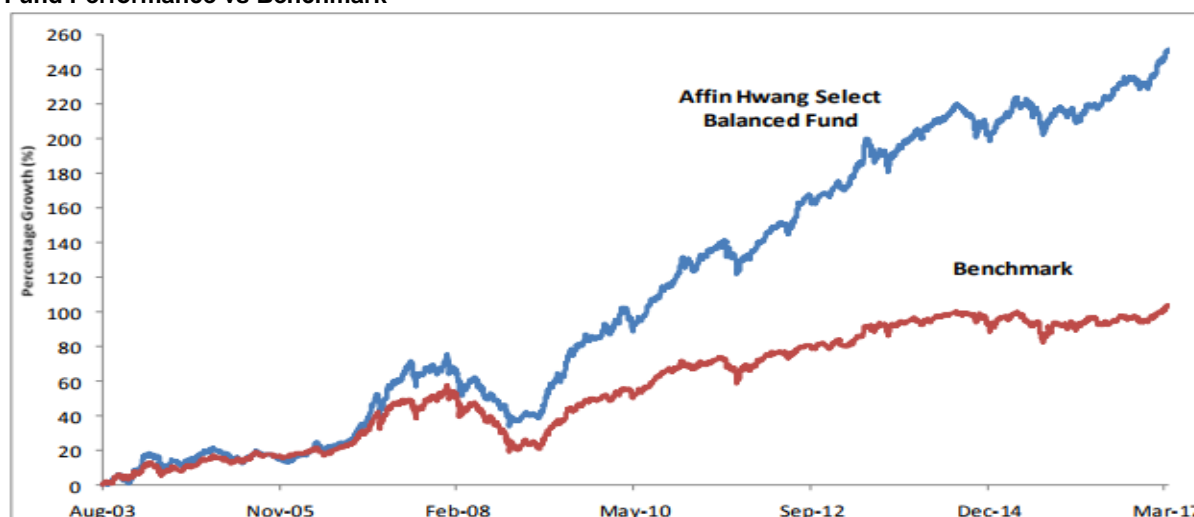
Source of Benchmark: Bursa Malaysia Berhad & Maybank

Annual Total Returns

	FYE 2017 (1/4/16 – 31/3/17)	FYE 2016 (1/7/15 – 31/3/16)	FYE 2015 (1/7/14 – 30/6/15)	FYE 2014 (1/7/13 – 30/6/14)	FYE 2013 (1/7/12 – 30/6/13)
Fund	10.13 %	0.34 %	0.36 %	9.27 %	13.07 %
Benchmark	3.31 %	2.07 %	(3.29 %)	4.11 %	7.80 %
Outperformance	6.82 %	(1.73 %)	3.65 %	5.16 %	5.27 %

Source of Benchmark: Bursa Malaysia Berhad & Maybank

### Fund Performance vs Benchmark



Benchmark: Weighted average of the FTSE Bursa Malaysia Malaysian Top 100 Index ("FBM 100") performance (for equity investment) and current Maybank 12-month fixed deposit rate

Source: Bursa Malaysia Berhad & Maybank

For the period under review from 1 April 2016 to 31 March 2017, the Fund registered a return of 10.13%, outperforming the benchmark return of 3.31% by 6.82 percentage points. The NAV per Unit as at 31 March 2017 was MYR0.6657 compared to the NAV per Unit of MYR0.6335 as at 31 March 2016. During the same period under review, the Fund has declared a total gross income distribution of MYR0.03 per Unit.

The outperformance of the Fund was attributed to the better performance of global markets, and stringent investment strategy taken by the Manager. Cash levels were generally kept at moderate levels due to the uncertainties from global economies. The objective of the Fund was met over the period under review.

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### **Basis 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.

An illustration of the above would be as follow:-

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**

	As at 31 March 2017	As at 31 March 2016	As at 30 June 2015
<b>Gross distribution per Unit (sen)</b>	3.0	2.5	1.4
<b>Net distribution per Unit (sen)</b>	3.0	2.5	1.4

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

### **Portfolio Turnover Ratio (PTR)**

	FYE 2017	FYE 2016	FYE 2015
PTR (times)	0.88	0.70	0.97

*The PTR increased during the period under review as the Manager increased trading activities.*

## 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	Up to 5.50% on the NAV per Unit of the Fund. <i>Note: The Sales Charge for the Fund shall be limited to the maximum charge of 3.00% of NAV per Unit or as determined by EPF for investors who purchased the Units through the EMIS.</i>
Repurchase charge	Nil
Switching fee	Nil
Transfer fee	RM5.00 per transfer

What are the key ongoing fees charged to the Fund?

Management fee	Up to 1.50% per annum of the NAV of the Fund.
Trustee fee	Up to 0.07% per annum of the NAV of the Fund, subject to a minimum of MYR18,000 per annum (excluding foreign custodian fees and charges).

**ALL FEES AND CHARGES ARE EXCLUSIVE OF GOODS AND SERVICES TAX. WE (INCLUDING THE TRUSTEE AND/OR OTHER SERVICE PROVIDERS) WILL CHARGE GOODS AND SERVICES TAX AT THE PREVAILING RATE OF 6% ON THE ABOVEMENTIONED FEES AND CHARGES IN ACCORDANCE WITH THE GOODS AND SERVICES TAX ACT 2014.**

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

### VALUATIONS AND EXITING FROM INVESTMENT

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

The Fund will be valued on every Business Day and you may obtain NAV and prices 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 3.30 p.m. Payments will be made to you within 10 days from the day the repurchase request is received by the Manager and provided that all documentations are completed and verifiable.

For Unit Holders who invest through the EPF members' investment scheme, the Manager shall remit the repurchase proceeds to EPF for crediting back into the investors' EPF accounts respectively. For Unit Holders above the age of 55 years old and who invest through the EPF members' investment scheme, the Manager shall remit the repurchase proceeds to the said Unit Holders 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 : [customercare@affinhwangam.com](mailto:customercare@affinhwangam.com)
  - (e) via letter : Affin Hwang Asset Management Berhad  
Ground Floor, Menara Boustead  
69, Jalan Raja Chulan  
50200 Kuala Lumpur

Complaints should be made in writing with the following information:

- (a) particulars of the complainant which include name, correspondence address, contact number, e-mail address (if any) and other relevant information;
  - (b) circumstances of the non-compliance or improper conduct;
  - (c) parties alleged to be involved in the improper conduct; and
  - (d) 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 : [info@sidrec.com.my](mailto:info@sidrec.com.my)
    - (d) via letter to : Securities Industry Dispute Resolution Center (SIDREC)  
Unit A-9-1 Level 9, Tower A  
Menara UOA Bangsar  
No. 5, Jalan Bangsar Utama 1  
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:



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

#### 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](mailto:complaints@fimm.com.my)  
 (d) via online complaint form available at : [www.fimm.com.my](http://www.fimm.com.my)  
 (e) via letter to : Legal, Secretarial & Regulatory Affairs  
 Federal of Investment Managers Malaysia  
 19-06-1, 6th Floor Wisma Tune  
 No. 19, Lorong Dungun  
 Damansara Heights  
 50490 Kuala Lumpur

### APPENDIX : GLOSSARY

“Business Day”	Means a day on which the Bursa Malaysia is open for trading.
“Deed”	Refers to deed dated 1 July 2003, first supplemental deed dated 29 December 2005, second supplemental deed dated 18 June 2007, third supplemental deed dated 15 October 2008, fourth supplemental deed dated 18 January 2012, fifth supplemental deed dated 27 June 2014 and sixth supplemental deed dated 28 April 2017 entered into between the Manager and the Trustee.
“the Fund”	Refers to Affin Hwang Select Balanced Fund.
“Prospectus”	Means prospectus for the Affin Hwang Select Balanced Fund, and includes any supplementary or replacement prospectus, as the case may be.
“the Manager, we, us, our”	Means Affin Hwang Asset Management Berhad.
“medium to long-term”	Means a period between three (3) to five (5) years.
“MYR”	Means Ringgit Malaysia, the lawful currency of Malaysia.
“Net Asset Value” or “NAV”	Means the value of the Fund’s assets less the value of the Fund’s liabilities at a particular valuation point except that, for the purpose of computing the annual management fee and the annual trustee fee, the NAV of the Fund should be inclusive (that is, before any deduction) of the management fee and the trustee fee for the relevant day.
“NAV per Unit”	Means the NAV of the Fund at a particular valuation point divided by the number of Units in Circulation at the same valuation point.
“Sales Charge”	Means a fee imposed pursuant to a purchase request.
“SC”	Means Securities Commission Malaysia established under the Securities Commission Malaysia Act 1993.
“Unit(s)”	Means a measurement of the right or interest of a Unit Holder in the Fund.

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“Unit Holder(s), investor(s), you”	Means the person / corporation registered as the holder of a Unit or Units including persons jointly registered.
“Units in Circulation”	Means Units created and fully paid and which have not been cancelled. It is also the total number of Units issued at a particular valuation point.