

Press Release

08 January 2019

Affin Hwang AM Launches China A Equity Fund

KUALA LUMPUR – Affin Hwang Asset Management Berhad (“Affin Hwang AM” or “the Company”) announced today the launch of Affin Hwang World Series - China A Opportunity Fund (“the Fund”). The Fund is a wholesale feeder growth fund that provides access to the vast opportunities in China’s domestic equity market by investing in a collective investment scheme, namely UBS (Lux) Investment SICAV - China A Opportunity (“Target Fund”).

The Target Fund is a Luxembourg-domiciled fund managed by UBS Asset Management (“Target Fund Manager”). To achieve its investment objective, the Fund will invest a minimum of 80% of the Fund’s net asset value (NAV) into the Target Fund and a maximum of 20% of the Fund’s NAV into money market instruments, deposits and / or liquid assets.

Chan Ai Mei, Chief Marketing & Distribution Officer of Affin Hwang AM said, “As China continues on its roadmap to liberalisation and demonstrate its commitment to opening up its capital market, we expect the Fund to be a beneficiary of inflows as reforms take root. The gradual inclusion of China A shares into the MSCI Emerging Market Index would see sizeable fund flows and draw greater global investor interest. In the event of full inclusion, the total weightage of China equities could make up to 40% of the entire index weight.”

“This Fund is a welcome addition to our World Series that will allow investors to tap into opportunities in China’s domestic or A-share market. The indiscriminate sell-off in emerging markets last year has created an attractive entry-point for investors to reposition themselves for the long-term and scoop up bargains. With structural growth trends intact and rapid urbanisation, China is easily the prime choice for investors to diversify their portfolios and participate in its next phase of growth. We advise investors to be patient when investing in China and stay focused on its longer term prospects,” Ai Mei said.

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On the outlook for China, **Bin Shi, Head of China Equities, UBS Asset Management** believes that the recent policy developments could signal a turning point for China's stock markets and could be an opportunity for investors to add or invest in China equities. "Looking at the series of recent policy statements and announcements, we believe there has been a significant change in the Chinese government's attitude. This makes a compromise on the US/China trade issues more possible going forward," said Bin. He cited BMW's recent announcement to take majority control of its local joint venture which shows that the Chinese government has opened up key industrial sectors to investment from overseas companies. They have reversed their position of limiting investment into China that has been a key source of disagreement in the US/China trade dispute.

These moves could help boost investor confidence which has been hurt by the government's previous policy attitude. Though we have seen numerous government announcements, Bin feels that the new policy support has not been fully appreciated by the market. However, going into 2019, these will positively impact investor sentiment and will help, in part help decrease the risk in Chinese equity market.

The valuations for Chinese equities are also compelling and currently trade at a P/E discount to other markets. Both onshore and offshore China equities are priced at a 12-month forward P/E of about 10x (as at 30 Nov 2018). This is about 30% below the valuation for global equities.

Given the attractive valuations, Bin reveals that he has been putting more cash to work compared to the first half of 2018. He and his team continue to be positive on 'new economy' companies in sectors like consumer, IT, and healthcare.

The Fund is available to Sophisticated Investors who seek capital appreciation through investments in China A-shares, have a long term investment horizon and have a high risk tolerance. The Base Currency of the Fund is in USD. The Fund is offered in five (5) currency

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classes, namely USD Class, MYR Class, MYR-Hedged Class, SGD-Hedged Class and AUD Hedged-Class. The minimum investment amount is \$5,000 for all listed currency classes.

Investors are advised to read and understand the contents of the Fund's Product Highlights Sheet and Information Memorandum dated 8 January 2019 before investing. Investors who are keen to learn more about the Fund can visit <http://affinhwangam.com/> and invest through any of Affin Hwang AM sales offices.

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About Affin Hwang Asset Management Berhad

Affin Hwang Asset Management Bhd ("Affin Hwang AM" or the "Company") was incorporated in Malaysia on 2 May 1997 under the Companies Act 1965 and began its operations under the name Hwang-DBS Unit Trust Berhad in 2001. In early 2014, the Company was acquired by the Affin Banking Group ("Affin") and hence, is now supported by a major home-grown financial services conglomerate. Affin has close to 40 years of experience in financial industry which focuses on commercial, Islamic and investment banking services, money broking, fund management and underwriting of life and general insurance business. Additionally, Affin Hwang AM is also 30% owned by Nikko Asset Management International Limited, a wholly-owned subsidiary of Tokyo-based Nikko Asset Management Co. Ltd, a leading independent Asian investment management franchise. Its head office is located in Kuala Lumpur and has a total of 7 main sales offices located in Peninsular and East Malaysia. They are in Penang, Ipoh, Malacca, Johor Bahru, Kuching, Miri and Kota Kinabalu.

Affin Hwang AM's core business is providing fund management services to private clients, as well as to retail clients via its stable of unit trust funds and private retirement schemes. The Company offers wide range of unit trust products and investment solutions with underlying investments comprising conventional equities, balanced, bond, money market, capital guaranteed, capital protected, global, structured and feeder funds, as well as Shariah-compliant equity, Islamic money market instruments and Islamic fixed income funds. Affin Hwang AM's Shariah investment solutions are made available through its wholly-owned subsidiary and Islamic investment arm, AIIMAN Asset Management Sdn. Bhd. ("AIIMAN")

Since its inception in 2001, Affin Hwang AM has achieved an exponential growth in its total assets under administration ("AUA"). As at 30 November 2018, the total AUA, comprising in-house unit trust funds as well as corporate and discretionary portfolios stood at approximately RM48.4 billion (combined AUA of Affin Hwang AM and AIIMAN).

About UBS Asset Management

UBS Asset Management is a large-scale bank-owned business division of UBS AG. We manage more than USD 830 billion in assets and are the world's second largest fund of hedge funds manager*. Through a network of over 900 investment professionals globally, we provide investors with a broad spectrum of investment capabilities – sustainable investing, equities, fixed income, multi-asset, alternatives (including real estate, hedge funds and private markets) and passive strategies. Being located in 23 countries enables us to meet the needs of institutional clients, third party intermediaries, sovereign wealth funds, as well as clients of UBS's Wealth Management business.

*Source: UBS Asset Management, AUM as at 30 September 2018; HFM InvestHedge Billion Dollar Club, published September 2018

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Warning Statement

A Product Highlights Sheet (PHS) is available for the Fund and investors have the right to request for a copy of it.

Investors are advised to read and understand the contents of the PHS, and Information Memorandum dated 8 January 2019 for the Fund before investing.

The Information Memorandum and PHS have been lodged with the Securities Commission Malaysia, who takes no responsibility for its contents. A copy of the Information Memorandum and the PHS can be obtained at Affin Hwang AM's sales offices. Units will only be issued upon receipt of an application form referred to in and accompanying the Information Memorandum and PHS. There are fees and charges involved when investing in the Fund. Investors are advised to consider the fees and charges carefully before investing. The price of units and distribution payable, if any, may go down as well as up and past performance of the Fund should not be taken as indicative of its future performance. If you plan to purchase units of the Fund via loan financing, you are advised to read and understand the contents of the "Unit Trust Loan Financing Disclosure Statement" before deciding to borrow to purchase units.