

UNITED CHOICE PORTFOLIOS II

UNITED SGD FUND

P r o s p e c t u s

UNITED CHOICE PORTFOLIOS II

Directory

Managers

UOB Asset Management Ltd
(Company Registration Number: 198600120Z)
Registered Address:
80, Raffles Place, UOB Plaza,
Singapore 048624
Operating Address:
80, Raffles Place, 6th Storey, UOB Plaza 2,
Singapore 048624

Directors of the Managers

Terence Ong Sea Eng
Yeo Eng Cheong
Thio Boon Kiat

Trustee

BNP Paribas Trust Services Singapore Limited
20, Collyer Quay, #01-01, Tung Centre,
Singapore 049319
(Company Registration No. 200800851W)

Auditors

PricewaterhouseCoopers LLP
8, Cross Street, #17-00, PWC Building,
Singapore 048424

Solicitors to the Managers

Allen & Gledhill LLP
One Marina Boulevard, #28-00,
Singapore 018989

Solicitors to the Trustee

Rodyk & Davidson LLP
80, Raffles Place, #33-00, UOB Plaza 1,
Singapore 048624

IMPORTANT INFORMATION

The managers of United Choice Portfolios II (the “**Fund**”), UOB Asset Management Ltd (the “**Managers**”) accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, this Prospectus contains all information with respect to the Fund which is material in the context of the offer of units of the Fund hereunder and the statements contained in this Prospectus are in every material respect true and accurate and not misleading and there are no other facts the omission of which would make any statement in this Prospectus misleading. Unless otherwise stated, all terms not defined in this Prospectus have the same meanings as used in the deed of trust (as amended) constituting and relating to the Fund (the “**Deed**”).

Investors should consult the relevant provisions of the Deed and obtain independent professional advice in the event of any doubt or ambiguity relating thereto.

No application has been made for the units in the Fund to be listed on any stock exchange. There is no ready market for the units in the Fund. Any holder of units may consequently only realise all or part of his holding of units in the Fund in accordance with and subject to the provisions of the Deed.

This Prospectus does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation and may only be used in connection with the offering of units of the Fund as contemplated herein. No representation is made as to the tax status of the Fund. This Prospectus may be supplemented or replaced from time to time to reflect material changes.

Potential investors should seek independent professional advice to ascertain (a) the possible tax consequences, (b) the legal requirements and (c) any foreign exchange restrictions or exchange control requirements which they may encounter under the laws of the countries of their citizenship, residence or domicile, which may be relevant to the subscription, holding or disposal of units in the United SGD Fund (the “**Sub-Fund**”) and units of the Sub-Fund referred to as “**Units**”) and should inform themselves of and observe all applicable laws and regulations of any relevant jurisdiction that may be applicable to them.

Investment in the Sub-Fund requires consideration of the usual risks involved in investing and participating in collective investment schemes. Investors should also carefully consider the risks of investing in the Sub-Fund which are set out in Part IX of this Prospectus. Investors should consider these risks carefully before making an investment decision. Investors should note that because their investments can be volatile and that the value of the Units may decline as well as appreciate, there can be no assurance that the Sub-Fund will be able to attain its objectives. The prices of Units as well as the income from them may go up as well as down to reflect changes in the value of the Sub-Fund. An investment should only be made by those persons who can sustain losses on their investments. Investors should also satisfy themselves of the suitability to them of an investment in the Sub-Fund based on their personal circumstances.

No person, other than the Managers, has been authorised to issue any advertisements or to give any information, or to make any representations in connection with the offering, subscription or sale of the Units, other than those contained in this Prospectus and, if issued, given or made, such advertisements, information or representations must not be relied upon as having been authorised by the Managers.

All enquiries in relation to the Fund or the Sub-Fund should be directed to the Managers, UOB Asset Management Ltd, or any agent or distributor appointed by the Managers.

UNITED CHOICE PORTFOLIOS II

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UNITED CHOICE PORTFOLIOS II

The sub-fund of the United Choice Portfolios II offered in this Prospectus is constituted in Singapore and is an authorised scheme under the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”). A copy of this Prospectus has been lodged with and registered by the Monetary Authority of Singapore (the “Authority”). The Authority assumes no responsibility for the contents of this Prospectus. Registration of this Prospectus by the Authority does not imply that the SFA or any other legal or regulatory requirements have been complied with. The Authority has not, in any way, considered the investment merits of the sub-fund. The meanings of terms not defined in this Prospectus can be found in the deed of trust (as amended) constituting the United Choice Portfolios II.

I. BASIC INFORMATION

United Choice Portfolios II

1. The Fund is a Singapore-authorised stand-alone open-ended umbrella fund constituted in Singapore. As at the date of registration of this Prospectus the Fund has one sub-fund established and is presently offering units in that sub-fund, namely, the United SGD Fund (the “**Sub-Fund**”).

Date of registration and expiry date of Prospectus

2. The date of registration of this Prospectus with the Authority is 6 May 2010. This prospectus shall be valid for 12 months after the date of registration (i.e., up to and including 5 May 2011) and shall expire on 6 May 2011.

Deed of Trust and Supplemental Deeds

3. The deed of trust relating to the interests being offered to the public for subscription or purchase is dated 18 May 1998 (the “**Principal Deed**”).

The Principal Deed has been amended by the following supplemental deeds and amendment deeds:

- (i) the First Supplemental Deed dated 18 November 1998;
- (ii) the Second Supplemental Deed dated 13 May 1999;
- (iii) the Third Supplemental Deed dated 15 November 1999;
- (iv) the Fourth Supplemental Deed dated 2 March 2000;
- (v) the Fifth Supplemental Deed dated 1 March 2001;
- (vi) the Sixth Supplemental Deed of Appointment and Retirement of Manager dated 27 June 2001;
- (vii) the Seventh Supplemental Deed dated 27 June 2001;
- (viii) the Eighth Supplemental Deed dated 21 June 2002;
- (ix) the Ninth Supplemental Deed of Appointment and Retirement of Manager dated 21 December 2002;
- (x) the First Amendment Deed dated 23 June 2003;

- (xi) the Second Amendment Deed dated 22 June 2004;
- (xii) the Third Amendment Deed dated 21 June 2005;
- (xiii) the Fourth Amendment Deed dated 9 June 2006;
- (xiv) the Fifth Amendment Deed dated 8 June 2007;
- (xv) the Sixth Amendment Deed dated 26 June 2007;
- (xvi) the Seventh Amendment Deed dated 20 May 2008;
- (xvii) the Eighth Amendment Deed dated 13 May 2009;
- (xviii) the Ninth Amendment Deed dated 29 June 2009;
- (xix) a Supplemental Deed of Appointment and Retirement of Trustee dated 4 September 2009; and
- (xx) the Tenth Amendment Deed dated 6 May 2010.

The Principal Deed as amended by the First Supplemental Deed, the Second Supplemental Deed, the Third Supplemental Deed, the Fourth Supplemental Deed, the Fifth Supplemental Deed, the Sixth Supplemental Deed of Appointment and Retirement of Manager, the Seventh Supplemental Deed, the Eighth Supplemental Deed, the Ninth Supplemental Deed of Appointment and Retirement of Manager, the First Amendment Deed, the Second Amendment Deed, the Third Amendment Deed, the Fourth Amendment Deed, the Fifth Amendment Deed, the Sixth Amendment Deed, the Seventh Amendment Deed, the Eighth Amendment Deed, the Ninth Amendment Deed, the Supplemental Deed of Appointment and Retirement of Trustee and the Tenth Amendment Deed shall hereinafter be referred to as the “**Deed**”.

4. The terms and conditions of the Deed shall be binding on each unitholder (each a “**Holder**” and collectively the “**Holders**”) and all persons claiming through such Holder as if such Holder and such persons had been a party to the Deed and as if the Deed contained covenants on such Holder and on such persons to observe and be bound by the provisions of the Deed and an authorisation by each Holder and such persons to do all such acts and things as the Deed may require the Managers or the trustee of the Fund (the “**Trustee**”) (as the case may be) to do.
5. Copies of the Deed are available for inspection at the office of the Managers at 80, Raffles Place, 6th Storey, UOB Plaza 2, Singapore 048624 at all times during usual business hours (subject to such reasonable restrictions as the Managers may impose) and shall be supplied by the Managers to any person on application at a charge of S\$25 per copy of the document (or such other amount as the Trustee and the Managers may from time to time agree in writing), such charge being payable to the Managers.
6. **Reports and Accounts**

A copy of the latest semi-annual and annual report, semi-annual and annual accounts and the auditors’ report on the annual accounts of the Fund may be obtained from the Managers upon request at 80, Raffles Place, 6th Storey, UOB Plaza 2, Singapore 048624.

II. THE MANAGERS

7. The Managers of the Fund are UOB Asset Management Ltd (“UOBAM”), whose registered office is at 80, Raffles Place, UOB Plaza, Singapore 048624.
8. UOBAM is a wholly-owned subsidiary of UOB Group. Established in 1986, UOBAM has been managing collective investment schemes and discretionary funds in Singapore for 24 years and as of 28 February 2010 manages about S\$14.69 billion in clients’ assets. UOBAM also has investment operations in Malaysia and Thailand.

UOBAM offers global investment management expertise to institutions, corporations and individuals through customised portfolio management services and unit trusts. As at 28 February 2010, UOBAM manages 49 unit trusts in Singapore, with total assets of about S\$3.06 billion under management. UOBAM is one of the largest unit trust managers in Singapore in terms of assets under management.

9. In terms of market coverage, UOBAM has acquired specialist skills in equity investment in Asian, Australian, European and US markets and in major global sectors. In the bond markets, UOBAM covers the Organisation of Economic Co-operation and Development (OECD) countries to emerging markets. UOBAM’s investment philosophy is to emphasise on securities selection using a bottom-up approach. UOBAM makes regular company visits and supplements its fundamental investment approach with quantitative tools to control risks and to aid in the portfolio construction process. UOBAM has also established itself as one of the leading players in structured credits and investment solutions, managing third party investments in global emerging market securities as well as global investment grade, non-investment grade and multi-sector credits.

In addition, UOBAM is committed to achieving consistently good performance. Since 1996, UOBAM has won 109 awards for investments in local, regional and global markets, and across global sectors such as Banking and Finance, Technology, Healthcare, as well as Gold and Mining.

As at 28 February 2010, UOBAM and its subsidiaries in the region have a staff strength of over 200, including 46 investment professionals in Singapore.

Past performance of the Managers is not necessarily indicative of their future performance.

III. THE TRUSTEE AND CUSTODIAN

10. The Trustee is BNP Paribas Trust Services Singapore Limited whose registered office is at 20, Collyer Quay, #01-01, Tung Centre, Singapore 049319.
11. The custodian of the Fund is BNP Paribas Securities Services S.A., Singapore Branch whose registered address is at 20, Collyer Quay, #01-01, Tung Centre, Singapore 049319 and/or such other custodian as may be appointed from time to time in respect of the Fund or any of its assets (collectively the “Custodian”).

IV. OTHER PARTIES

12. The registrar of the Fund is the Trustee. The Trustee has appointed HSBC Institutional Trust Services (Singapore) Limited to maintain the register of Holders (the “**Register**”), which will be kept at 60, Alexandra Terrace, #10-12/13, The Comtech, Singapore 118502. A copy of the Register will also be kept at 156, Cecil Street, #08-03, Far Eastern Bank Building, Singapore 069544, and is accessible to the public during normal business hours (subject to such reasonable restrictions as the registrar may impose).

The Register is conclusive evidence of the number of units in the Fund held by each Holder and the entries in the Register shall prevail in the event of any discrepancy between the entries in the Register and the details appearing on any statement of holding, unless the Holder proves to the satisfaction of the Managers and the Trustee that the Register is incorrect.

13. The auditors of the Fund are PricewaterhouseCoopers LLP (the “**Auditors**”) whose registered office is at 8, Cross Street, #17-00, PWC Building, Singapore 048424.

V. STRUCTURE OF THE SUB-FUND

14. The Sub-Fund offered in this Prospectus is a Singapore-dollar denominated open-ended non-specialised unit trust established under the umbrella structure of the Fund.

VI. INVESTMENT OBJECTIVE, FOCUS AND APPROACH

15. **Investment Objective and Focus**

The investment focus of the Sub-Fund is to invest substantially all its assets in money market and short term interest bearing debt instruments and bank deposits with the objective of achieving a yield enhancement over Singapore dollar deposits.

16. **Authorised Investments**

The authorised investments of the Sub-Fund (“**Authorised Investments**”) is any Investment or other property, assets or rights for the time being approved by the relevant authority in Singapore for investment by the Sub-Fund in accordance with the CPFIS Regulations.

“**Investment**” means “securities” as defined in the CPFIS Regulations.

17. **Investment Approach**

The Managers’ research process is fundamental and valuation driven, and bottom-up in approach. They have a team of credit analysts for both Singapore fixed income issuers and high grade corporate issuers in the developed markets. This benefits their Singapore credit research efforts as many high grade foreign issuers have issued Singapore-dollar denominated securities.

For Singapore, Asia and emerging markets, the Managers’ team of credit analysts conducts a detailed credit analysis that evaluates industry outlook, business review, financial review, management expertise, strength of ownership and specific debt structure. This results in an implied rating score. Relative valuation will determine corporate credit selection.

For rated issuers, mainly US/Europe high grade issuers, to supplement the fundamental analysis by their G10 credit team, the Managers have implemented a quantitative credit risk approach based from the KMV model. This model uses the Merton option framework to calculate the implied asset volatility or the Expected Default Frequency (EDF) of any corporate bond issue. Other inputs include an asset correlation database, which is generated from a proprietary risk management system. Together, the model will calculate the return-expected loss trade off for any corporate bond issue.

VII. SUB-FUND INCLUDED UNDER THE CPFIS

18. The Sub-Fund is included under the CPF Investment Scheme – Ordinary Account and CPF Investment Scheme – Special Account for subscription by members of the public using their CPF monies.
19. The benchmark and CPF Board’s risk classification of the Sub-Fund is set out below:

<u>Benchmark</u>	<u>Risk Classification</u>
6 - month SIBID rate	Low to Medium Risk - Broadly Diversified

The CPF Board currently pays a legislated minimum annual interest rate of 2.5% on monies in the CPF Ordinary Account. The CPF interest rates are based on the 12-month fixed deposit and month-end savings rates of the major local banks and it is reviewed by the CPF board quarterly. The interest is computed monthly, and is credited and compounded annually.

The interest rate for the Special and Medisave Accounts (“**SMA**”) is pegged to the 12-month average yield of 10-year Singapore government securities (10YSGS) plus 1%. From 1 January 2010, the interest rate to be credited to the Retirement Account (“**RA**”) will be the weighted average interest of the entire portfolio of Special Government Securities (SSGS) the RA savings are invested in which earn a fixed coupon equal to the 12-month average yield of the 10YSGS plus 1% at the point of issuance. For 2010, the minimum interest rate for the SMA and RA is 4.0% per annum. After 31 December 2010, the 2.5% per annum legislated minimum interest rate, as prescribed by the CPF Act, will apply to the SMA and RA.

In addition, the CPF Board pays an extra interest rate of 1% per annum on the first \$60,000 of a CPF member’s combined balances, including up to \$20,000 in the CPF Ordinary Account. The first \$20,000 in the CPF Ordinary Account and the first \$30,000 in the CPF Special Account will not be allowed to be invested under the CPF Investment Scheme (“**CPFIS**”). With effect from 1 July 2010, the first \$40,000 in the CPF Special Account will not be allowed to be invested under the CPFIS.

Investors should note that the applicable interest rates for each of the CPF accounts may be varied by the CPF Board from time to time.

Subscriptions using CPF monies shall at all times be subject to the regulations and such directives or requirements imposed by the CPF Board from time to time.

VIII. FEES & CHARGES

20. All fees and charges payable out of the Sub-Fund and payable by the investors are outlined in the following tables:

Fees payable by the investors	
Subscription Fee	For Cash Units and Supplementary Retirement Scheme Units: Currently 2%, maximum 5%. For CPF Units: Currently 2%, maximum 3%.
Realisation Charge	Nil
Switching Fee¹	Currently 1%; Maximum 1%

Fees payable by the Sub-Fund to the Managers and other parties	
Annual Management Fee	Currently 0.5%; Maximum 1.5%
Annual Trustee fee²	Currently below 0.05%, maximum 0.1%; Subject to a maximum of S\$45,000 per annum.
Annual valuation and accounting fee	Subject to agreement between the relevant parties
Annual registrar fee (payable to the Registrar)	Based on a tiered structure ³
Audit fee⁴ (payable to the auditors), custodian fees⁵ (payable to the custodian) and other fees and charges⁶	Subject to agreements with the relevant parties

Note:

¹ In the case of a switch of Units in the Sub-Fund to units of any other funds managed by the Managers (referred to as “**New Units**” and “**New Fund**” respectively), the switching fee referred to relates to the 1% subscription fee imposed by the Managers for investment into the New Fund. Such 1% switching fee would, in the case of a New Fund which normally imposes a subscription fee of more than 1%, effectively translate to a discount off the subscription fee of the New Fund.

² The Trustee Fee shall be paid by the Managers out of the Management Fee.

³ Based on the following tiers (calculated based on the month-end assets under management), the annual registrar fee (payable to the Registrar) is as follows:-

(i)	Less than S\$5,000,000	= nil
(ii)	Between S\$5,000,000 to S\$10,000,000	= S\$6,000 p.a.
(iii)	Between S\$10,000,000 to S\$25,000,000	= S\$10,000 p.a.
(iv)	Between S\$25,000,000 to S\$50,000,000	= S\$15,000 p.a.
(v)	Between S\$50,000,000 to S\$100,000,000	= S\$30,000 p.a.
(vi)	Greater than S\$100,000,000	= S\$60,000 p.a.

⁴ The audit fee payable is subject to agreement with the auditors of the Sub-Fund for each financial year.

⁵ The custodian fee payable is subject to agreement with the custodian and will depend on the number of transactions carried out and the place at which such transactions are effected in relation to the Sub-Fund.

⁶ Other fees and charges include goods and services tax, administration fees, printing and stationery costs, legal and professional fees, service charges and other out-of-pocket expenses. Based on the net asset value of the Sub-Fund as at 31 March 2010, the Managers anticipate that none of the foregoing fees and charges for the current financial year (on the assumption that such fees and charges would be similar to that incurred in the previous financial year) would exceed 0.1% p.a. of the net asset value of the Sub-Fund.

As required by the Code on Collective Investment Schemes issued by the Authority (the “Code”), all marketing, promotional and advertising expenses in relation to the Sub-Fund will be borne by the Managers and are not charged to the Deposited Property¹ of the Sub-Fund.

IX. RISKS

21. General Risks

21.1 Investors should consider and satisfy themselves as to the risks of investing in the Sub-Fund. Generally, some of the risk factors that should be considered by investors are market risks, interest rate risks, foreign exchange risks, political risks, repatriation risks, liquidity risks and derivatives risks.

¹ “**Deposited Property**” means all the assets (cash and other property) for the time being held or deemed to be held upon the trust of the Deed (or if the context so requires, the part thereof attributable to the Sub-Fund), excluding any amount for the time being standing to the credit of the Distribution Account or the Management Fund. “**Distribution Account**” means, in relation to the Sub-Fund, the distribution account referred to in Clause 11(C) of the Deed and “**Management Fund**” means the management fund referred to in Clause 17(A) of the Deed.

- 21.2 Investment in the Sub-Fund is meant to produce returns over the long term and investors should not expect to obtain short-term gains from such investment.
- 21.3 Investors should be aware that the price of Units and the income from them may fall or rise. Investors may not get back their original investment.

22. **Specific Risks**

22.1 Market Risk

Investors in the Sub-Fund should consider and satisfy themselves as to the usual risks of investing and participating in publicly traded securities. Prices of securities may go up or down in response to changes in economic conditions, interest rates and the market's perception of securities which in turn may cause the price of Units to rise or fall.

22.2 Foreign Exchange Risk

The Sub-Fund is denominated in Singapore dollars. Where investments are made by the Sub-Fund in the form of foreign currency denominations, fluctuations in the exchange rates of other currencies against the base currency of the Sub-Fund may affect the value of Units. In the management of the Sub-Fund, the Managers adopt an active currency management approach. However, the foreign currency exposure of the Sub-Fund may not be fully hedged depending on the circumstances of each case. Such considerations shall include but are not limited to the outlook on the relevant currency, the costs of hedging and the market liquidity of the relevant currency.

22.3 Political Risk

The investments of the Sub-Fund may be adversely affected by political instability as well as exchange controls, changes in taxation, foreign investment policies, restrictions on repatriation of investments and other restrictions and controls which may be imposed by the relevant authorities in the relevant countries.

22.4 Derivatives Risk

As the Sub-Fund may invest in derivatives for efficient portfolio management or hedging purposes, it will be subject to risks associated with such investments. These derivatives include foreign exchange forward contracts and equity index future contracts. Investments in derivatives may require the deposit of initial margin and additional deposit of margin on short notice if the market moves against the investment positions. If no provision is made for the required margin within the prescribed time, the Sub-Fund's investments may be liquidated at a loss. Therefore, it is essential that such investments in derivatives are monitored closely. The Managers have the necessary controls for investments in derivatives and have in place systems to monitor the derivative positions for the Sub-Fund.

Risk management procedures of the Managers

- (a) The Managers may use financial derivative instruments for the purposes of hedging existing positions in a portfolio or efficient portfolio management.
- (b) The Managers will ensure that the exposure of the Sub-Fund to financial derivative instruments will not at any time exceed 100% of the value of the Deposited Property. Such exposure will be calculated by converting the derivative positions into equivalent positions in the underlying assets embedded in those derivatives.
- (c) Description of risk management and compliance procedures and controls adopted by the Managers:-
 - (i) The Managers will implement various procedures and controls to manage the risk of the assets of the Sub-Fund. The decision to invest in any particular security or instrument on behalf of the Sub-Fund will reflect the Managers' judgment of the benefit of such transactions to the Sub-Fund and will be consistent with the Sub-Fund's investment objective in terms of risk and return.
 - (ii) *Execution of Trades.* Prior to each trade, the Managers will ensure that the intended trade will comply with the stated investment objective, focus, approach and restrictions of the Sub-Fund, and that best execution and fair allocation of trades are done. The Managers' Middle Office department will conduct periodic checks to ensure compliance with the investment objective, focus, approach and restrictions (if any) of the Sub-Fund. In the event of any non-compliance, Middle Office is empowered to instruct the relevant officers to rectify the same. Any non-compliance will be reported to higher management and monitored for rectification.
 - (iii) *Liquidity.* In the event there are unexpectedly large redemptions of Units, there may be a possibility that the assets of the Sub-Fund may be forced to be liquidated at below their fair and expected value, especially in illiquid public exchanges or over-the-counter markets. The Managers will ensure that a sufficient portion of the Sub-Fund will be in liquid assets such as cash and cash-equivalents to meet expected redemptions, net of new subscriptions.
 - (iv) *Counterparty exposure.* The Sub-Fund may have credit exposure to counterparties by virtue of positions in financial instruments (including derivatives) held by the Sub-Fund. To the extent that a counterparty defaults on its obligations and the Sub-Fund is delayed or prevented from exercising its rights with respect to the investments in its portfolio, it may experience a decline in the value of its assets, its income stream and incur extra costs associated with the exercise of its financial rights. The Managers will restrict their dealings with counterparties that have a minimum long-term issuer credit rating of above BB+ by Standard and Poor's, an individual rating of above C by Fitch Inc or a financial strength rating of above C by Moody's Investors Service. If any approved counterparty fails this criterion

subsequently, the Managers will take steps to unwind the Sub-Fund's position with that counterparty as soon as practicable.

- (v) *Volatility.* To the extent that the Sub-Fund has exposure to financial derivative instruments that allow a larger amount of exposure to a security for no or a smaller initial payment than the case when the investment is made directly into the underlying security, the value of the Sub-Fund's assets will have a higher degree of volatility. The Sub-Fund may use derivatives for hedging purposes for reducing the overall volatility of the value of its assets. At the same time, the Managers will ensure that the total exposure of the Sub-Fund to derivative positions will not exceed the net asset value of the Sub-Fund, as stated in paragraph (b) above.
- (vi) *Valuation.* The Sub-Fund may have exposure to over-the-counter derivatives that are difficult to value accurately, particularly if there are complex positions involved. The Managers will ensure that independent means of verifying the value of such instruments are available, and will conduct such verification on a regular basis, which is expected to be at least once a month.
- (d) The Managers will ensure that the risk management and compliance procedures and controls adopted are adequate and that they have the necessary expertise to control and manage the risks relating to the use of financial derivative instruments. The Managers may modify the risk management and compliance procedures and controls as they deem fit and in the interests of the Sub-Fund.

22.5 Liquidity Risk

Investments by the Sub-Fund in some Asian and/or emerging markets often involve a greater degree of risk due to the nature of such markets which do not have fully developed services such as custodian and settlement services often taken for granted in more developed markets. There may be a greater degree of volatility in such markets because of the speculative element, significant retail participation and the lack of liquidity which are inherent characteristics of these Asian and/or emerging markets.

22.6 Small Capitalisation Companies Risk

Investments in companies with small capitalisation generally carry greater risk than is customarily associated with companies with larger capitalisation, which may include, for example, less public information, more limited financial resources and product lines, greater volatility, higher risk of failure than larger companies and less liquidity. The result may be greater volatility in the share prices.

22.7 Single Country, Sector or Regional Fund Risk

Investors should be aware that investments in single country, sector or regional funds which may present greater opportunities and potential for capital appreciation may be subject to higher risks as they may be less diversified than a global portfolio.

22.8 Interest Rate Risks

Investment in debt securities are also subject to risk of interest rate fluctuations, and the prices of debt securities may go up or down in response to such fluctuations in interest rates.

The above should not be considered to be an exhaustive list of the risks which investors should consider before investing into the Sub-Fund. Investors should be aware that an investment in the Sub-Fund may be exposed to other risks of an exceptional nature from time to time.

X. SUBSCRIPTION OF UNITS

23. Subscription Procedure

- 23.1 Applications for Units may be made on the application form attached to this Prospectus, or through any agent or distributor appointed by the Managers from time to time, or through automated teller machines (“**ATMs**”) (as and when ATM applications are made available by the Managers or their agents or distributors, if applicable), or through the Managers’ website at uobam.com.sg or any other website designated by the Managers, or any other sales channels, if applicable. Applications should be accompanied by such documents as may be required, with the subscription monies in full.

Investors may make payment for Units by telegraphic transfer. Investors should contact the Managers for details regarding payment by telegraphic transfer.

Units will generally only be issued when subscription monies have been received by the Trustee on a cleared funds basis, although the Managers may at their discretion issue Units before receiving full payment in cleared funds (save for those subscriptions made through the use of SRS monies).

For compliance with anti-money laundering laws and guidelines, the Managers or their approved distributors reserve the right to request for such information and/or documents as are necessary to verify the identity of an investor.

- 23.2 Investors may subscribe for Units in the Sub-Fund either with cash, Supplementary Retirement Scheme (“**SRS**”) monies or Central Provident Fund (“**CPF**”) monies.

Investors wishing to use their CPF monies to purchase Units shall indicate so on the application form. The application form will have to contain the investors’ instructions to the investors’ relevant CPF agent bank to withdraw from their CPF investment accounts the purchase monies in respect of Units applied for. Investors using CPF monies to invest in the Sub-Fund may not be registered as joint Holders.

Investors wishing to use their SRS monies to purchase Units shall indicate so on the application form. The application form will have to contain the investors’ instructions to the investors’ relevant SRS operator bank to withdraw from the investors’ SRS account the purchase monies in respect of Units applied for.

- 23.3 Subject to provisions under the Deed and to the cancellation terms and conditions attached to the application form for Units, every Holder shall have the right to cancel their purchase of Units in the Sub-Fund within 7 calendar days from the date of subscription or purchase of Units (or such longer period as may be agreed between the Managers and the Trustee or such other period as may be prescribed by the Authority) from the date of his initial subscription by providing notice in writing to the Managers or their authorised agents. Full details of the provisions relating to the cancellation of Units may be found in the terms and conditions for cancellation of Units attached to the application form for the subscription of Units in the Sub-Fund.
24. **Minimum initial subscription amount and minimum subsequent subscription amount of the Sub-Fund**

Minimum initial subscription amount [#]	S\$1,000
Minimum subsequent subscription amount [#]	S\$500

Note:

[#] In Singapore dollars or its equivalent in United States dollars (“US dollars”) or such other currencies as the Managers may decide at the applicable rate of exchange as determined by the Managers. Any costs and risks incurred in effecting such currency exchange will be borne by the investor.

Holder of the Sub-Fund must have a holding of not less than 1,000 Units or such number of Units which, at the issue price prevailing at the time of the initial purchase was or would have been purchased for the minimum initial subscription amount of the Sub-Fund.

25. **Dealing deadline and pricing basis**

- 25.1 The dealing deadline is 3.00 p.m. Singapore time on a Dealing Day (or such other time on or prior to such Dealing Day as the Managers may from time to time determine with the approval of the Trustee) (“**Dealing Deadline**”). Units in respect of applications received and accepted by the Managers or any other agent or distributor appointed by the Managers before the Dealing Deadline on any Dealing Day will be transacted on that day. Applications received and accepted by the Managers or any other agent or distributor appointed by the Managers after the Dealing Deadline on any Dealing Day or on a day which is not a Dealing Day will be transacted on the next Dealing Day.

“**Dealing Day**”, in connection with the issuance, cancellation and realisation of Units of the Sub-Fund, means every Business Day or such other day or days at such intervals as the Managers may from time to time determine with the approval of the Trustee Provided That reasonable notice of any such determination shall be given by the Managers to all the Holders at such time and in such manner as the Trustee may approve. If on any day which would otherwise be a Dealing Day in relation to the Units of the Sub-Fund, the Recognised Stock Exchange on which investments or other property comprised in, and having in aggregate values amounting to at least 50 per cent of the Deposited Property of the Sub-Fund (as at the relevant Valuation Point) are quoted, listed or dealt in is not open

for normal trading, the Managers may determine that that day shall not be a Dealing Day.

“**Business Day**” means any day (other than a Saturday or Sunday or a public holiday) on which commercial banks in the Republic of Singapore are open for business or any other day as the Managers and the Trustee may agree in writing.

“**Valuation Point**” in relation to the Sub-Fund means 7 a.m. on the day following the relevant Dealing Day (i.e., the close of the last relevant stock exchange) or such other time on the relevant Dealing Day or such other day as the Managers with the approval of the Trustee may from time to time determine and the Trustee shall decide if a notice to notify Holders of such determination is required.

- 25.2 Units are issued on a forward pricing basis. Therefore, the issue price of Units cannot be calculated at the time of application. Units will not be issued until subscription monies are received by the Managers.
- 25.3 The issue price per Unit of the Sub-Fund shall be ascertained by calculating the net asset value per Unit of the Sub-Fund as at the Valuation Point in relation to such Dealing Day on which such issue occurs of the proportion of the Deposited Property of the Sub-Fund represented by one Unit of the Sub-Fund, truncated to three decimal places (or such other method of adjustment or number of decimal places as determined by the Managers with the approval of the Trustee). The Managers may, if so required, charge a Subscription Fee which is deducted from the total amount paid by the investor for the subscription of Units (the “**Gross Investment Amount**”) of the Sub-Fund, and the resultant amount (the “**Net Investment Amount**”) will be applied towards the subscription of Units of the Sub-Fund. The Subscription Fee shall be retained by the Managers for their own benefit and the amount of the adjustment shall be retained by the Sub-Fund.

The issue price is based on the value of the Sub-Fund at the relevant Valuation Point (as defined in paragraph 25.1 above).

The Managers shall be entitled to accept subscription monies in currencies other than in Singapore dollars, and convert such subscription monies into Singapore dollars at the applicable rate of exchange determined by the Managers. Any costs incurred in and risks associated with effecting such currency exchange will be borne by the investor. Currently, the Managers accept the purchase of Units in Singapore dollars and will quote the issue price in Singapore dollars. In future, the Managers may permit the purchase of Units at the issue price in any other foreign currencies and will quote the issue price in such foreign currency at the applicable rate of exchange.

26. **Numerical example of how Units are allotted**

The following is an example of the number of Units an investor will acquire based on a Gross Investment Amount of S\$1,000.00, a notional issue price of S\$1.000 and a Subscription Fee of 5%:

S\$1,000.00	-	S\$50.00	=	S\$950.00
Gross Investment Amount		Subscription Fee(5%)		Net Investment Amount
S\$950.00	÷	S\$1.000	=	950.00
Net Investment Amount		Notional issue price*		Number of Units allotted

The number of Units to be issued to an investor will be rounded down to two decimal places (the method of adjustment and the number of decimal places to which adjustment occurs may be varied by the Managers from time to time with the approval of the Trustee).

The above example is for illustrative purposes only and is not an indication of future or likely performance of the Sub-Fund. The value of Units and the resultant income may fluctuate and investors should read this Prospectus before investing.

** The actual issue price will fluctuate according to the then prevailing value of the Sub-Fund.*

27. A confirmation note detailing the investment amount and the number of Units in the Sub-Fund allocated to an investor will be sent to the investor within 5 Business Days for cash applications and within 11 Business Days for CPF or SRS applications from the date of issue of Units.

XI. REGULAR SAVINGS PLAN

28. The Managers may in their discretion implement a scheme for monthly investment in Units on the following basis. A Holder must have a minimum holding of 1,000 Units or the number of Units which would have been purchased for S\$1,000 (or such other number of Units as may be determined by the Managers) before embarking on a regular savings plan (“**RSP**”). The Holder may opt to invest a minimum sum of S\$100 (or such other amount as may be determined by the Managers) on a fixed day per month or S\$500 (or such other amount as may be determined by the Managers) on a fixed day per quarter through GIRO payment.

For RSP using cash, Holders must complete an Interbank GIRO Form authorising the payment for the RSP and submit it together with the application form.

For RSP using SRS monies or CPF monies, Holders must submit the application form.

Payment for the RSP will be debited from the Holders’ bank account, SRS account or CPF account (as the case may be) on the 25th calendar day (or next Business Day if that day is not a Business Day) of (i) each month (in the case of monthly RSP subscriptions) and (ii) the last month of each calendar quarter (in the case of quarterly RSP subscriptions). The investment will be made on the same day after payment has been debited for cash, CPF and SRS monies (as the case may be), with the allotment of Units made normally within 2 Business Days thereafter.

In the event that the debit is unsuccessful, no investment will be made for that month. No notification relating to the unsuccessful debit will be sent to Holders. After 2 consecutive unsuccessful debits, the RSP will be terminated and no notification of such termination will be sent to the relevant Holders.

The Managers shall not assume any liability for any losses arising from the Holders' payment for the RSP via direct debit transactions.

A Holder may terminate his participation without penalty upon giving 30 days' written notice to the Managers.

XII. REALISATION OF UNITS

29. Realisation procedure

Holders may realise their Units on any Dealing Day. Requests for realisation of Units may be made on realisation forms which may be obtained from any agent or distributor appointed by the Managers from time to time, or through an ATM (as and when ATM realisations are made available by the Managers or their agents or distributors, if applicable) or through the Managers' website at uobam.com.sg or any other website as designated by the Managers, or any other sales channels if applicable.

30. Minimum holding and minimum realisation amount

Holders may realise their Units in the Sub-Fund in full or partially. Partial realisation of Units in the Sub-Fund must be for at least 500 Units, subject to the Holder maintaining a minimum holding of at least 1,000 Units or the number of Units which were or would have been purchased for S\$1,000 or its equivalent in US dollars or such other currency as the Managers may decide at the prevailing issue price at the time of the Holder's initial subscription or purchase of Units (or such other number of Units or amount as may from time to time be determined by the Managers either generally or in any particular case or cases upon giving prior written notice to the Trustee).

31. Dealing deadline and pricing basis

31.1 Requests received and accepted by the Managers or any agent or distributor appointed by the Managers by the Dealing Deadline on any Dealing Day shall be realised at that Dealing Day's realisation price calculated in accordance with Clause 9(D) of the Deed. Requests received and accepted after the Dealing Deadline on any Dealing Day or on a day not being a Dealing Day shall be treated as having been received before the Dealing Deadline on the next Dealing Day.

31.2 Units are realised on a forward pricing basis. Therefore, the realisation price of Units cannot be calculated at the time of request. The realisation price is based on the value of the Sub-Fund at the relevant Valuation Point (as defined in paragraph 25.1 above).

- 31.3 The realisation price per Unit of the Sub-Fund shall be the price per Unit ascertained by the Managers by calculating the net asset value per Unit of the Sub-Fund as at the Valuation Point in relation to the Dealing Day on which the realisation request is received of the proportion of the Deposited Property of the Sub-Fund then represented by one Unit, truncated to three decimal places (or such other method of adjustment or other number of decimal places as determined by the Managers with the approval of the Trustee). The Managers may, if so required, charge a realisation charge which is deducted from the total amount payable to the investor in respect of the realisation of Units (the “**Gross Realisation Proceeds**”) of the Sub-Fund, and the resultant amount (the “**Net Realisation Proceeds**”) will be paid to the investor. The realisation charge shall be retained by the Managers for their own benefit and the amount of the adjustment aforesaid shall be retained by the Sub-Fund.

The realisation monies shall be paid in Singapore dollars. The Managers may, upon request by a Holder, effect payment of such realisation monies in currencies other than Singapore dollars, at the applicable rate of exchange determined by the Managers, prior to payment to the Holder. Any costs incurred in and risks associated with effecting such currency exchange will be borne by the Holder. Currently, the Managers effect payment of realisation monies in Singapore dollars and will quote the realisation price of Units in Singapore dollars. In future, the Managers may permit the realisation of Units at the realisation price in any other foreign currencies and will quote the realisation price in such foreign currency at the applicable rate of exchange.

If a Holder is resident outside Singapore, the Managers shall be entitled to deduct from the total amount which would otherwise be payable on the purchase from the Holder an amount equal to the excess of the expenses actually incurred over the amount of expenses which would have been incurred if the Holder had been resident in Singapore.

- 31.4 For avoidance of doubt, should a realisation request for any Units be received by the Managers prior to the receipt of the subscription monies in respect of such Units, the Managers may refuse to realise such Units until the Business Day following that upon which the subscription monies in respect of such Units have been received by the Trustee.
- 31.5 Bank charges (if any) incurred in respect of a telegraphic transfer of realisation proceeds to a Holder’s bank account will be borne by the Holder.

32. **Numerical example**

The following is an example of the Net Realisation Proceeds payable to an investor on the realisation of 1,000 Units, a notional realisation price of S\$0.900 and a 0% realisation charge:

1,000 Units	x	S\$0.900	=	S\$900.00
Your realisation request		Notional realisation price*		Gross Realisation Proceeds
S\$900.00	-	S\$0.00	=	S\$900.00
Gross Realisation Proceeds		Realisation Charge 0% **		Net Realisation Proceeds

Investors should note that the actual realisation price will vary daily in line with the net asset value per Unit, which may be above or below the issue price. The above example is for illustrative purposes only and is not a forecast or indication of performance.

**The actual realisation price will fluctuate according to the prevailing value of the Sub-Fund.*

***There is currently no realisation charge for the Sub-Fund.*

Realisation proceeds shall normally be paid by cheque or credited to the Holder's SRS or CPF account, as applicable, within 6 Business Days (or such other period as may be permitted by the Authority) in relation to the Sub-Fund, from the date of receipt and acceptance of the realisation form by the Managers or their duly authorised agents or distributors unless the realisation of Units has been suspended in accordance with Part XV of this Prospectus.

XIII. SWITCHING OF UNITS

33. Subject to the provisions of the Deed, the Managers may on the application of a Holder effect the switching of Units in the Sub-Fund to units of any Group Fund, save that (i) Units purchased with CPF monies may only be switched for units of a Group Fund which may be subscribed or purchased with CPF monies; and (ii) Units purchased with SRS monies may only be switched for units of a Group Fund which may be subscribed or purchased with SRS monies.

The investor can effect switching, if applicable, by completing a printed switching application form obtainable from any Singapore branch of the United Overseas Bank Group, Invest Shops or an authorised agent or distributor appointed by the Managers. There will, however, be a switching fee payable by the Holders (as set out in paragraph 20 above).

“Group Fund” means a unit trust scheme the managers of which are the Managers or a company under their control or under common control with them or at least 50 per cent of the share capital of which is held by a company which is a shareholder of the Managers and which shall approve the terms of any exchange which may be made under Clause 7(M) of the Deed.

XIV. PRICES OF UNITS

34. The indicative issue and realisation prices of Units will be published in The Straits Times, The Business Times, Lianhe Zaobao, Today, Teletext and such other local or foreign publication as the Managers may decide upon and can also be obtained from the Managers' website at uobam.com.sg or any other website designated by the Managers if applicable or by calling the Managers' 24 hour hotline at telephone number 1800 22 22 228. The actual issue and realisation prices quoted will generally be published 2 Business Days after the relevant Dealing Day in Singapore dollars.

Investors should note that the frequency of the publication of the prices is dependent on the publication policies of the publisher concerned. Save for publications of the Managers, the Managers do not accept any responsibility for any errors on the part of the publisher concerned in the prices published in the newspapers or such other publication or for any non-publication or late publication of prices by such publisher.

XV. SUSPENSION OF DEALINGS

35. The Managers may at any time, with the prior written approval of the Trustee, suspend the issuance and realisation of Units in the Sub-Fund:-
- (i) during any period when any Recognised Stock Exchange for any material proportion of the Investments for the time being constituting the Deposited Property of the Sub-Fund is closed otherwise than for ordinary holidays; or
 - (ii) during any period when dealings on any such Recognised Stock Exchange are restricted or suspended; or
 - (iii) during any period when, in the opinion of the Managers, there exists any state of affairs as a result of which withdrawal of deposits held for the account of the Sub-Fund or the realisation of any material proportion of the Investments for the time being constituting the Deposited Property of the Sub-Fund cannot be effected normally or without seriously prejudicing the interests of Holders as a whole; or
 - (iv) during any period when in the opinion of the Managers, there is a breakdown in the means of communication normally employed in determining the value of any of the Investments or the amount of any cash for the time being comprised in the Deposited Property of the Sub-Fund or the amount of any liability of the Trustee for account of the Sub-Fund or when for any other reason the value of any such Investments or the amount of any such cash or liability cannot be promptly and accurately ascertained; or
 - (v) during any period when, in the opinion of the Managers, the transfer of funds which will or may be involved in the realisation of any material proportion of the Investments for the time being constituting the Deposited Property of the Sub-Fund cannot be effected promptly at normal rates of exchange; or

- (vi) if during any particular day the requests for realisation of Units exceed 10 per cent of the Units of the Sub-Fund in issue and deemed to be in issue; or
- (vii) during any 48 hour period (or such other longer period as the Managers and the Trustee may agree) prior to the date of any meeting of Holders (or any adjourned meeting thereof); or
- (viii) during any period when the dealing of Units is suspended pursuant to any order or direction issued by the Authority; or
- (ix) during any period when the business operations of the Managers or the Trustee in relation to the operations of the Sub-Fund are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God.

Such suspension shall take effect forthwith upon the declaration in writing thereof to the Trustee by the Managers or vice versa (as the case may be) and shall terminate on the day following the 1st Business Day on which the condition giving rise to the suspension shall have ceased to exist and no other conditions under which suspension is authorised above shall exist upon the declaration in writing thereof by the Managers or the Trustee (as the case may be).

For the purposes of this paragraph, the “**material proportion**” of the Investments means such proportion of the Investments which when sold would in the opinion of the Managers in consultation with the Trustee cause the value of the Deposited Property of the Sub-Fund to be significantly reduced.

36. Any payment for any Units realised before the commencement of any such suspension but for which payment has not been made before the commencement thereof may, if the Managers and the Trustee so agree, be deferred until immediately after the end of such suspension.

XVI. PERFORMANCE OF THE SUB-FUND

37. Past performance of the Sub-Fund and its benchmark as of 31 March 2010

	Returns over the past 1 year (%)	Returns over the past 3 years (%)	Returns over the past 5 years (%)	Returns over the past 10 years (%)	Returns since inception ² (%)
NAV – NAV ₃	11.75%	5.01%	3.86%	3.09%	3.14%
NAV – NAV ₄	9.52%	4.31%	3.44%	2.87%	2.96%
Benchmark: 6-month SIBID Rate	0.35%	1.16%	1.78%	1.52%	1.70%

Source: Lipper, a Thomson Reuters Company

The past performance of the Sub-Fund is not necessarily indicative of the future performance of the Sub-Fund.

38. Expense ratio

The expense ratio⁵ of the Sub-Fund for the year, as of 31 December 2009 is 0.46%.

39. Turnover ratio

The turnover ratio of the Sub-Fund for the period from 1 January 2009 to 31 December 2009 calculated based on the lesser of purchases or sales expressed as a percentage over the average daily net asset value of the assets of the Sub-Fund, is 111.61%.

² The inception date for the Sub-Fund is 19 June 1998.

³ Performance is calculated in S\$ on a NAV-to-NAV basis as at 31 March 2010, with all dividends and distributions reinvested (net of reinvestment charges). Performance figures over the last 1 year show the percentage change, while figures for more than one year show the average annual compounded return.

⁴ Calculated in S\$ on a NAV-to-NAV basis as at 31 March 2010, taking into account the Subscription Fee, with all dividends and distributions reinvested (net of reinvestment charges). Performance figures over the last 1 year show the percentage change, while figures for more than one year show the average annual compounded return.

⁵ The expense ratio is calculated in accordance with the requirements in the Investment Management Association of Singapore's guidelines on the disclosure of expense ratios (the "IMAS Guidelines") and based on figures in the Fund's latest audited accounts. The following expenses (where applicable) and such other expenses as may set out in the IMAS Guidelines (as may be updated from time to time), are excluded from the calculation of the expense ratio:

- (a) brokerage and other transaction costs associated with the purchase and sales of investments (such as registrar charges and remittance fees);
- (b) interest expense;
- (c) foreign exchange gains and losses of the Sub-Fund (whether realised or unrealised);
- (d) front-end loads, back-end loads and other costs arising on the purchase or sale of a foreign unit trust or mutual fund;
- (e) tax deducted at source or arising on income received (including withholding tax); and
- (f) dividends and other distributions paid to the Holders.

XVII. SOFT DOLLAR COMMISSIONS/ARRANGEMENTS

40. The Managers may from time to time receive or enter into soft-dollar commissions or arrangements in the management of the relevant Sub-Fund. The soft-dollar commissions or arrangements which the Managers may receive or enter into include specific advice as to the advisability of dealing in, or of the value of any investment, research and advisory services, economic and political analyses, portfolio analyses including valuation and performance measurement, market analyses, data and quotation services, computer hardware and software or any other information facilities to the extent that they are used to support the investment decision making process, the giving of advice, or the conduct of research or analysis, and custodian service in relation to the investments managed for clients.

Soft-dollar commissions received shall not include travel, accommodation, entertainment, general administrative goods and services, general office equipment or premises, membership fees, employees' salaries or direct money payment.

The Managers may not accept or enter into soft-dollar commissions or arrangements in respect of the Sub-Fund unless such soft-dollar commissions or arrangements shall reasonably assist them in their management of the Sub-Fund, provided that the Managers shall ensure that at all times the transactions are executed on the best available terms taking into account the relevant market at the time for transactions of the kind and size concerned, and that no unnecessary trades are entered into in order to qualify for such soft-dollar commissions/arrangements.

The Managers do not and are not entitled to, retain cash rebates for their own account in respect of rebates earned when transacting in securities for account of the Sub-Fund.

XVIII. CONFLICTS OF INTEREST

41. The Managers are of the view that there are no conflicts of interest in managing their other funds and the Sub-Fund (United SGD Fund) because of the following structures that are in place:-

- Investment decisions for each fund are made impartially. There are no preferred customers or funds and all accounts are treated equally.
- All investment ideas are shared equally among the fund managers of the Managers.
- UOB Asset Management Ltd subscribes to the Code of Ethics and the Standards of Professional Conduct as prescribed by the Chartered Financial Analyst Institute (“**CFA Institute**”) in U.S.A. CFA Institute is the primary professional organisation for security analysts, investment managers and others who are involved in the investment decision-making process. All Certified Financial Analyst charter holders of CFA Institute and candidates, who are in pursuit of the charter, including those from Singapore, are expected to comply with CFA Institute standards. The Code

of Ethics and the Standards of Professional Conduct are in place to ensure high ethical and professional standards of the investment professionals as well as fair treatment to the investing public.

- Despite the possible overlap in the scope of investments, none of the funds are identical to one another and investment decisions are made according to the individual risk return characteristic of the fund.
- Investment decisions for each fund are made impartially. There are no preferred customers or funds and all accounts are treated equally.
- The Managers' usual fair and unbiased practice is to allocate investment between various funds which place the same orders simultaneously on a pro rata basis. However, should any potential conflicts of interest arise from a situation of competing orders for the same securities, the Managers adopt an average pricing policy whereby orders that are partially fulfilled on a particular day shall be allotted proportionately among the funds based on their respective initial order size and such quantity allotted shall be at the average price of such investments on that particular day.

42. The Managers and the Trustee shall conduct all transactions with or for the Sub-Fund on an arm's length basis.

XIX. REPORTS

43. The financial year-end of the Fund is 31 December. Holders of the Sub-Fund shall receive (i) the semi-annual report and the semi-annual accounts of the Sub-Fund within 2 months of its financial half-year end (or such other periods as may be permitted by the Authority) and (ii) the annual report, the annual accounts and the auditors' report on the accounts of the Sub-Fund within 3 months of its financial year-end (or such other periods as may be permitted by the Authority).

XX. QUERIES AND COMPLAINTS

44. All enquiries concerning the Fund or your investment in the Sub-Fund should be directed to the Managers at:

24 Hour Hotline No	:	1800 22 22 228
Fax No.	:	6532 3868
E-mail	:	uobam@uobgroup.com

XXI. OTHER MATERIAL INFORMATION

45. **Information on investments**

At the end of each quarter, Holders of the Sub-Fund will receive a statement showing the value of their investment, including any transactions in the Sub-Fund including any transactions during the quarter. However, if there is any transaction within a particular month, Holders will receive an additional statement at the end of that month.

46. **Distributions**

46.1 As soon as practicable after each accounting date, the Managers shall in their absolute discretion determine in respect of the accounting period ending on such accounting date the amount, if any, to be distributed (subject to the provisions of Clause 19(I) of the Deed) among the Holders (including the Managers in respect of any Units to which they are entitled), such distribution to be made rateably in accordance with the number of Units held by them on such accounting date in the proportions attributable to Units of the said amount available for distribution but carrying forward such amount as may be deemed appropriate by the Managers to the next accounting period and forthwith upon such determination, direct the Trustee to pay out of the Deposited Property of the Sub-Fund an amount sufficient to effect such distribution, if any, into a special bank account in the name of the Trustee to be entitled the “**Distribution Account**”. As and when the Managers shall decide to be a distribution date, the Managers shall by notice in writing direct the Trustee to distribute the said amount available for distribution in the Distribution Account on that distribution date among the Holders (and the Managers).

All distributions shall be sent to the last known address of the Holder.

46.2 The proceeds of sales of rights and all other receipts deemed by the Managers, after consulting the Auditors, to be in the nature of capital accruing from Investments shall not be regarded as income but, subject to Clause 11(E) of the Deed, shall be retained as part of the Deposited Property of the Sub-Fund.

46.3 The Managers may:-

- (i) from time to time, after consulting the Auditors and with the approval of the Trustee, distribute to Holders in accordance with Clause 11(A) of the Deed, an amount which represents part or all of the realised capital gains in respect of the Deposited Property of the Sub-Fund provided that the capital available for distribution includes all net realised capital gains and all other capital receipts after taking into account realised capital losses and all expenses whether deducted against income or otherwise pursuant to Clause 11(D) of the Deed. The Managers shall not be liable for any distribution of capital on their part as a result of them exercising their discretion pursuant to the Deed; and
- (ii) (subject to any directions or instructions given by any Holder to the contrary and received by the Managers before the relevant distribution date) from time to time as may seem to them appropriate, determine that the whole of any distribution(s)

made or to be made pursuant to Clause 11 of the Deed to any Holder shall be applied by the Managers on behalf of such Holder in the acquisition of further Units at the issue price per Unit on the next Business Day following the relevant distribution date, and in such a case the relevant provisions of Clause 7 shall mutatis mutandis apply accordingly. Subject as aforesaid, the Holders for the time being of the Units in respect of which such distribution(s) have been or are to be made shall be bound thereby.

- 46.4 In the event that any distribution made pursuant to Clause 11 of the Deed shall not be received by the Holder or any cheque sent to the last known address of the Holder shall not be encashed by the Holder for a period of 5 consecutive years, the Managers may transfer all such accumulated distributions and any further distributions to the Deposited Property of the Sub-Fund and thereafter neither the Holder nor any person claiming through him shall have any right thereto or therein except as part of the assets of the Sub-Fund.
- 46.5 In the event that a distribution is made, the Managers shall cause the Auditors to write to the Trustee stating that in the opinion of the Auditors, the amount to be transferred to the Distribution Account as at the said accounting date respectively represents the amount available for distribution in accordance with Clause 11(D) of the Deed and that there are no amounts considered by the Auditors to be of a capital nature contained therein. The Trustee and the Managers shall be absolutely protected in relying on and shall act upon such an audited statement.
- 46.6 Investors should note that any dividends declared or distributions made in respect of the Sub-Fund will reduce the NAV of the Sub-Fund.

47. **Custody of Investments**

- 47.1 The Trustee shall be responsible for the safe-keeping of the Investments and other property forming part of the Deposited Property in accordance with the provisions of the Deed and such Investments and other property shall (whether in bearer or registered form) be dealt with as the Trustee may think proper for the purpose of providing for the safe-keeping thereof.
- 47.2 Without prejudice to the provisions of paragraph 47.1, the Trustee shall procure:-
- (i) any officer of the Trustee jointly with the Trustee; or
 - (ii) any nominee appointed by the Trustee; or
 - (iii) any such nominee and the Trustee; or
 - (iv) any custodian, joint custodian or sub-custodian appointed pursuant to the provisions of Clause 19 of the Deed; or
 - (v) any company operating a recognised clearing system in respect of the Investments involved; or

- (vi) any broker, financial institution or other person (or, in each case, its nominee) with whom the same is deposited in order to satisfy any requirement to deposit margin or security,

to take delivery of and retain and/or to be registered as proprietor of any Investments or other property held upon the trusts of the Deed. Without prejudice to paragraph 47.1, the Trustee may from time to time appoint such person or persons as it thinks fit as custodian or joint custodians of the whole or any part of the Deposited Property and may empower any such custodian or joint custodian to appoint, with the prior consent in writing of the Trustee, sub-custodians and the fees and expenses of such custodian, joint custodians and sub-custodians shall be paid out by the Managers, and if it so requires, out of the Deposited Property of the Sub-Fund.

47.3 The Trustee shall not incur any liability in respect of and shall not be responsible for:-

- (a) any acts or omissions of any custodian, joint custodian or sub-custodian, agent or other person to whom it has delegated any of its powers, duties, authorities and discretions, except only where it shall have failed to take reasonable care in the employment of such person; or
- (b) any acts or omissions of any clearing system or broker, financial institution or other person referred to in Clause 19(A)(ii)(f) of the Deed.

48. Indemnities and Protection accorded to the Managers and/or the Trustee

48.1 Nothing in the Deed contained shall prevent the Trustee or the Managers or any connected person from becoming the owner of Units and holding, disposing or otherwise dealing with the same rights which they would have had if neither the Trustee nor the Managers nor any connected person were a party to or a connected person for purposes of the Deed and the Trustee and the Managers and any such connected person may buy, hold and deal in any Investments upon their respective individual accounts notwithstanding that similar Investments may be held under the Deed as part of the Deposited Property of the Sub-Fund.

48.2 Neither the Trustee nor the Managers nor any connected person shall be liable to account either to any other or others of them or to the Holders or any of them for any profits or benefits made or derived by or in connection with any such transaction permitted as aforesaid provided that such transactions are effected on an arm's length basis.

48.3 The Trustee and the Managers respectively shall incur no liability in respect of any action taken or thing suffered by them in reliance upon any notice, resolution, direction, consent, certificate, affidavit, statement, certificate of stock, plan of reorganisation or other paper or document believed to be genuine and to have been passed, sealed or signed by the proper parties.

48.4 Neither the Trustee nor the Managers shall be responsible for the authenticity of any signature on any statement of account or any seal affixed to any endorsement or any certificate or to any form of transfer or application, or other document affecting the

title to or transmission of Units or be in any way liable for any forged or unauthorised signature on or a seal affixed to such endorsement, form of transfer or application or other document or for acting on or giving effect to any such forged or unauthorised signature or seal. The Trustee and the Managers respectively shall nevertheless be entitled but not bound to require that the signature of any Holder or joint Holder to any document required to be signed by him under or in connection with the Deed shall be verified by a banker or broker or other responsible person or otherwise authenticated to its or their reasonable satisfaction.

- 48.5 The Trustee and the Managers shall incur no liability to the Holders for doing or (as the case may be) failing to do any act or thing which by reason of any provision of any present or future law or regulation made pursuant thereto, or of any decree, order or judgment of any court, or by reason of any request, announcement or similar action (whether of binding legal effect or not) which may be taken or made by any person or body acting with or purporting to exercise the authority of any government (whether legally or otherwise) either they or any of them shall be directed or requested to do or perform or to forbear from doing or performing. If for any reason it becomes impossible or impracticable to carry out any of the provisions of the Deed neither the Trustee nor the Managers shall be under any liability therefor or thereby.
- 48.6 Any indemnity expressly given to the Trustee and/or the Managers in the Deed is in addition to and without prejudice to any indemnity allowed by law provided nevertheless that nothing in any of the provisions of the Deed shall in any case in which the Trustee and/or the Managers, as the case may be, have failed to show the degree of diligence and care required by them by the provisions of the Deed exempt them from or indemnify them against any liability for breach of trust or any liability which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default, breach of duty or trust of which they may be guilty in relation to their duties.
- 48.7 Nothing contained in the Deed shall be construed so as to prevent the Managers and the Trustee in conjunction or the Managers or the Trustee separately from acting as managers or trustee for trusts separate and distinct from the Fund and neither of them shall in any way be liable to account to the Fund or any other person for any benefit made or derived thereto.
- 48.8 The Trustee and the Managers may accept as sufficient evidence of the value of any Investment thereof a certificate by a member of any Recognised Stock Exchange or other professional person selected by the Managers and approved in writing by the Trustee. Further, the Trustee and the Managers may all times and for all purposes of the Deed, rely upon the established practice and rulings of any Recognised Stock Exchange and any committees and officials thereof on which any dealing in any Authorised Investment is from time to time effected in determining what shall constitute a good delivery and any similar matters and such practice and rulings shall be conclusive and binding upon all persons under the Deed.

- 48.9 (i) Subject to the Clause 18(J)(ii) of the Deed, the Managers and the Trustee may destroy or authorise the destruction of:-
- (a) all notifications of changes of name or address at any time after one year after the date of recording thereof;
 - (b) all forms of proxy in respect of any meeting of Holders at any time after one year after the date of the meeting at which the same were used; and
 - (c) the Register and books of account, records and other documents relating to the Fund at any time after 6 years after the termination of the Fund except for documents which are needed for taxation purpose which may be destroyed only after 12 years.
- (ii) Neither the Managers nor the Trustee shall incur any liability in consequence of destroying or authorising the destruction of any documents pursuant to Clause 18(J)(i) of the Deed and unless the contrary be proved every instrument of transfer so destroyed shall be deemed a valid and effective instrument duly and properly registered, and every other such document so destroyed shall be deemed a valid and effective document in accordance with the recorded particulars thereof provided that:-
- (a) the provisions of Clause 18(J)(ii) of the Deed shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereof) to which the document might be relevant; and
 - (b) nothing in Clauses 18(J)(i) and 18(J)(ii) of the Deed shall be construed as imposing upon the Managers or the Trustee any liability in respect of the destruction of any document earlier than as provided in Clause 18(J)(i) of the Deed or in any case where the conditions of Clause 18(J)(ii)(a) of the Deed above are not fulfilled.
- (iii) References to the destruction of any document in this paragraph 48.9 include references to the disposal thereof in any manner whatsoever.

48.10 Neither the Managers nor the Trustee shall be responsible to the Fund, any Sub-Fund or any Holder for any loss or damage arising from reasons or causes beyond their control, or the control of any of their employees, including without limitation nationalisation, war, terrorism, currency restrictions, civil unrest, riots or strikes, nuclear fusion or acts of God.

48.11 The Trustee shall not be under any liability on account of any thing done or suffered by the Trustee in good faith in accordance with or in pursuance of any request or advice of the Managers. Whenever pursuant to any provision of the Deed any certificate, notice, instruction or other communication is to be given by the Managers to the Trustee, the Trustee may accept as sufficient evidence thereof a document signed or purporting to be signed on behalf of the Managers by any one person whose signature the Trustee is

for the time being authorised in writing by the Managers to accept. Wheresoever any provision of the Deed provides for any act or matter to be done by the Trustee such act or matter may be performed on behalf of the Trustee by any officer or responsible official of the Trustee and any act or matter so performed shall be deemed for all the purposes of the Deed to be the act of the Trustee.

- 48.12 The Trustee may act upon any advice of or information obtained from any advisers, bankers, accountants, brokers, lawyers or other persons on whom the Trustee has relied on for advice (hereinafter known as “**advisers**”) either of the Trustee or of the Managers and the Trustee shall not be liable for anything done or omitted or suffered in good faith in reliance upon such advice or information or for any misconduct, mistake, oversight, error of judgment, forgetfulness or want of prudence on the part of any such advisers provided that, in the case of advisers of the Trustee, the Trustee shall have exercised due care and diligence in the appointment of such advisers of the Trustee. Any such advice or information may be obtained or sent by letter, electronic mail or facsimile message or cablegram and the Trustee shall not be liable for acting on any advice or information purporting to be conveyed by any such letter, electronic mail or facsimile message or cablegram although the same contains some error or shall not be authentic.
- 48.13 Save as otherwise provided in the Deed, nothing therein shall prevent the Trustee or any associate of the Trustee from contracting or entering into any financial, banking or other transaction with the Managers, the Fund or any Holder or any company or body any of whose shares or securities form part of the Deposited Property or from being interested in any such contract or transaction provided that any such contract or transaction with the Fund shall be conducted at arms’ length and the Trustee shall not be liable to account either to the Fund or to the Managers or to the Holders or any of them for any profit or benefit made or derived by the Trustee or its associate thereby or in connection herewith provided that any such transaction shall be on an arm’s length basis.
- 48.14 In no event shall the Trustee be bound to make any payment to the Managers or any Holder except out of funds held by it for that purpose under the provisions of the Deed nor shall the Trustee be liable to any person except to the extent of the Deposited Property.
- 48.15 The Trustee shall not be under any obligation to institute, acknowledge service of, appear in, prosecute or defend any action or suit in respect of the provisions of the Deed or in respect of the Deposited Property or any part thereof or any corporate or shareholders’ actions which in its opinion would or might involve it in expense or liability, unless the Managers shall so request in writing, and shall so often as required by the Trustee furnish it with an indemnity satisfactory to it against any such expense or liability.
- 48.16 Subject as provided in the Deed, the Trustee shall be entitled for the purposes of indemnity against any actions, costs, claims, damages, expenses or demands to which it may be put as Trustee to have recourse to the Deposited Property or any part thereof but this shall be without prejudice to the obligation of the Managers to reimburse the Trustee out of the Deposited Property in respect of all such matters as fall within Clause 17(B) of the Deed.

- 48.17 The Trustee shall not be liable to account to any Holder or otherwise for any payment made or suffered by the Trustee in good faith to any duly empowered authority of the Republic of Singapore or elsewhere for taxes or other charges in any way arising out of or relating to any transaction of whatsoever nature under the Deed notwithstanding that any such payments ought not to be or need not have been made or suffered.
- 48.18 The Trustee shall not be responsible for verifying or checking any valuation of the Deposited Property or any calculation of the prices at which Units are to be issued or realised, except as herein expressly provided but shall be entitled at any time to require the Managers to justify the same.
- 48.19 The Trustee shall not be responsible for acting upon any resolution purported to have been passed at any meeting of the Holders in respect whereof minutes shall have been made and signed even though it may be subsequently found that there was some defect in the constitution of the meeting or the passing of the resolution or that for any reason the resolution was not binding upon all the Holders.
- 48.20 In the absence of fraud, gross negligence or wilful default the Managers shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted to be done by them in good faith under the Deed and shall not (save as herein otherwise provided) be liable for any act or omission of the Trustee.
- 48.21 Nothing contained in the Deed shall prevent the Managers or any associate of the Managers from contracting or entering into any financial banking or other similar transactions with the Trustee (when acting other than in its capacity as Trustee of the Fund) or any Holder or any company or body any of whose shares or securities form part of the Deposited Property or from being interested in any such contract or transaction and the Managers or any such associate shall not be in anyway liable to account either to the Fund or the Trustee or to the Holders or any of them for any profit or benefit made or derived by the Managers or any such associate thereby or in connection therewith, provided that any such transaction shall be on an arm's length basis.

49. **Market Timing**

The Sub-Fund is designed and managed to support medium to long-term investments. In this regard, the Managers take a serious view of, and strongly discourage the practice of market timing (that is, investors conducting short-term buying or selling of Units to gain from inefficiencies in pricing) as such practices may cause an overall detriment to the long-term interest of other investors. In addition, short-term trading in Units increases the total transaction costs of the Sub-Fund, such as trading commission and other costs which are absorbed by all other investors. Moreover, the widespread practice of market timing may cause large movements of cash in the Sub-Fund which may disrupt the investment strategies to the detriment of long-term investors.

For the reasons set out above, the Managers strongly discourage the practice of market timing and may implement internal measures to monitor and control such practice. If any internal measure to restrict the practice of market timing amounts to a significant change to the Sub-Fund (as provided in the Code), the Managers will inform Holders of such

internal measure not later than one month before its implementation. The Managers intend to review their policy on market timing from time to time in a continuous effort to protect the long-term interests of investors in the Sub-Fund.

大华优选基金组合 II

大华新元基金

发售计划说明书