

PROSPECTUS

United European Small and Mid Cap Fund

UNITED
EUROPEAN
SMALL AND MID CAP

FUND

UNITED EUROPEAN SMALL AND MID CAP FUND

DIRECTORY

Managers

UOB Asset Management Ltd
(Company Registration No. 198600120Z)

Registered Address:
80 Raffles Place
UOB Plaza
Singapore 048624

Operating Address:
80 Raffles Place
6th Storey
UOB Plaza 2
Singapore 048624

Trustee

RBC Dexia Trust Services Singapore Limited
(Company Registration No. 199504677Z)

Registered Address:
20 Cecil Street
#28-01 Equity Plaza
Singapore 049705

Auditors

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

Solicitors to the Managers

Tan Peng Chin LLC
30 Raffles Place
#11-00 Chevron House
Singapore 048622

Solicitors to the Trustee

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

UNITED EUROPEAN SMALL AND MID CAP FUND

IMPORTANT INFORMATION

UOB Asset Management Ltd (the “**Managers**”) accept full responsibility for the accuracy of the information contained in this Prospectus of the **UNITED EUROPEAN SMALL AND MID CAP FUND** (the “**Fund**”) and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no facts the omission of which would make any statement herein misleading. Unless otherwise stated or the context otherwise requires, all undefined terms in this Prospectus have the same meanings as ascribed to them in the deed of trust dated 21 February 2000 (as may be amended) relating to the Fund (the “**Deed**”).

Investors should refer to the provisions of the Deed and obtain independent professional advice in the event of any doubt or ambiguity relating thereto. Copies of the Deed are available for inspection at the Managers’ office during normal business hours (subject to such reasonable restrictions as the Managers may impose).

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 in the Fund (“**Units**”). This Prospectus may be supplemented or replaced from time to time to reflect material changes.

Investment in the Fund requires consideration of the usual risks involved in investing and participating in collective investment schemes and the risks of investing in the Fund. Details of the risks involved are set out in paragraph 10 of this Prospectus. Investors should consider these risks carefully before making an investment decision. Investors should note that their investments can be volatile and there can be no assurance that the Fund will be able to attain its objective. 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 Fund. An investment should only be made by those persons who can sustain losses on their investments. Investors should satisfy themselves of the suitability to them of an investment in the Fund based on their personal circumstances.

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 and which may be relevant to the subscription, holding or disposal of Units and should inform themselves of and observe all such laws and regulations of any relevant jurisdiction that may be applicable to them. No representation is made as to the tax status of the Fund.

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 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.

Investors should note that the Units offered by the Fund are not listed on any stock exchange. Investors may subscribe or realise their Units through the Managers or any agent or distributor appointed by the Managers subject to the ultimate discretion of the Managers in respect of the subscription, sale, switching, conversion or realisation of an investor's Units in accordance with and subject to the provisions in the Deed.

Application may be made in other jurisdictions to enable the Units to be marketed freely in those jurisdictions.

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

UNITED EUROPEAN SMALL AND MID CAP FUND

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UNITED EUROPEAN SMALL AND MID CAP FUND

PROSPECTUS

The Fund offered in this Prospectus 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 Fund. The meanings of terms not defined in this Prospectus can be found in the Deed.

1. BASIC INFORMATION

1.1. The Fund

The United European Small and Mid Cap Fund (the “**Fund**”) is a Singapore constituted, stand-alone, open-ended unit trust.

1.2. Date of registration and expiry date of Prospectus

The date of registration of this Prospectus with the Authority is 8 December 2009. This prospectus is valid for 12 months after the date of registration (i.e. up to and including 7 December 2010) and will expire on 8 December 2010.

1.3. Trust Deed and Supplemental Deeds

- (a) The deed of trust relating to the interests being offered for subscription or purchase (the “**Principal Deed**”) is dated 21 February 2000 and the parties to the Principal Deed are UOB Asset Management Ltd (the “**Managers**”) and RBC Dexia Trust Services Singapore Limited (the “**Trustee**”).
- (b) The Principal Deed has been amended by the following deeds:
 - (i) the First Supplemental Deed dated 28 December 2001;
 - (ii) the First Amendment Deed dated 10 December 2002;
 - (iii) the Second Amendment Deed dated 1 July 2003;
 - (iv) the Third Amendment Deed dated 30 December 2004;
 - (v) the Fourth Amendment Deed dated 30 December 2005;
 - (vi) the Fifth Amendment Deed dated 28 December 2006;
 - (vii) the Sixth Amendment Deed dated 29 June 2007;
 - (viii) the Seventh Amendment Deed dated 21 December 2007;
 - (ix) the Eighth Amendment Deed dated 1 July 2008;

- (x) the Ninth Amendment Deed dated 16 December 2008;
- (xi) the Tenth Amendment Deed dated 29 May 2009; and
- (xii) the Eleventh Amendment Deed dated 8 December 2009.

The Principal Deed as amended by the First Supplemental Deed, 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 Tenth Amendment Deed and the Eleventh Amendment Deed shall hereinafter be referred to as the “**Deed**”.

- (c) Copies of the Deed are available for inspection at the operating office of the Managers at 80 Raffles Place, 6th Storey, UOB Plaza 2, Singapore 048624 during normal business hours (subject to such reasonable restrictions as the Managers may impose) and shall be supplied by the Managers upon request at a charge not exceeding S\$25 per copy of the document (or such other amount as the Trustee and the Managers may from time to time agree).
- (d) The terms and conditions of the Deed shall be binding on each unitholder (a “**Holder**” and collectively the “**Holders**”) and all persons claiming through such Holder as if such Holder or such person had been a party to the Deed and as if the Deed contained covenants on such Holder to observe and be bound by all the terms and conditions of the Deed and an authorisation by each Holder to do all such acts and things as the Deed may require the Trustee or the Managers (as the case may be) to do.

1.4. Accounts and reports

Copies of the latest annual and semi-annual reports, the Auditor’s report on the annual accounts and the annual and semi-annual accounts of the Fund may be obtained during normal business hours (subject to such reasonable restrictions as the Managers may impose) from the Managers at their operating office at 80 Raffles Place, 6th Storey, UOB Plaza 2, Singapore 048624, upon request.

2. **THE MANAGERS**

The managers of the Fund are UOB Asset Management Ltd (referred to as “**UOBAM**” in this paragraph), whose registered office is at 80 Raffles Place, UOB Plaza, Singapore 048624.

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 23 years and as of 30 September 2009, manages about S\$14.28 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 30 September 2009, UOBAM manages 47 unit trusts in Singapore, with total assets of about S\$2.78 billion under management. UOBAM is one of the largest unit trust managers in Singapore in terms of assets under management.

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 103 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 30 September 2009, UOBAM has a staff strength of over 200 including 40 investment professionals in Singapore.

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

3. THE TRUSTEE

The Trustee of the Fund is RBC Dexia Trust Services Singapore Limited whose registered office is at 20 Cecil Street, #28-01, Equity Plaza, Singapore 049705.

4. REGISTER OF HOLDERS

The registrar of the Fund is the Trustee. The Trustee has appointed the Managers, as the Trustee's agent, to carry out and administer the Trustee's duties in relation to the register of Holders (the "**Register**"), and the Managers have in turn appointed HSBC Securities Services (Transfer Agency) Pte Limited as their sub-registrar to maintain the Register, which will be kept at its office 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. Both the Register and the copy is accessible to the public during normal business hours (subject to such reasonable restrictions as the sub-registrar or the Managers (as the case may be) may impose).

The Register is conclusive evidence of the number of Units 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.

5. THE AUDITORS

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

6. THE CUSTODIAN

The custodian of the Fund is State Street Bank and Trust Company, whose registered office is at 225 Franklin Street, Boston, MA 02110, USA, 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**”).

7. STRUCTURE OF THE FUND

The Fund is a Singapore constituted, stand-alone open-ended unit trust and has no fixed duration.

8. INVESTMENT OBJECTIVE, FOCUS AND APPROACH

8.1. Investment objective

The investment objective of the Fund is to achieve long term capital growth mainly through investing in small and medium capitalisation securities of corporations listed, domiciled or having substantial operations in Europe.

8.2. Investment focus and approach

- (a) The selection of stocks is mainly based on growth expectation, quality of management and profitability. The main focus will be on long term growth and the Fund will invest in small and medium capitalisation companies where valuation levels can be justified.
- (b) The authorised investments of the Fund (the “**Authorised Investments**”) are any of the following investments:
 - (i) any Quoted Investment;
 - (ii) any Unquoted Investment;
 - (iii) for purposes of hedging and efficient portfolio management only, any derivative including but not limited to any swap, futures contract, forward contract, option, index futures, foreign exchange transaction and forward rate transaction (including but not limited to currency options) or any combination or variation of these derivatives; and

- (iv) any other investments not covered by paragraphs (i), (ii) and (iii) above but approved by the Trustee (such approval to be confirmed in writing).

“**OTC Market**” is defined in the Deed to mean any over-the-counter market or over-the-telephone market in any country in any part of the world, including, without limitation, Europe, and in relation to any particular Authorised Investment shall be deemed to include any responsible firm, corporation or association in any country in any part of the world including without limitation, Europe, dealing in the Authorised Investment which the Managers may from time to time elect.

“**Recognised Stock Exchange**” is defined in the Deed to mean any stock exchange, futures exchange and organised securities exchange on which securities are regularly invested in any country in any part of the world, including, without limitation, Europe, and in relation to any particular Authorised Investment shall be deemed to include any responsible firm, corporation or association in any part of the world, including without limitation, Europe, dealing in the Authorised Investment which the Managers may from time to time elect.

“**Quoted Investment**” is defined in the Deed to mean any Investment which is for the time being listed, quoted or dealt with on any Recognised Stock Exchange or OTC Market.

“**Unquoted Investment**” is defined in the Deed to mean any investment which is not listed, quoted or dealt with on any Recognised Stock Exchange or OTC Market.

8.3. Reasons for investing in the Fund

Why invest in small and mid cap?

The Managers believe that there are 3 compelling reasons to consider investing in smaller companies today:

- (i) To gain exposure to higher-growth segments of the economy including new or changing industries.
- (ii) Mid-cap diversification improves companies’ operating leverage on better economies of scale. Moreover, as the market capitalisation of companies increases, this tends to attract more investments hence improving liquidity. There is also a drop in risk as larger-cap companies tend to have stronger balance sheets and have deeper research coverage. In turn, this will reduce the Fund’s overall risk.
- (iii) Small and mid cap investing also provides additional diversification from a core portfolio of bonds and equities. In order to gain statistically relevant diversification and enhanced alpha, the Managers believe that it is necessary to manage a portfolio that takes significant active risk at the company and industry level relative to the benchmark.

Investors should note that any of the above projections, predictions or forecasts on small or medium capitalisation companies or of the European markets are not necessarily indicative of the future or likely performance of the Fund. Investments in the Fund are not guaranteed by, or under the obligations of UOBAM, the UOB Group, or any of their distributors or affiliates and the investments are subject to investment risks including the possible loss of the principal amount invested.

8.4. Risk management procedures of the Managers on the use of financial derivative instruments

- (a) The Managers may use financial derivative instruments (including those described in paragraph 8.2(b)(iii)) for the purposes of hedging existing positions in a portfolio or efficient portfolio management.
- (b) The Managers will ensure that the exposure of the Fund to financial derivative instruments will not at any time exceed 100% of the net asset 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 Fund. The decision to invest in any particular security or instrument on behalf of the Fund will reflect the Managers' judgment of the benefit of such transactions to the Fund and will be consistent with the 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 (if any) of the 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 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 of unexpectedly large realisations of Units, there may be a possibility that the assets of the 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 Fund will be in liquid assets such as cash and cash-equivalents to meet expected realisations, net of new subscriptions.

- (iv) *Counterparty exposure.* The Fund may have credit exposure to counterparties by virtue of positions in financial instruments (including derivatives) held by the Fund. To the extent that a counterparty defaults on its obligations and the 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 and in its income stream and incur extra costs associated with the exercise of its financial rights. The Managers will restrict their dealings with counterparties to entities 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 or an equivalent rating from any other reputable rating agency. If any approved counterparty fails this criterion subsequently, the Managers will take steps to unwind the Fund's position with that counterparty as soon as practicable.
 - (v) *Volatility.* To the extent that the 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 Fund's assets will have a higher degree of volatility. The 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 Fund to derivative positions will not exceed the net asset value of the Fund, as stated in subparagraph (b) above.
 - (vi) *Valuation.* A 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 Fund.

9. FEES AND CHARGES

9.1 All fees and charges that are payable out of the Fund and payable by the investors are outlined in the following tables:

Payable by the investors	
Subscription Fee	Currently 5%; maximum 5%
Realisation Charge	Currently none; maximum 2%
Switching fee ⁽¹⁾	Currently 1%
Payable by the Fund to the Managers, the Trustee and other parties	
Annual management fee	Currently 1.75% p.a.; maximum 2% p.a.
Annual valuation fee (payable to the Managers)	Currently 0.2% p.a.; maximum 0.2% p.a.
Annual registrar fees	The higher of S\$15,000 p.a., or 0.125% p.a. (subject always to a maximum of S\$25,000 p.a.)
Annual Trustee remuneration	Currently 0.075% p.a. for the first S\$50 million net asset value of the Fund, 0.05% p.a. on the balance thereafter; maximum 0.2% p.a.
Audit fee ⁽²⁾ (payable to the Auditors), custodian fee ⁽³⁾ (payable to the Custodian), legal and professional fees, and other fees and charges ⁽⁴⁾	Subject to agreement with the relevant parties. Each fee may exceed 0.1% p.a. ⁽⁵⁾ , depending on the proportion that each fee bears to the net asset value of the Fund.

- (1) In the case of a switch of Units to units of any other fund managed by the Managers (“**New Fund**”), 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 of the subscription fee of the New Fund.
- (2) The audit fee payable is subject to agreement with the Auditors for the relevant financial year.
- (3) 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 Fund.
- (4) Other fees and charges include printing costs, professional fees, goods and services tax (“**GST**”) and other out-of-pocket expenses.
- (5) Based on the net asset value of the Fund as at 30 September 2009, the Managers anticipate that each of the custodian fee, legal and professional fees and printing and stationery costs 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 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 Fund will be borne by the Managers and not charged to the Deposited Property¹.

10. RISKS

10.1. General risks

- (a) There is no guarantee that the investment objective of the Fund will be achieved. Investors should consider and satisfy themselves as to the risks of investing in the Fund. Generally, some of the risk factors that should be considered by investors are market risks, interest-rate risks, default risks, foreign exchange risks, liquidity risks and risks involved in investing in derivatives.
- (b) Investment in the Fund is meant to produce returns over the long-term and investors should not expect to obtain short-term gains from such investment.
- (c) Investors should be aware that the price of Units and the income accruing from the Units may fall or rise and investors may not get back their original investment.

10.2. Specific risks

- (a) Market risk

Investors in the 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 value of Units to rise or fall.

- (b) Foreign exchange risk

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

¹ “**Deposited Property**” means all the assets, including cash, and earnings on cash deposits, for the time being held or deemed to be held upon the trust of the Deed excluding any amount for the time being standing to the credit of the Distribution Account referred to in Clause 17(D) of the Deed.

(c) Political risk

The investments in the 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.

(d) Derivatives risk

As the Fund may (subject to the Code) be investing in derivatives for efficient portfolio management and 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 Fund's investments may be liquidated at a loss. Therefore, it is essential that such investments in derivatives are monitored closely.

(e) Liquidity risk

Investments by the Fund in some 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 emerging markets.

(f) Small and medium capitalisation companies risk

Investments in companies with small and medium capitalisation generally carry greater risk than is customarily associated with larger capitalisation companies, 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. Investors should also 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.

(g) Exceptional market conditions risk

Under certain market conditions, it may be difficult or impossible to liquidate or rebalance positions. For example, this may occur during volatile markets or crisis situations or where trading under the rules of the relevant stock exchange is suspended, restricted or otherwise impaired. During such times, the Fund may be unable to dispose of certain assets due to thin trading or lack of a market or buyers. Placing a stop-loss order may not necessarily limit the Fund's losses

to intended amounts as market conditions may make it impossible to execute such an order at the ideal price. In addition, such circumstances may force the Fund to dispose of assets at reduced prices, thereby adversely affecting the Fund's performance. Further, such investments may be difficult to value with any degree of accuracy or certainty. The dumping of securities in the market could further deflate prices. If the Fund incurs substantial trading losses, the need for liquidity could rise sharply at the same time that access to liquidity is impaired. Further, in a market downturn, the Fund's counterparties' financial conditions could be weakened, thereby increasing the Fund's credit risk.

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

11. SUBSCRIPTION OF UNITS

11.1 Subscription procedure

- (a) Applications for Units may be made by submitting the application form attached to this Prospectus, or through any agent or distributor appointed by the Managers from time to time, or through an automated teller machine (“**ATM**”) (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, failing which the Managers reserve the right to reject the relevant application.

Applicants may make payments for Units by telegraphic transfer. Applicants should contact the Managers for details regarding payment by telegraphic transfer. All bank charges incurred in respect of a telegraphic transfer will be borne by the applicant.

- (b) Investors may pay for Units with cash or Supplementary Retirement Scheme (“**SRS**”) monies. Investors wishing to use their SRS monies to purchase Units shall indicate so on the relevant application form. Further, the application form contains the investor's instruction to the SRS operator bank to withdraw from the investor's SRS account, the subscription monies in respect of the Units applied for.
- (c) Units will not be issued until subscription monies have been received by the Trustee.
- (d) 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 the Trustee receives full payment in cleared funds.

- (e) For compliance with anti-money laundering laws and guidelines, the Managers or their authorised distributors reserve the right to request such information or documents as is necessary to verify the identity of an applicant.
- (f) The Deed sets out the circumstances in which the issue of Units may be suspended. The relevant provisions are summarised in paragraph 16 of this Prospectus.
- (g) Subject to provisions under the Deed and to the terms and conditions for cancellation of subscription in the cancellation form provided together with the application form for Units, every Holder shall have the right by notice in writing delivered to the Managers or their authorised agents or distributors to cancel his subscription for Units within 7 calendar days (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 (the “**Cancellation Period**”), provided that where the last day of the Cancellation Period falls on a Sunday or public holiday in Singapore, the Cancellation Period will be extended to the next calendar day, not being a Sunday or public holiday in Singapore.

A Holder may choose to realise his Units under paragraph 13 of this Prospectus instead of cancelling his subscription for Units but should note that he will not be able to enjoy the benefits of a cancellation under this paragraph 11.1(g) if he chooses to realise his Units (i.e. there will be no refund of the Subscription Fee and the prevailing Realisation Charge, if any, as may be imposed) and the realisation proceeds may be lower than the cancellation proceeds if the appreciation in the value of the Units is less than the aggregate of the Subscription Fee and the prevailing Realisation Charge, if any, as may be imposed.

Investors should refer to the terms and conditions for the cancellation of subscriptions in the cancellation form before subscribing for Units.

11.2 Minimum initial subscription amount and minimum subsequent subscription amount

The minimum initial subscription amount and minimum subsequent subscription amount for Units are S\$1,000 or its equivalent in such other currencies as the Managers may decide and S\$500 or its equivalent in such other currencies as the Managers may decide respectively.

11.3 Dealing deadline and pricing basis

- (a) Units are issued on a forward pricing basis. Therefore, the issue price of Units cannot be ascertained at the time of application. The issue price is based on the net asset value of the Fund at 7 a.m. Singapore time on the day following the relevant Dealing Day (i.e. the close of the last relevant stock exchange). The dealing deadline is at 3 p.m. Singapore time on a Dealing Day (the “**Dealing Deadline**”) 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.

Therefore, applications received and accepted by the Managers or any other agent/distributor appointed by the Managers by 3 p.m. Singapore time on a Dealing Day will be transacted on that day. Applications received and accepted by the Managers or any other agent/distributor appointed by the Managers after 3 p.m. Singapore time on any Dealing Day or on a day which is not a Dealing Day will be transacted on the next Dealing Day.

“**Dealing Day**” means in connection with the issuance, cancellation and realisation of Units, means every Business Day or such other day or days at such intervals as the Managers may from time to time determine with the prior consultation of the Trustee Provided That reasonable notice of any such determination shall be given by the Managers to all Holders at such time and in such manner as the Trustee may approve. If on any day which would otherwise be a Dealing Day, the Recognised Stock Exchange or over-the-counter or over-the-telephone market on which investments of the Fund having in aggregate values amounting to at least 50% of the Value (as defined in paragraph 22.4) of the Deposited Property (as at the relevant Valuation Point) are quoted, listed or dealt in is not open for normal trading, the Managers may determine with the prior consultation of the Trustee 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 are open for business in Singapore or any other day as the Managers and the Trustee may agree in writing.

“**Valuation Point**” means 7 a.m. Singapore time on the day following the relevant Dealing Day on which the Deposited Property of the Fund is to be determined or such other time as the Managers may determine with the prior approval of the Trustee who shall decide if a notice to notify the Holders of such determination is required to be given by the Managers.

- (b) The issue price per Unit shall be ascertained by calculating the net asset value as at the Valuation Point in relation to the Dealing Day on which such issue occurs of the proportion of the Deposited Property represented by one Unit and truncating the resultant total to 3 decimal places (or such other method of adjusting 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**”), and the resultant amount (the “**Net Investment Amount**”) will be applied towards the subscription of Units. The Subscription Fee shall be retained by the Managers for their own benefit and the amount of the adjustment shall be retained by the Fund.
- (c) The Managers shall be entitled to convert the issue price in Singapore dollars to a foreign currency at the applicable rate of exchange. The costs of such currency exchange, if any, will be borne by the investor. Currently, the Managers accept the purchase of Units in both Singapore dollars and US dollars and will quote the issue price in Singapore dollars and its equivalent in US dollars at the applicable rate of exchange. In future, the Managers may accept the purchase of Units in

any other foreign currency and will quote the issue price in such currency at the applicable rate of exchange. Acceptance of subscriptions in currencies other than Singapore dollars is at the discretion of the Managers and subject to such additional terms as they may impose from time to time.

11.4. Numerical example

The number of Units an investor will receive with a Gross Investment Amount of S\$1,000.00 based on a notional issue price of S\$1.000* and a notional Subscription Fee of 5% will be calculated as follows:

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		Issue price		Number of Units allotted

* The example above is a hypothesis and is not indicative of any future issue price. The actual issue price will fluctuate according to the then prevailing net asset value of the Fund.

The number of Units to be issued to an investor will be rounded down to 2 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).

11.5 Confirmation of purchase

An investor who invests in the Fund will be sent a confirmation of his purchase within 5 Business Days for cash applications, and within 11 Business Days, for SRS applications, from the date of issue of Units.

12. **REGULAR SAVINGS PLAN**

The Managers have implemented a regular savings plan (“**RSP**”) for the Fund. The minimum monthly investment sum is S\$100 (or its equivalent in such other currencies at the applicable exchange rate as may be determined by the Managers) and the minimum quarterly investment sum is S\$500 (or its equivalent in such other currencies at the applicable exchange rate as may be determined by the Managers). A Holder must have a minimum holding of 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 based on the issue price prevailing on the date of application to join the RSP (or such other number of Units as may be determined by the Managers) before embarking on a RSP.

For RSP using cash, Holders must complete an Interbank GIRO Form authorising the payment for the RSP (or such other form or method as the Managers may determine from time to time) and submit it together with the application form.

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

Payment for the RSP will be debited from the Holders' bank account or SRS account (as the case may be) on the 25th calendar day (or the 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 Business Day after payment has been debited for cash or 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 or quarter (as the case may be). 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 reserve the right to terminate or suspend the RSP at any time in their absolute discretion by giving at least 30 days' notice to the affected Holders.

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

The Managers will not assume any liability for any losses attributable to a Holder's participation in the RSP.

13. REALISATION OF UNITS

13.1. Realisation Procedure

Holders may realise their Units on any Dealing Day. Requests for realisation of Units may be made by submitting realisation forms which may be obtained from any other 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 designated by the Managers, or any other channels if applicable.

Realisations of Units may be suspended in the situations described in paragraph 16.

13.2. Minimum holding and minimum realisation amount

Holders may realise their Units in full or partially. Partial realisation of Units must be for at least 100 Units in each request, 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 such other currency as the Managers may

decide (truncated but not rounded off to the nearest 2 decimal places) 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 upon giving prior written notice to the Trustee).

13.3 Dealing deadline and pricing basis

- (a) Units are realised on a forward pricing basis. Therefore, the realisation price cannot be ascertained at the time of request. The realisation price is based on the value of the Fund at 7 a.m. Singapore time on the day following the relevant Dealing Day (i.e. the close of the last relevant stock exchange). For requests received and accepted by the Managers or any authorised agent or distributor appointed by the Managers by the Dealing Deadline on any Dealing Day, Units will be realised at the realisation price calculated for that Dealing Day. For requests received and accepted by the Managers after the Dealing Deadline on any Dealing Day or on a day not being a Dealing Day, Units will be realised at the realisation price on the next Dealing Day.
- (b) The realisation price per Unit shall be ascertained by the Managers by calculating the value 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 then represented by one Unit and truncating the resultant amount to 3 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**"), 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 Fund. Any amendment to the method of determining the Realisation Price by the Managers may be made only with the prior approval of the Trustee. The Managers shall give notice of such amendment to the Holders if so required by the Trustee.
- (c) The Managers shall be entitled to convert the realisation price to a foreign currency at the applicable rate of exchange. The costs of the currency exchange, if any, will be borne by the Holder. Currently, the Managers accept the realisation of Units in both Singapore dollars and US dollars and will quote the realisation price in Singapore dollars and its equivalent in US dollars at the applicable rate of exchange. In future, the Managers may permit the realisation of Units in any other foreign currency and will in such event, quote the realisation price in such currency at the applicable rate of exchange.
- (d) 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 realisation of Units, to 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.

- (e) For the avoidance of doubt, should a realisation request for 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 Dealing Day following that upon which the subscription monies in respect of such Units have been received.
- (f) 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.

13.4. Numerical example

The Net Realisation Proceeds payable to an investor on the realisation of 1,000 Units on a notional realisation price of S\$0.900* will be calculated as follows:

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

* The example above is a hypothesis and is not indicative of any future realisation price. The actual realisation price will fluctuate according to the then prevailing net asset value of the Fund.

** There is currently no Realisation Charge for the Fund.

- 13.5 The Net Realisation Proceeds will normally be paid by cheque or credited to the Holder's SRS account, as applicable, within 6 Business Days in Singapore following the receipt and acceptance of the realisation form by the Managers or their duly authorised agent unless the realisation of Units has been suspended in accordance with paragraph 16 of this Prospectus.
- 13.6 Every cheque shall be sent at the risk of the Holder entitled to the same and payment of the cheque shall be satisfaction of the monies payable. No amount payable to any Holder shall bear interest.

14. **SWITCHING OF UNITS**

- 14.1 The Managers may on the application of a Holder effect the switching of Units for units of any other Group Fund (as defined below) and on the application of the holder of units in any Group Fund effect the switching of such units for Units. The following provisions shall apply in regard to such switching of Units:
 - (a) The switching of Units shall be effected subject to the requirement as to minimum holding on such terms as the Managers may determine Provided That the Trustee is of the opinion that the terms are such as not to prejudice the interests of Holders.

- (b) For the purpose of any such switch, the Units or units (as the case may be) to be surrendered shall be valued at not less than their realisable value as calculated in accordance with the provisions of the Deed or with the appropriate provisions of the relevant trust deed and the Units or units (as the case may be) issued for the switch therefor shall be valued at not more than the price at which they would have been issued for cash as calculated in accordance with the provisions of the Deed or with the appropriate provisions of the relevant trust deed.
- (c) A switch for the purpose of this paragraph 14 of Units for units of a Group Fund shall be effected by the Holder surrendering his Units to the Managers who shall thereupon pay to the managers of the Group Fund concerned a sum representing the value of the surrendered Units calculated as aforesaid in consideration of the issue to that Holder of units in that Group Fund to the same value as the surrendered Units.
- (d) A switching of units of a Group Fund for Units shall be effected by the managers of that Group Fund paying on the surrender to them of units of that Group Fund by the holder thereof a sum representing the value of the surrendered units calculated in accordance with sub paragraph (b) above to the Managers who shall thereupon pay over such sum to the Trustee as an accretion to the Deposited Property and shall issue Units to the previous holder of the surrendered units of that Group Fund which are of the same value as the surrendered units as calculated in accordance with sub paragraph (b) above.
- (e) The Trustee shall have no responsibility or liability to ensure that the provisions of the trust deed constituting the Group Fund relating to issue, realisation or switching of Units are complied with.

“**Group Fund**” means a unit trust scheme the managers of which:

- (i) are the Managers or a corporation under their control or under common control with them or at least 50% of the share capital of which is held by a corporation which is a shareholder of the Managers; and
- (ii) approves the terms of any switch which may be made pursuant to Clause 11 of the Deed.

15. PRICES OF UNITS

The indicative issue and realisation prices will be published in The Straits Times, The Business Times, Lianhe Zaobao, Today, Teletext and such other foreign publications as the Managers may decide upon or the Managers’ website at uobam.com.sg or any other website designated by the Managers if applicable or any other website or other medium designated by the Managers, if applicable, or by calling the Managers’ 24 hour hotline at telephone number 1800 22 22 228. The actual prices 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 publication publisher concerned. Save for the publications of the Managers, the Managers do not accept any responsibility for any errors on the part of the publishers concerned of the prices published in the newspapers or for any non-publication or late publication of prices by such publisher, and will incur no liability in respect of any action taken or loss suffered by investors upon such publication by such publisher.

16. SUSPENSION OF DEALINGS

16.1 The Managers may, with the prior written approval of the Trustee, suspend the issue, realisation or valuation of Units during:

- (a) any period when the Recognised Stock Exchange or the OTC Market on which any Authorised Investments forming part of the Deposited Property for the time being are listed or dealt in, is closed (otherwise than for ordinary holidays) or during which dealings are restricted or suspended;
- (b) the existence of any state of affairs which, in the opinion of the Managers and the Trustee, might seriously prejudice the interest of the Holders as a whole or of the Deposited Property;
- (c) any breakdown in the means of communication normally employed in determining the price of any of such Authorised Investments in the opinion of the Managers and the Trustee or the current price thereof on that Recognised Stock Exchange or that OTC Market or when for any reason the prices of any of such Authorised Investments cannot be promptly and accurately ascertained (including any period when the fair value of a material portion of the Authorised Investments cannot be determined);
- (d) any period when remittance of money which will or may be involved in the realisation of such Authorised Investments or in the payment for such Authorised Investments cannot, in the opinion of the Managers and the Trustee, be reasonably carried out at normal rates of exchange;
- (e) any 48-hour period (or such other longer period as may be agreed between the Managers and the Trustee) prior to the date of any meeting of Holders (or any adjourned meeting thereof);
- (f) any period when the dealings of Units is suspended pursuant to any order or direction issued by the Authority; or
- (g) any period when the business operations of the Managers or the Trustee in relation to the operations of the 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.

16.2 Such suspension shall take effect forthwith upon the declaration in writing thereof to the Trustee by the Managers (or, as the case may be, to the Managers by the Trustee) 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 shall exist upon the declaration in writing thereof by the Managers (or, as the case may be, by the Trustee).

17. PERFORMANCE OF THE FUND

17.1 Past performance of the Fund and its benchmark

The returns of the Fund and its benchmark are tabled below (as of 30 September 2009):

	1 year	3 years	5 years	since inception ²
NAV-NAV ³	0.58%	-11.53%	-0.19%	-3.27%
NAV-NAV ⁴	-4.45%	-13.02%	-1.21%	-3.79%
Benchmark	1.55%	-7.59%	5.59%	5.81%

Source: Lipper, a Thomson Reuters Company

[^] taking into account the Subscription Fee

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

The benchmark of the Fund at its inception was MSCI Europe Small Cap USD. It was changed to Citigroup Broad Market Index Europe less than US\$2 billion (formerly known as Salomon Smith Barney Broad Market European Index Market Cap less than US\$2 billion) with effect from 1 January 2002. The benchmark was subsequently changed to MSCI Europe Mid Cap Index with effect from 1 August 2008 as a result of the amendment to the investment objective of the Fund.

17.2 Expense ratio

The expense ratio of the Fund for the period from 1 July 2008 to 30 June 2009 is 3.08%⁵.

² Inception date is 10 April 2000.

³ Calculated in S\$ on a NAV-to-NAV basis as at 30 September 2009, with all dividends and distributions reinvested (net of reinvestment charges). Figures for one 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 30 September 2009, taking into account the Subscription Fee, with all dividends and distributions reinvested (net of reinvestment charges). Figures for one 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 as 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) foreign exchange gains and losses, whether realised or unrealised;
- (c) front-end loads, back-end loads and other costs arising on the purchase or sale of other funds;
- (d) tax deducted at source or arising on income received, including withholding tax;
- (e) interest expense; and
- (f) dividends and other distributions paid to the Holders.

17.3. Turnover ratio

The turnover ratio of the Fund for the period from 1 July 2008 to 30 June 2009 is 222.74% and is calculated based on the lesser of purchases or sales expressed as a percentage over the average daily net asset value of the Deposited Property.

18. **SOFT DOLLAR COMMISSIONS/ARRANGEMENTS**

- 18.1 The Managers may from time to time receive and enter into soft-dollar commissions or arrangements in the management of the Fund.
- 18.2 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 the value of any investment, research and advisory services, economic and political analyses, portfolio analyses including valuation and performance measurements, market analyses, data and quotation services and computer hardware and software.
- 18.3 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 payments.
- 18.4 The Managers shall not accept or enter into soft-dollar commissions or arrangements in respect of the Fund unless: (a) such soft-dollar commissions or arrangements reasonably assist the Managers in their management of the Fund; (b) the Managers ensure at all times that 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 (c) no unnecessary trades are entered into in order to qualify for such soft-dollar commissions or arrangements.
- 18.5 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 the account of the Fund.

19. **CONFLICTS OF INTEREST**

- 19.1 The Managers are of the view that there is no conflict of interests in managing their other funds and the Fund because of the following structures in place:
 - (a) All investment ideas are shared equally among fund managers.
 - (b) The Managers subscribe 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.. The CFA Institute is the primary professional organisation for security analysts, investment managers and others who are involved in the investment decision-making process. All CFA charter holders of the 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 investment professionals as well as fair treatment to the investing public.

- (c) In addition, despite the possible overlap in the scope of investments, none of the funds are identical and investment decisions are made according to the individual risk return characteristic of each fund.
- (d) Most importantly, the Managers' usual fair and unbiased practice is to allocate investments 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 will adopt an average pricing policy whereby orders that are partially fulfilled on a particular day will be allotted proportionately among the funds based on their respective initial order size and such quantity allotted will be at the average price of such investments on that particular day.
- (e) Investment decisions for each fund are made impartially. There are no preferred customers or funds, and all accounts are treated equally.

19.2 The Managers and the Trustee shall conduct all transactions with or for and on behalf of the Fund on an arm's length basis.

20. REPORTS

The financial year-end of the Fund is 30 June. Holders will receive (a) the semi-annual report and the semi-annual accounts of the Fund within 2 months of its financial half-year end (or such periods as may be permitted by the Authority) and (b) the annual report, the annual accounts and the Auditors' report on the annual accounts of the Fund within 3 months of its financial year-end (or such other periods as may be permitted by the Authority).

21. QUERIES AND COMPLAINTS

All enquiries and complaints about the Fund should be directed to the Managers at:

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

22. OTHER MATERIAL INFORMATION

22.1 Market Timing

The Fund is designed and managed to support 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 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 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 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 Fund.

22.2 Information on investments

At the end of each calendar quarter, Holders will receive a statement showing the value of their investment, 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.

22.3 Distributions

The Managers shall have the absolute discretion to determine whether a distribution is to be made and, as and when the Managers shall decide, the Managers may by notice in writing direct the Trustee to distribute such part or all of the income, and if the Managers deem fit, such part or all of the net capital gains realised on the sale of Authorised Investments in respect of the amount available for distribution referred to in Clause 18(B) of the Deed for each accounting period at such time and in accordance with such method of calculations as the Trustee and the Managers may agree having regard to the provisions of the Deed.

22.4 Valuation

Except where otherwise expressly stated and subject always to the requirements of the Code, with reference to either the Deposited Property or any part thereof of any Authorised Investment which is:

- (a) a Quoted Investment, shall be calculated as the case may be by reference to the official closing price, the last known transacted price or the last transacted price on such Recognised Stock Exchange or OTC Market on which the investment is listed, dealt or traded as at the Valuation Point on the relevant Dealing Day; where such Quoted Investment is listed, dealt or traded in more than one Recognised Stock Exchange or OTC Market, the Managers (or such person as the Managers shall appoint for the purpose) may in their absolute discretion select any one of

such Recognised Stock Exchange or OTC Market for the foregoing purposes and, if there be no such official closing price, last known transacted price or last transacted price, the value shall be calculated by reference to the last available prices quoted by responsible firms, corporations or associations on a Recognised Stock Exchange or an OTC Market as at the Valuation Point on the relevant Dealing Day;

- (b) an Unquoted Investment, shall be calculated by reference to, where applicable: (1) the initial value thereof being the amount expended in the acquisition thereof; (2) the price of the relevant Investment as quoted by a person, firm or institution making a market in that Investment, if any (and if there shall be more than one such market maker, then such particular market maker as the Managers may designate), as may be determined by the Managers to represent the fair value of such Investment; or (3) the sale prices of recent public or private transactions in the same or similar investments, valuations of comparable companies or discounted cash flow analysis, as may be determined to represent the fair value of such Investment. In the valuation of such Investment, the Managers may take into account relevant factors including, without limitation, significant recent events affecting the issuer such as pending mergers and acquisitions and restrictions as to saleability or transferability;
- (c) cash, deposits and similar assets shall be valued (by a person approved by the Trustee as qualified to value such cash, deposits and similar assets) at their face value (together with accrued interest) unless, in the opinion of the Managers, any adjustment should be made to reflect the value thereof; and
- (d) an Investment other than as described above, shall be valued (by a person approved by the Trustee as qualified to value such an investment) in such manner and at such time as the Managers after consultation with the Trustee shall from time to time determine,

provided that, if the quotations referred to in (a), (b), (c) and (d) above are not available, or if the value of the Authorised Investment determined in the manner described in (a), (b), (c) or (d) above, in the opinion of the Managers, is not representative, then the value shall be such value as the Managers may consider with due care and in good faith in the circumstances to be fair value subject to the consent of the Trustee and the Trustee shall decide if a notice to notify the Holders of such determination by the Managers is required to be given by the Managers. For the purposes of this proviso, the “**fair value**” shall be determined by the Managers in consultation with a Stockbroker or an Approved Valuer and with the approval of the Trustee in accordance with the Code.

22.5 Custody of Deposited Property

The Trustee shall be responsible for the safe custody of the Deposited Property. Any Authorised Investments forming part of the Deposited Property shall, whether in bearer or registered form, be paid or transferred to or to the order of the Trustee forthwith on receipt by the Managers and be dealt with as the Trustee may think proper for the purpose of providing for the safe custody thereof. The Trustee may from time to time

upon notification in writing to the Managers appoint such person or persons as it thinks fit (including itself or its associates) as agents, nominees, custodians or sub custodians in respect of any of the Deposited Property, and the fees and expenses of such agents, nominees, custodians and sub custodians shall be paid out of the Deposited Property. Subject to Clause 26(D) of the Deed, the Trustee shall remain liable for any act or omission of any agent, nominee, custodian or sub-custodian with whom bearer Authorised Investments or documents of title to registered Authorised Investments are deposited as if the same were the act or omission of the Trustee. In relation to any investment in registered form, the Trustee shall not be liable for any act or omission of any agent, nominee, custodian, joint custodian or sub-custodian appointed by it except where the Trustee shall have been negligent or in default in the appointment and monitoring thereof. The Trustee may at any time procure that:

- (a) the Trustee; or
- (b) any officer or responsible official of the Trustee jointly with the Trustee; or
- (c) any nominee appointed by the Trustee; or
- (d) any such nominee of the Trustee; or
- (e) any custodian, joint custodian or sub-custodian appointed pursuant to the provisions of this paragraph; or
- (f) any company operating a recognised clearing system in respect of the Authorised Investments of the Fund; or
- (g) 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,

takes delivery of and retains and/or be registered as proprietor of any investment or other property held upon trusts of the Deed.

Any Authorised Investment in registered form shall as soon as reasonably practicable after receipt of the necessary documents by the Trustee, be registered in the name of the Trustee and/or its nominee and shall remain so registered until disposed of pursuant to the provisions of the Deed. Subject as aforesaid the Trustee shall retain the documents of title to all Authorised Investments held upon the trusts of the Deed in its possession in safe custody.

22.6 Indemnities and protections accorded to the Managers and/or the Trustee

- (a) 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.

- (b) 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 judgement 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.
- (c) Neither the Trustee nor the Managers shall be responsible for any authenticity of any signature or of any seal affixed to any endorsement on any certificate or to any transfer or form of application, endorsement 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 any seal affixed to such endorsement, transfer or other document or for acting upon 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 person to any document required to be signed by him under or in connection with the Deed shall be verified to its or their reasonable satisfaction.
- (d) 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 any provision of the Deed shall be void insofar as it would have the effect of exempting the Trustee or the Managers from or indemnifying 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 where they fail to show the degrees of diligence and care required of them having regard to the provisions of the Deed.
- (e) Nothing shall be construed so as to prevent the Managers and the Trustee in conjunction or the Managers or the Trustees separately from acting as managers or trustee of funds 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 profit or benefit made or derived hereby or in connection therewith.
- (f) Neither the Trustee nor the Managers shall 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.
- (g) In no event shall a Holder have or acquire any rights against the Trustee and the Managers or either of them save such as are expressly conferred upon such Holder

by the Deed nor shall the Trustee be found to make any payment to any Holder except out of funds held by or paid to it for that purpose under the provisions of the Deed.

22.7 Termination of the Fund

- (a) The Fund is of indeterminate duration and may be terminated as provided in Clause 34 of the Deed, which is set out in this paragraph.
- (b) Either the Trustee or the Managers may in their absolute discretion terminate the Fund by not less than 6 months' notice in writing to the other given so as to expire at the end of the Accounting Period current at the end of the 5th year after the date of the Principal Deed or any year thereafter. Either the Trustee or the Managers shall be entitled by notice in writing as aforesaid to make the continuation of the Fund beyond any such date conditional on the revision to its or their satisfaction at least 3 months before the relevant date of its or their remuneration hereunder. In the event that the Fund shall fall to be terminated or discontinued the Managers shall give notice thereof to all Holders not less than 3 months in advance. Subject as aforesaid and subject to the revocation or withdrawal of the authorisation of the Fund by the Authority pursuant to Section 288 of the SFA, the Fund shall continue until terminated in the manner hereinafter provided.
- (c) Subject to Section 295 of the SFA, the Fund may be terminated by the Trustee by notice in writing as hereinafter provided in any of the following events, namely:
 - (i) if the Managers shall go into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or if a receiver is appointed over any of their assets or if a judicial manager is appointed in respect of the Managers or if any encumbrancer shall take possession of any of their assets or if they shall cease business;
 - (ii) if any law shall be passed which renders it illegal or in the opinion of the Trustee impracticable or inadvisable to continue the Fund;
 - (iii) if within the period of 3 months from the date of the Trustee expressing in writing to the Managers the desire to retire the Managers shall have failed to appoint a new trustee of the Fund within the terms of Clause 31 of the Deed; and
 - (iv) if the Authority so directs or if the authorisation of the Fund is revoked or withdrawn by the Authority pursuant to Section 288 of the SFA.

The decision of the Trustee in any of the events specified in this sub-paragraph (c) shall be final and binding upon all the parties concerned but the Trustee shall be under no liability on account of any failure to terminate the Fund pursuant to this sub-paragraph or otherwise. The Managers shall accept the decision of the Trustee

and relieve the Trustee of any liability to them therefor and hold it harmless from any claims whatsoever on their part for damages or for any other relief.

- (d) The Fund may be terminated by the Managers by notice in writing as hereinafter provided:
 - (i) on the 3rd anniversary of the date of the Principal Deed or on any date thereafter if on such date the aggregate Value of the Deposited Property shall be less than S\$5,000,000; or
 - (ii) if any law shall be passed which renders it illegal or in the opinion of the Managers impracticable or inadvisable to continue the Fund; or
 - (iii) if the relevant authority so directs or if the authorisation of the Fund is revoked or withdrawn by the Authority pursuant to Section 288 of the SFA.
- (e) The party terminating the Fund shall give notice thereof to the Holders fixing the date at which such termination is to take effect which date shall not be less than 3 months after the service of such notice. The Managers shall give not less than 7 days (or such other notice period as may be permitted by the Authority) prior notice of such termination to the Authority.
- (f) The Fund may at any time after 5 years from the date hereof be terminated by Extraordinary Resolution of a meeting of the Holders duly convened and held in accordance with the provisions contained in the Schedule of the Deed and such termination shall take effect from the date on which the Extraordinary Resolution is passed or such later date (if any) as the Extraordinary Resolution may provide.
- (g) The Trustee may (with the consent of the Managers) remove the Fund to the jurisdiction of a country other than Singapore, if it appears to the Trustee to be beneficial to the Fund and in the interests of the Holders to do so. The circumstances in which the Trustee may exercise its discretion hereunder are limited to the outbreak of war or grave civil unrest threatening the safe maintenance of the banking system or securities market in Singapore.

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