

# PROSPECTUS

United Global Capital Fund

---

# UNITED GLOBAL CAPITAL FUND

# UNITED GLOBAL CAPITAL FUND

## **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**

HSBC Institutional Trust Services (Singapore) Limited  
(Company Registration Number: 194900022R)  
21, Collyer Quay, #14-01 HSBC Building, Singapore 049320

### **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**

Shook Lin & Bok LLP  
1, Robinson Road, #18-00, AIA Tower, Singapore 048542

### **Custodian**

State Street Bank and Trust Company  
Registered Address: 225, Franklin Street, Boston, MA 02110, USA

# UNITED GLOBAL CAPITAL FUND

## Important Information

The managers of United Global Capital Fund (the “**Fund**”), UOB Asset Management Ltd (the “**Managers**”), accept full responsibility for the accuracy of 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 (“**Units**”) 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) relating to the Fund (the “**Deed**”).

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

No application has been made for the Units to be listed on any stock exchange. There is no ready market for the Units. Investors may purchase or realise their Units 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. 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, (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 (d) any restrictions or requirements under the Central Provident Fund (“**CPF**”) (Investment Schemes) Regulations and the terms and conditions in respect of the CPF Investment Scheme issued by the CPF Board thereunder (as the same may be amended, modified or supplemented from time to time), which may be relevant to the subscription, holding or disposal of 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 Fund requires consideration of the usual risks involved in investing and participating in collective investment schemes and the risks of investing in the Fund. Investors should also consider the risks of investing in the Fund which are summarised in paragraph 10 of this Prospectus. Investors should note that their investments can be volatile and there can be no assurance that the 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 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.

All enquiries in relation to the Fund should be directed to the Managers or any agent or distributor appointed by the Managers.

# UNITED GLOBAL CAPITAL FUND

## TABLE OF CONTENTS

<b>Contents</b>	<b>Page</b>
Directory.....	i
Important Information.....	ii
1. Basic Information.....	2
2. The Managers.....	4
3. The Trustee and the Custodian.....	4
4. The Register of Holders.....	5
5. The Auditors.....	5
6. Fund Structure.....	5
7. Investment Objective, Focus and Approach.....	5
8. CPFIS Included Scheme.....	14
9. Fees and Charges.....	15
10. Risks.....	16
11. Subscription of Units.....	19
12. Regular Savings Plan.....	22
13. Realisation of Units.....	23
14. Switching of Units.....	25
15. Obtaining Prices of Units.....	25
16. Suspension of Dealing.....	26
17. Performance of the Fund.....	27
18. Soft Dollar Commissions/Arrangements.....	28
19. Conflicts of Interest.....	28
20. Reports.....	29
21. Other Material Information.....	29
22. Queries and Complaints.....	36
Appendix 1 – CPF Investment Guidelines.....	37

# UNITED GLOBAL CAPITAL FUND

*The United Global Capital Fund (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”). This Prospectus has been prepared in accordance with the requirements of the SFA. The Authority assumes no responsibility for the contents of this Prospectus. The 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 of trust (as amended) constituting the Fund.*

## 1. Basic Information

### 1.1 United Global Capital Fund

The Fund is an open-ended, standalone, non-specialised unit trust constituted in Singapore.

### 1.2 Date of Registration and Expiry Date of Prospectus

The date of registration of this Prospectus with the Authority is 3 December 2009. This Prospectus shall be valid for 12 months after the date of registration (i.e., up to and including 2 December 2010) and shall expire on 3 December 2010.

### 1.3 Trust Deed and Supplemental Deeds

**1.3.1** The deed of trust relating to the interests being offered for subscription or purchase (the “**Principal Deed**”) is dated 31 January 1996 and the parties to the Principal Deed are UOB Asset Management Ltd, as the managers of the Fund (the “**Managers**”), and HSBC Institutional Trust Services (Singapore) Limited as the trustee of the Fund (the “**Trustee**”).

**1.3.2** The Principal Deed has been amended by the following supplemental deeds and amending and restating deeds entered into between the Managers and the Trustee:

Supplemental Deed	Dated
First Supplemental Deed	30 April 1998
Second Supplemental Deed	30 October 1998
Third Supplemental Deed	28 April 1999
Fourth Supplemental Deed	27 December 1999
Fifth Supplemental Deed	21 December 2001
Amending and Restating Deed	24 January 2003
Second Amending and Restating Deed	1 July 2003

Third Amending and Restating Deed	30 December 2003
Fourth Amending and Restating Deed	1 September 2004
Fifth Amending and Restating Deed	23 December 2005
Sixth Amending and Restating Deed	14 December 2006
Seventh Amending and Restating Deed	29 June 2007
Eighth Amending and Restating Deed	11 December 2008
Ninth Amending and Restating Deed	29 May 2009
Tenth Amending and Restating Deed	3 December 2009

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 Amending and Restating Deed, the Second Amending and Restating Deed, the Third Amending and Restating Deed, the Fourth Amending and Restating Deed, the Fifth Amending and Restating Deed, the Sixth Amending and Restating Deed, the Seventh Amending and Restating Deed, the Eighth Amending and Restating Deed, the Ninth Amending and Restating Deed and the Tenth Amending and Restating Deed shall hereinafter be referred to as the “**Deed**”.

**1.3.3** The terms and conditions of the Deed shall be binding on each unitholder (collectively the “**Holders**” and each a “**Holder**”) and all persons claiming through such Holder as if such Holder had been a party to the Deed and as if the Deed contained covenants on the part of such Holder to observe and be bound by all the provisions 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.

**1.3.4** A copy of the Principal Deed, the supplemental deeds and the amending and restating deeds shall be made available for inspection free of charge, at all reasonable times during usual business hours at the operating address of the Managers at 80, Raffles Place, 6th Storey, UOB Plaza 2, Singapore 048624 and will be supplied by the Managers to any person upon request at a charge of S\$25 per copy of the document.

#### **1.4 Accounts and reports**

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

## 2. The Managers

The Managers are UOB Asset Management Ltd (“**UOBAM**”), 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 and its subsidiaries in the region have 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 and the Custodian

The Trustee of the Fund is HSBC Institutional Trust Services (Singapore) Limited whose registered address is at 21, Collyer Quay, #14-01 HSBC Building, Singapore 049320.

The custodian of the Fund is State Street Bank and Trust Company, whose registered office is at 225 Franklin Street, Boston, MA 02110, U.S.A. and/or such other custodian as may be appointed from time to time in respect of the Fund or any of its assets (collectively or individually, the “**Custodian**”).

#### **4. The 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**"). The Managers have, in turn appointed HSBC Securities Services (Transfer Agency) Pte Ltd as the sub-registrar to maintain the Register for the Fund. A copy of the Register is kept and maintained at 60 Alexandra Terrace, #10-12/13, The Comtech, Singapore 118502, and is accessible to the public during normal business hours (subject to such reasonable restrictions as the registrar may impose). A copy of the Register will also be kept at 156 Cecil Street, #08-03 Far Eastern Bank Building, Singapore 069544. 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 holdings, 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 whose registered office is at 8, Cross Street, #17-00, PWC Building, Singapore 048424 (the "**Auditors**").

#### **6. Fund Structure**

The Fund is a non-specialised open-ended standalone unit trust constituted in Singapore.

#### **7. Investment Objective, Focus and Approach**

##### **7.1 Investment Objective**

The investment objective of the Fund is to achieve long-term capital appreciation by investing, primarily, in securities issued by banks, finance companies, insurers and other corporations which carry on the business of financial services or which derive their revenues from subsidiaries carrying on the business of banking and/or financial services.

##### **7.2 Investment Focus and Approach**

The Fund invests in a wide range of sub-sectors within the finance sector. These broad sub-sectors include: traditional commercial & retail banks; specialised financial service providers; investment banks, broker dealers and asset managers; and insurers. The Fund seeks to identify the most attractive companies from the various sub-sectors, with a focus on companies which deliver above average growth, consistently strong underlying profitability as well as trade at reasonable valuations.

The Managers will search for the best ideas from the investment universe. A major portion of the Fund will be invested in stocks listed in the U.S.A., Europe and Asia.

The Managers will look at more than 250 companies globally. These companies fall into one of the four categories of opportunities:

#### Traditional Commercial and Retail Banks

This sector tends to be amongst the most tightly regulated and most transparent due to the adoption of broadly consistent standards used in the assessment of capital adequacy and financial strength (mandated under the Basle Accord). Regulators tend to err in favour of maintaining well capitalised and profitable institutions given the critical role that this group of institutions play as depositories for personal savings. This bias towards maintaining a healthy and profitable sector, coupled with gradual de-regulation in terms of market entry has led to a continued trend towards consolidation and has acted as a catalyst to drive continued operating improvements and has kept management focused on delivering adequate returns to shareholders.

##### a. Retail Banks (Regional Banks)

This sub-sector includes a wide range of institutions in terms of size and scope of operation ranging from thrifts, community banks and regional banks at one end of the spectrum to super regional banks at the other end of the spectrum. What tends to set this group of institutions apart from other financial service providers is the relationship aspect of the credit process – a know-your-customer approach. Several characteristics make this group of companies attractive to investors: (1) best of class behaviour due to the high level of focus on core activities, and (2) this segment tends to be the most active in terms of consolidation (both as targets, but also as consolidators) due to a more limited degree of complexity in their businesses. Examples include: M&T Bank, BB&T Corp, Bank of Ireland, Banco Popular, Hang Seng Bank, United Overseas Bank and Kookmin Bank.

##### b. Super Regional Banks (Wholesale Banks)

This segment of banks tends to mainly comprise consolidators. They are somewhat similar to the regional banks described above with the principal exceptions that they tend to operate across a range of markets, offer a wider range of products and tend to have a more centralised decision making framework. They tend to have a more systematised approach or high tech (rather than high touch) approach to the business, and are more active in wholesale lending and fee product areas.

Performance across this group of banks has been more mixed. Although it has improved in recent years as key players have started to see the benefits of scale in key businesses, and as capital has been re-deployed from lower growth, lower return segments to higher growth and return opportunities, not all strategies adopted have proven successful, with benefits from consolidation frequently over-estimated, or post transaction execution falling short of target. Historically, this group of institutions has been most apt to venture “out of market”, taking on exposures which in retrospect proved to be inadequately priced given the underlying level of risk. Due to the higher concentration of wholesale lending among this group of banks, they tend to be more sensitive to the credit cycle. Examples include: US Bancorp, Wachovia, Sun Trust, BNP, Societe Generale, Unicredito, Santander, BBVA, Barclays Bank, Commertzbank and DBS Group.

c. Money Center Banks (Global Banks)

This segment of banks tends to be somewhat similar to the super regional banks, with the notable exceptions that they tend to provide a wider range of financial services and have an even broader focus in terms of markets (typically global). A higher share of their revenues typically come from fee activities, specifically market sensitive activities (trading, investment banking, trust services, custodial banking and cash management).

Because this group of institutions generally has had a more senior role in the wholesale lending value chain, they have displayed a more systematic approach to pricing and managing credit risk (often due to negative experiences in their past). Customer demand for holistic solutions (especially corporate customers) fits in well with the strategic positioning as they typically have both the product solutions and geographic reach to cater to their needs. Fortune 500 companies typically comprise a key client group for these institutions. Examples of companies include: Citigroup, JPMorgan Chase, Bank of America, UBS, HSBC and Deutsche Bank.

Specialised Financial Service Providers

In tandem with the trend towards consolidation and the creation of fully integrated product models or “one-stop shop solutions” for customers, there has been a trend towards specialisation. This has been driven by both out-sourcing and in-sourcing trends as companies seek to achieve best-of-class unit cost positioning and deliver products which internally prove difficult to manufacture. This trend is most pronounced in the U.S.A., the market where the bulk of service innovations have tended to originate. The key reason for the high level of specialisation seen in the U.S.A. is largely due to the large size of the market and the fierce level of competition.

The key attraction of this segment of service providers is that they typically enjoy best-of-class unit cost positioning in the specific segments they tend to operate in. Because they are viewed as service providers and not competitors, they typically achieve scale advantages, which further lift already substantial entry barriers. This group of service providers is generally characterised as a high growth, high return segment. However, due to the more limited diversification across products, there are certain elements of cyclicity that impact these companies from time to time.

a. Trust & Processing Banks (Custodial Banks)

This segment of specialised companies continues to see high growth and high return prospects as they continue to gain market share from less specialised service providers and as they continue to develop additional services to cater to customer needs. A key attraction of this segment is the high and rising barriers to entry due to the need for substantial investment in systems, training of personnel, product innovation and high level of integration with the end clients. While this group of companies generally trades at a premium to the broader sector, it does have some degree of market sensitivity. The premium appears to be justified by the lower risk profile, higher growth rates and more sustainable returns. Examples include: Bank of New York Mellon Corp., Northern Trust and State Street Bank.

## b. Payment Processing Services

Today this segment mainly comprises providers of retail payment services including payment clearing services and merchant acquisition services, and card issuance. Payment services has been a high growth segment within financial services as the medium of exchange continues to shift towards non-cash solutions including credit card, debit card and a number e-payment solutions. The growth prospects of this segment are excellent given the structural shift in payment behaviour. However, the industry does face potential challenges related to the setting of interchange fees that could adversely impact revenues and profitability. The composition of listed alternatives in this segment is heavily skewed to the network solution providers and merchant acquirers. The majority of the issuers have been taken over by more diversified financial institutions. Examples of companies active in this segment include: Visa Inc., Mastercard, Global Payments, American Express, and VisaNet.

### Investment Banks and Brokers Dealers

This segment of companies had been characterised as offering high growth due to strong advisory revenue growth and robust performance of equity markets and increased disintermediation in credit markets. However, they generally display high levels of market sensitivity as revenues are influenced by both market levels and transaction volumes as well as market risk. Up until 2007 the sector maintained stellar levels of profitability supported, however, by a build up of risk and leverage. This all came to an end with the demise of the sub-prime mortgage and structured finance markets to the point that not only has profitability been adversely impacted, but significant questions over solvency emerged. There have been several high profile casualties from the crisis, and a change in how both regulators and counterparties look at risk. The above changes will keep profitability under pressure for the foreseeable future and prompt a focus back towards more agency driven business models, and/or towards universal banking models as is more common in Europe, albeit excluding the leverage levels. Examples of companies include: Morgan Stanley, Goldman Sachs, UBS, Credit Suisse, Deutsche Bank, Lazard and KBW.

### Asset Managers

This segment has also been an area of high growth and profitability. Like the Broker Dealer segment it is impacted by market performance. However, as the business model is typically not capital intensive, and as risk is generally not embedded in the balance sheet it has proven to be more resilient in terms of profit levels and profitability. Performance across the industry has varied driven by asset mix, client mix and performance. The more recent downturn in the market performance will continue to weigh on the sectors short-to-medium term growth prospects and will likely result in challenges for some of the more marginal players. However, this is viewed as an opportunity for well run boutique franchises as well as focused scale players to increase market share to mitigate the slower growth rate. Examples of companies include: Blackrock, Franklin Resources, Alliance Bernstein, T. Rowe Price, and Aberdeen.

## Insurers

This sector has proven to be amongst the most challenging for investors for several reasons: (1) the recently high incidence of catastrophic losses experienced by property & casualty Insurers, (2) continued asbestos related exposures, (3) the increased prevalence of guaranteed investment contracts and (4) the willingness to take on more exposure to markets to achieve return objectives, especially in a lower interest rate and lower return environment. While the underlying pricing environment remains favourable, particularly in certain casualty lines, and profitability has generally improved, risk concentration has increased as evidenced by losses from hurricane Katrina. Better diversification is essential to improve the technical performance of the sector. A lack of consistent standards to determine reserve levels and solvency requirements makes comparison of companies problematic, particularly when assessed on a cross-border basis (standards are determined locally). For life insurers, further obscuring matters is the use of different accounting practices (for example the use of embedded value accounting in the UK).

### a. Property & Casualty Insurers

This sub-sector includes companies focused on both commercial lines as well as personal lines underwriting. Catastrophic losses related to hurricane Katrina, weighed heavily on both the primary and reinsurance players. The market has started to look more carefully at concentration risk and claims paying ability. We expect to see significant shifts in market share, especially in the reinsurance markets due to the single event losses incurred. While pricing is temporarily firm, the influx of new sources of capital as hedge funds enter the market suggests that it may only be a matter of time before price competition intensifies. Examples of companies include: Allstate, The Hartford, XL Capital, Aviva, Prudential, Allianz and AXA.

### b. Life & Health Insurers

This sub-sector includes companies focused mainly on the provision of life & health insurance as well as the provision of long term savings plans through fixed and variable annuities. This business is typically a spread business where companies benefit from the time gap between when premiums are received and claims are paid. Given the long-tailed nature of the liabilities, life companies tend to hold a higher proportion of their investments in equities. As such they are directly impacted by changes in the market value of their investment portfolios. Compounding this, much of the longer term savings business written is based on return assumptions at the date of origination of the contracts. Declines in interest rates and market return can adversely affect the profitability of this business. Examples include: Metlife, Sun Life, Aegon, Prudential, ING and Swiss Life.

### c. Re-Insurers

This group of companies provide both property & casualty re-insurance as well as life & health re-insurance to primary insurers. They are generally exposed to the same trends experienced in the primary market, with the exception that they carry different layers of risk than the primary insurers. They effectively serve as a means of diversification of risk concentrations among the primary insurers. During times where capital is scarce in terms of primary insurance, they function as additional providers of capital by taking

on risk from primary insurers. The sector has benefited from a recovery in profitability due to underlying rate increases, tighter policy limits and stricter riders. The competitive environment had intensified in recent years due to a large influx of new re-insurers following the capacity shock of 9/11. However, underlying concentration concerns arising from hurricane Katrina loss estimates among some of the smaller players are likely to restore pricing power and favour the larger more diversified players. Examples include: Munich RE, Swiss RE, Convarium, Everest RE, Renaissance RE and XL Capital.

### **Investment Opportunities in Financial Services**

The financial services sector offers sufficient breadth that lends itself well as an investment opportunity across a wide range of economic/business conditions. The strategic importance of the financial services sector (the banking sector in particular) to the smooth function of the broader economy cannot be overstated. Tight regulation in the financial services sector serves as an additional safeguard to assure the integrity of the management teams at the helm of these businesses and acts as an additional check above and beyond that of the markets. With regulators highly sensitive to the adequacy of solvency levels among financial service providers, they appear to prefer that returns remain consistently above the respective cost of capital in each sub-sector in order to preempt any potential problems. The performance of banks in the US in recent years seems to reflect this inherent bias towards maintaining a healthy and vibrant financial sector.

### **Potential for High Returns**

The leading companies across a wide range of sub-sectors have demonstrated a consistent ability to deliver returns that are substantially above excess of their peer group and in excess of their cost of capital. More recently, due to the cyclical deterioration in the credit environment and reduction in volumes, even the best managed institutions have experienced a squeeze in profitability. There are still good opportunities across a range of sub-sector to identify companies which deliver substantially positive Shareholder Value Added (“SVA”) across a range of operating conditions. Several examples of high SVA companies include: Bank of America, US Bancorp, HSBC, BBVA, Northern Trust, State Street Bank, T. Rowe Price, Global Payments, Visa, Mastercard, HDFC Bank, Banco Itau.

### **High Growth Opportunities**

Two key trends create significant opportunities for above average growth rates among financial service providers:

- (1) rising income levels lead to increased financial intensity, and
- (2) increased outsourcing and product development (evolution).

Increased financial intensity is most noticeable in consumer banking. As wage levels increase, so does consumer credit penetration (or consumer credit as a percentage of gross domestic product). This suggests that institutions in developing regions will see above average growth opportunities in consumer financial services.

Increased specialisation has tended to open up new markets for the best of the breed service providers. This has enabled them to grow in two ways (1) by expanding their product sweep to drive additional revenues from their customer base, and (2) by extending their services into new markets and taking share from traditional service providers.

The trust and processing banks have been able to achieve relatively high growth rates as they have benefited from outsourcing trends and market share gains. This outsourcing opportunity has arisen due to the evolution of products (solutions), which has enabled them to extend the value chain of services on offer to the customer. In addition, they have gained market share as sub-scale competitors are forced to exit the business. This is particularly evident in Europe, where several global banks which lacked comparative advantage in product segments like global custody, have sold portions of their portfolios or entered into alliance with market leaders.

Several examples of high growth companies include: Northern Trust, State Street Bank, HDFC, Banco Itau, Visa, Mastercard

**THE FOLLOWING ARE EXAMPLES OF SOME OF THE COMPANIES THAT MAY BE FOUND IN THE PORTFOLIO. PLEASE NOTE THAT THE EXAMPLES ARE MERELY ILLUSTRATIVE OF THE TYPES OF COMPANIES FALLING WITHIN THE CATEGORIES OF BUSINESSES LISTED BELOW AND THERE IS NO ASSURANCE THAT ANY OF THESE COMPANIES WILL AT ANY TIME BE INVESTED INTO BY THE FUND.**

***Traditional Commercial and Retail Banks***

<b><i>Citigroup</i></b>	Citigroup is the largest company in the benchmark and is one of the most successful global financial institutions. The company is the standard by which competitors benchmark their performance. It has leadership across a wide range of products ranging from consumer banking to wholesale banking and investment banking.
<b><i>Bank of America</i></b>	Bank of America is the largest U.S.A. bank with a domain market share in key regions. The company has focused in recent years on improving its retail banking performance and has driven significant improvements in its profitability via these efforts.
<b><i>UBS</i></b>	UBS is the leading bank in Switzerland and a dominant player globally in both Investment Banking and Wealth Management. The company has strong risk culture and remains one of the best capitalised in its peer group. It has continued to build on its market share as many of its peers have stumbled.

<b><i>HSBC</i></b>	HSBC is one of the largest banking and financial service companies in the world operating in Europe, the Asia-Pacific region, the Americas, the Middle East and Africa. HSBCs' key earnings drivers are banking businesses in the UK, U.S.A. and Hong Kong SAR. The company has a long history in Commercial Banking, with a focus mainly on Trade Finance and Corporate Banking. The group has become more Consumer Banking focused in recent years, following the acquisition of Household International in the U.S.A., and with more focus placed on building its Wealth Management businesses.
<b><i>Banco Popular</i></b>	Banco Popular is a Spanish retail bank with a strong mortgage and middle market business. The company continues to increase its market position at the expense of the two larger banks and Cajas. It offers exposure to the strong growth of Spanish market, it operates on a best in class efficiency level and it produces amongst the best returns of any European bank.
<b><i>Royal Bank of Scotland</i></b>	Royal Bank of Scotland (" <b>RBS</b> ") is one of Europe's largest banks. It operates using a multi-brand model using centralised manufacturing to lower unit costs. The company operates mainly in the UK, as well as in the U.S.A. via Citizens Bank. It has been a key consolidator in both markets. The group's business model is mainly focused on operating execution, however, as suggested above, acquisition has been a central part of the group's strategy to achieve scale. This has enabled RBS to achieve one of the highest returns on tangible capital in Europe.
<b><i>ANZ Bank</i></b>	Australia New Zealand Bank is one of the 4 leading banks in Australia, known as the Four Pillars, substantially operating within Australia and New Zealand. The bank, generating returns on equity of over 20%, is generally acknowledged to be one of the best managed banks in Asia, with a reputation for delivering on their promises and for their strict focus on delivering shareholder returns.

### ***Specialised Financial Service Providers***

<b><i>State Street Bank</i></b>	State Street Bank is a specialised trust & processing bank headquartered in Boston. The company is the service provider to the mutual fund, largely due to its dominant position in the domestic US market. The company has in recent years focused on deepening its customer product penetration, and typically sells more than 6 products to its core customers. More recent efforts to develop the group's international customer base should enable it to achieve above average growth for the foreseeable future.
---------------------------------	--

<b><i>HDFC</i></b>	Housing Development Finance Corporation (“ <b>HDFC</b> ”) is a specialised mortgage finance company in India. The company has the dominant share of India’s mortgage market and is the market leader and low cost producer in this high growth segment. This dominant position has been translated into superior returns.
--------------------	---

***Insurance companies***

<b><i>Allianz</i></b>	Allianz is a German Insurance company, and is one of the largest in the world. The company provides both life insurance and property & casualty coverage to customers globally. It has a leading position in its home market and strong positions in many of the markets in which it operates.
<b><i>Munich RE</i></b>	Munich RE is the world’s largest provider of re-insurance. Headquartered in Germany, the company operates globally and has a very diversified portfolio. The sector was adversely impacted due to the 9/11 terrorist event, and is currently benefiting from the firmest rate environment in more than a decade.
<b><i>Renaissance RE</i></b>	Renaissance RE is a Bermuda based property re-insurer. The company has achieved superior underlying returns on a consistent basis, due in part to its highly disciplined approach to underwriting. The company has expanded into more specialised segments in recent years, which should help reduce its exposure to a somewhat cyclical property reinsurance market. However, this does pose additional challenges, given its more limited experience in these new segments.
<b><i>Samsung Fire &amp; Marine</i></b>	Samsung Fire & Marine is the leading provider of general insurance in Korea, providing long-term insurance, auto insurance, casualty and property insurance. The company has the strongest brand recognition and largest market share of approximately one third. It is the best capitalised amongst its peers. The company has been flourishing under strong premium growth, with loss ratios and expense ratios kept under control.

**Predictions, Projections or Forecasts Not Indicative of Performance**

**Investors should note that the predictions, projections or forecasts above are not necessarily indicative of the future or likely performance of the Fund.**

### 7.3 Authorised Investments

The Authorised Investments of the Fund include the following Investments:

- (a) any securities issued by banks, finance companies and other corporations or entities which carry on business of financial services;
- (b) any securities issued by corporations or any other entities which derive their revenues from subsidiaries carrying on business of banking and/or financial services; or
- (c) where the Fund is a CPFIS Included Fund, any Investment for the time being approved by the relevant competent authority in Singapore for investment by members of CPF under the CPF Investment Scheme (“**CPFIS**”) or for investment by the Fund to enable the Fund to qualify as an approved unit trust for investment by members of CPF under the CPFIS.

“**Investment**” means any share, stock, bond, note, debenture, debenture stock, loan, loan stock, warrant, options, certificates of deposit, commercial paper, promissory note, treasury bill, fixed and floating rate instrument, unit or sub unit in a unit trust scheme, participation in a mutual fund or similar scheme or other securities (as defined in the SFA) or any money market instrument, index futures, or any other securities which may be selected by the Managers for the purpose of investment of the Assets of the Fund<sup>1</sup> or which may for the time being form part thereof.

### 8. CPFIS Included Scheme

The Fund is a unit trust included by the CPF Board (“**CPFIS Included Fund**”) under the CPFIS. It has been classified by the CPF Board under the risk classification of “Higher Risk - Narrowly Focused - Sector - Others”. However, the Managers have ceased to accept any applications for subscriptions and/or switching and/or RSP (as defined in paragraph 12) subscriptions into the Fund using CPF monies. Accordingly, all references and provisions in this Prospectus relating to the use of CPF monies for subscriptions of Units and/or switching and/or RSP subscriptions (where applicable), including, without limitation, under paragraphs 9.1 (in the row entitled “Subscription Fee”), 11.1, 11.5 and 12, are currently inapplicable and have no effect until such time as the Managers decide to accept applications for subscriptions and/or switching and/or RSP subscriptions into the Fund using CPF monies again.

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

---

<sup>1</sup> “**Assets of the Fund**” means all the assets (including cash and earnings on cash deposits) for the time being held or deemed to be held upon the trusts of the Deed excluding any amount for the time being standing to the credit of the Distribution Account (as defined in the Deed).

The interest rate for the Special, Medisave and Retirement Accounts (“**SMRA**”) is pegged to the 12-month average yield of 10-year Singapore government bond plus 1%. For 2009, the minimum interest rate for the SMRA is 4.0% per annum. After 2009, the 2.5% per annum minimum interest rate, as prescribed by the Central Provident Fund Act (Chapter 36) of Singapore, will apply to the SMRA.

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. In addition, the first \$20,000 in the CPF Ordinary Account and the first \$30,000 in the CPF Special Account are not allowed to be invested under the CPFIS.

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.

## 9. Fees and Charges

### 9.1 Charges and Fees Payable by Holder

Subscription Fee:	<u>For Cash Units and Supplementary Retirement Scheme Units:</u> Currently 5%. Maximum 5%. <u>For CPF Units:</u> Currently 3%. Maximum 3%.
Realisation charge:	Nil
Switching fee*:	Currently 1%.

### 9.2 Fees Payable by the Fund to the Managers, the Trustee and other parties

Annual management fee:	Currently 1.50% p.a. Maximum 1.50% p.a..
Annual trustee fee:	Currently up to 0.075% p.a. and subject to a minimum of S\$15,000 p.a.. Maximum 0.25% p.a..
Annual registrar, valuation and accounting services fee: (payable to the Managers or the Trustee, as the case may be)	S\$15,000 p.a. for keeping and maintaining the Register. Currently, 0.125% p.a. subject to a maximum of 0.125% p.a. for the provision of fund valuation and accounting services.
Audit fee** (payable to the Auditors), custodian fee*** (payable to the Custodian) and other fees and charges****	Subject to agreement with the relevant parties each fee or charge may exceed 0.1% p.a., depending on the proportion each fee or charge bears to the net asset value of the Fund.

\* In the case of a switch of Units in the Fund to units of any other fund 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 of the subscription fee of the New Fund.

- \*\* The audit fee payable is subject to agreement with the Auditors for each financial year.
- \*\*\* 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. The custodian fee is subject to a maximum of 0.25% p.a. of the net asset value of the Fund and US\$50 fee per transaction.
- \*\*\*\* Other fees and charges include goods and services tax, printing costs, legal & professional fees, administration fees and other out-of-pocket expenses. Based on the net asset value of the Fund as at 30 September 2009, 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 Fund.

9.3 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 Assets of the Fund.

## 10. Risks

### 10.1 General risks

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, credit risks of issuers, foreign exchange risks, political risk, liquidity risks, repatriation risks and derivatives risks.

An investment in the Fund is meant to produce returns over the long-term. Investors should not expect to obtain short-term gains from such investment.

Investors should be aware that the price of Units, and the income accruing to the Units, may fall or rise and that investors may not get back their original investment.

### 10.2 Specific risks

#### 10.2.1 Market Risk

The Investments by the Fund are subject to market risks and there can be no assurance that the Fund’s investment objectives will be realised. Prices of securities invested by the Fund may increase or decrease 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. The risks of investing in warrants and options, in turn depends on the terms attached to them and on the volatility of the stock markets on which they are traded. As the viability of exercising warrants and options depends on the market price of the securities to which they relate, it may be the case that the Managers may from time to time consider it not viable to exercise certain warrants and/or options held by it on behalf of the Fund within the prescribed period, in which case any costs incurred in obtaining them may be irrecoverable. There is also the risk that the market price of the relevant security will not exceed the exercise price attached to the warrant or option

at any time during the exercise period or at the time at which the warrant or option is exercised and this may result in an immediate loss to the Fund. Further, if the company or other institution issuing the securities to which the warrants are attached goes into liquidation before such warrants are exercised, the bearer(s) of the warrants may rank as unsecured creditors or behind unsecured creditors of that company or other institution. The Managers however, have the requisite expertise, experience and quantitative tools to manage and contain such investment risks. The Managers will invest only in warrants and options of securities with strong fundamentals. The maximum exposure at any time is limited to the premium paid for such warrants and options, and the Managers will not at any time invest in any instrument which may subject the Fund to unlimited liability.

#### **10.2.2 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 of the exchange rates of other foreign 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 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.

#### **10.2.3 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.

#### **10.2.4 Credit or Default Risk**

The Fund's investments in debt securities are subject to credit or default risks.

#### **10.2.5 Liquidity Risk**

Investments by the 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.

#### **10.2.6 Derivatives Risk**

As the Fund may be investing in financial derivative instruments for efficient portfolio management or hedging it will be subject to risks associated with such investments. These financial derivative instruments include foreign exchange forward contracts and equity index future contracts. Investments in financial derivative instruments 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 financial derivative instruments are monitored closely. The Managers have the necessary controls for investments in financial derivative instruments and have in place systems to monitor the derivative positions for the 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 Fund to financial derivative instruments will not at any time exceed 100% of the value of the Assets of the Fund. 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 objectives 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 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 there are unexpectedly large redemptions 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 redemptions, net of new subscriptions.
  - (iv) *Counterparty exposure.* The Fund may have credit exposure to counterparties by virtue of positions in financial instruments (including financial derivative instruments) 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, 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 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 financial derivative instruments 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 paragraph (b) above.
  - (vi) *Valuation.* The Fund may have exposure to over-the-counter financial derivative instruments 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.

**The above should not be considered to be an exhaustive lists of the risks which investors should consider before investing in 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**

Application 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 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](http://uobam.com.sg) or any other website designated by the Managers or through any other sales channel, 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.

Investors have a choice of paying for Units with cash, Supplementary Retirement Scheme (“**SRS**”) monies or CPF monies.

Investors wishing to use their SRS monies to purchase Units shall indicate so on the application form. The application form contains the investor’s instructions to the SRS operator bank to withdraw from the investor’s SRS account the purchase monies in respect of the Units applied for.

Investors wishing to use their CPF monies to purchase Units shall indicate so on the application form. The application form contains the investor’s instructions to the investor’s CPF agent bank to withdraw from his CPF investment account the purchase monies in respect of the Units applied for.

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.

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

## **11.2 Minimum Initial Subscription Amount and Minimum Subsequent Subscription Amount**

The minimum initial subscription amount is S\$1,000 or its equivalent in US dollars or such other currency as the Managers may decide at the applicable rate of exchange and the minimum subsequent subscription amount is S\$500 or its equivalent in US dollars or such other currency as the Managers may decide at the applicable rate of exchange.

## **11.3 Dealing deadline and pricing basis**

Units are issued on a forward pricing basis. Therefore, the issue price cannot be determined at the time of application. The issue 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 applications received and accepted by the Managers or any agent or distributor appointed by the Managers by 3 p.m. (Singapore time) on any Dealing Day (the “**Dealing Deadline**”), Units will be issued at the issue price for that Dealing Day. The Managers shall be entitled to convert the issue price to a foreign currency at the applicable rate of exchange. The cost of the 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.

For applications 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 issued at the issue price for the next Dealing Day.

“**Dealing Day**” 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. Provided That if on any day which would otherwise be a Dealing Day the Recognised Stock Exchange<sup>2</sup> or OTC Market<sup>3</sup> on which investments of the Fund having in aggregate values amounting to at least 50 per cent of the Value (as defined in paragraph 21.7 of this Prospectus) of the Assets of the Fund (as at the relevant Valuation Point<sup>4</sup>) 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) on which commercial banks are open for business in Singapore or any other day as the Managers and the Trustee may agree in writing.

The issue price per Unit shall be ascertained by dividing the Value (as described in paragraph 21.7) of the Assets of the Fund at the Valuation Point in relation to the Dealing Day on which such issue occurs by the number of Units then in issue and deemed to be in issue, truncated to three decimal places (or such other method of rounding 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 rounding adjustment shall be retained by the Fund.

The Trustee shall be under no obligation to check the calculation of the amount payable in connection with any issue of Units pursuant to this paragraph but shall be entitled at any time to require the Managers to justify the same. The Managers may, subject to the prior approval of the Trustee, change the method of determining the issue price as provided under Clause 9.2(b) of the Deed and the Trustee shall determine if the Holders should be informed of such changes.

---

<sup>2</sup> “**Recognised Stock Exchange**” means any stock exchange, futures exchange and organised securities exchange on which securities are regularly invested in any country in any part of the world 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 dealing in the Authorised Investment which the Managers may from time to time elect.

<sup>3</sup> “**OTC Market**” means any over-the-counter market or over-the-telephone market in any country in any part of the world 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 dealing in the Authorised Investment which the Managers may from time to time elect.

<sup>4</sup> “**Valuation Point**” means 7.00 a.m. Singapore time on the day following the relevant Dealing Day on which the Value of the Assets of the Fund is to be determined or such other time as the Managers may with the prior approval of the Trustee determine and the Managers shall notify the Holders of such change if required by the Trustee.

#### 11.4 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 cash 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 above example is for illustrative purposes only and is not an indication of future or likely performance of the Fund. The value of Units and the income from them may go down as well as up. Investors should read the Prospectus before investing.*

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 the adjustment occurs may be varied by the Managers from time to time with the approval of the Trustee).

#### 11.5 Confirmation of purchase

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

#### 11.6 Cancellation of initial subscription by Holders

Holders shall, subject to Clause 10A of the Deed and to the cancellation terms and conditions attached to the application form, have the right to cancel their purchase of Units 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) 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.

### 12. Regular Savings Plan

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 (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.

For RSP using CPF monies, Holders must complete a CPF Standing Instruction Form and submit it together with 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, SRS monies or CPF 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 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.

## **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 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](http://uobam.com.sg) or any other website designated by the Managers, or any other sales channel, if applicable.

### **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, 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 (rounded down to two 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 or cases upon giving prior written notice to the Trustee).

### **13.3 Dealing deadline and pricing basis**

Units are realised on a forward pricing basis. Therefore, the realisation price cannot be calculated at the time of request. Investors may realise their Units on any Dealing Day. Units in respect of realisation forms received and accepted by the Managers by 3 p.m. Singapore time on a Dealing Day shall be realised at the realisation price for that Dealing Day. The Managers shall be entitled to convert the realisation price to a foreign currency at the applicable rate of exchange. The cost of the currency exchange, if any, will be borne by the Holder. Currently, the Managers accept the purchase 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 quote the realisation price in such currency at the applicable rate of exchange.

For requests received 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 for the next Dealing Day.

The realisation price per Unit shall be the price per Unit ascertained by the Managers by calculating the Value of the Assets of the Fund at the Valuation Point in relation to the Dealing Day on which the realisation request is received by the number of Units then in issue and deemed to be in issue, truncated to three decimal places (or such other method of rounding or number of decimal places as determined by the Managers with the approval of the Trustee). The amount of the adjustment aforesaid shall be retained by the Fund. The Managers may, subject to the prior approval of the Trustee, change the method of determining the realisation price as provided in Clause 11.3 of the Deed and the Trustee shall determine if the Holders should be informed of such change.

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.

For the 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 duly received by the Trustee.

### **13.4 Numerical example of calculation of realisation proceeds**

The net realisation proceeds payable to an investor on the realisation of 1,000 Units, and on a notional realisation price of S\$0.950, will be calculated as follows:

1,000 Units	x	S\$0.950	=	S\$950.00
Your realisation request		Notional realisation price		Gross realisation proceeds
S\$950.00	-	S\$0.00	=	S\$950.00
Gross realisation proceeds		Realisation charge (0%)		Net realisation proceeds

*The above example is for illustrative purposes only and is purely hypothetical and is not a forecast or indication of any expectation of performance.*

### 13.5 Payment of realisation proceeds

Realisation proceeds shall normally be paid by cheque or credited to the Holder's CPF or SRS account, as applicable, within 6 Business Days (or such number of days as may be allowed by the Authority) in Singapore of the Dealing Day following the 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 paragraph 16 of this Prospectus.

### 14. Switching of Units

Holders may switch their Units in the Fund to units of any other fund managed by the Managers upon such terms and conditions as the Managers may from time to time determine in accordance with the provisions of the relevant trust deeds. Applications for switching of Units may be made by submitting the relevant form to the Managers or through any agent or distributor appointed by the Managers or through any other applicable sales channel.

Any partial switch shall be subject to the Holder maintaining 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 (rounded down to two 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 or cases upon giving prior written notice to the Trustee.

### 15. Obtaining Prices of Units

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 foreign publication as the Managers may decide upon and can also be obtained from the Managers' website at [uobam.com.sg](http://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 and in US dollars as well.

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.

## **16. Suspension of Dealing**

**16.1** The Managers may at any time, with the approval of the Trustee, suspend the issue, realisation, cancellation and valuation of Units during:

- (i) any period any stock exchange on which any Investments forming part of the Assets of the Fund for the time being are listed or dealt in is closed (otherwise than for ordinary holidays) or during which dealings are restricted or suspended;
- (ii) the existence of any state of affairs which, in the opinion of the Managers, constitutes an emergency as a result of which disposal of Investments would not be reasonably practicable or might seriously prejudice the interest of the Holders as a whole and of the Fund;
- (iii) any breakdown in the means of communication normally employed in determining the Value of any Investment or when for any reason whatsoever the Value of any Investment cannot, in the opinion of the Managers, be promptly and accurately ascertained (including any period when the fair value of a material portion of the Authorised Investments cannot be determined);
- (iv) any period when remittance of money which will or may be involved in the realisation of Investments or payment for Investments cannot, in the opinion of the Managers, be reasonably carried out;
- (v) any 48-hour period (or such longer period as the Managers and the Trustee may agree) prior to the date of any meeting of Holders (or any adjournment thereof);
- (vi) any period where dealing of Units is suspended pursuant to any order or direction of the Authority;
- (vii) any period when the business operations of the Managers or the Trustee in relation to the operation of the Fund are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolutions, civil unrest, strikes or acts of God; or
- (viii) any period when realisation of Units is suspended pursuant to Clauses 11.5 and 11.7 of the Deed.

**16.2** Such suspension shall take effect forthwith upon the declaration in writing thereof to the Trustee by the Managers and shall terminate on the day following the first Business Day on which the condition giving rise to the suspension shall have ceased to exist and no other condition under which suspension is authorised under paragraph 16.1 shall exist upon the declaration in writing thereof by the Managers.

## 17. Performance of the Fund

### 17.1 Past performance of the Fund and benchmark as of 30 September 2009

	One Year	Three Year	Five Year	Ten Year	Since Inception <sup>5</sup>
Fund <sup>6</sup>	-9.70%	-12.65%	-1.80%	0.67%	4.87%
Fund <sup>^7</sup>	-14.22%	-14.13%	-2.80%	0.16%	4.46%
Benchmark <sup>8</sup>	-11.63%	-18.03%	-5.55%	-1.37%	3.25%

Source: Lipper, a Thomson Reuters Company

<sup>^</sup>Taking into account the Subscription Fee

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

### 17.2 Expense ratio

The expense ratio for the year as of 30 June 2009 is 2.05%<sup>9</sup>.

### 17.3 Turnover ratio

The turnover ratio for the Fund for the period from 1 July 2008 to 30 June 2009 is 58.95%<sup>10</sup>.

<sup>5</sup> Inception date is 12 July 1996. Note that the benchmark inception date is 31 December 1998.

<sup>6</sup> Performance is calculated in S\$, on a NAV-NAV basis as at 30 September 2009, with all dividends and distributions reinvested (net of reinvestment charges). Figures for the last one year show the percentage change, while figures exceeding one year show the average annual compounded return.

<sup>7</sup> Performance is calculated in S\$ on a NAV-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 the last one year show the percentage change, while figures exceeding one year show the average annual compounded return.

<sup>8</sup> Benchmark: MSCI World Financials Index.

<sup>9</sup> 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 may be 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 Fund, whether realised or unrealised;
- (d) tax deducted at source or arising on income received, including withholding tax;
- (e) front-end loads, back-end loads and other costs arising on the purchase or sale of a foreign unit trust or mutual fund; and
- (f) dividends and other distributions paid to the Holders.

<sup>10</sup> The turnover ratio is calculated based on the lesser of purchases or sales of underlying investments of the Fund expressed as a percentage of daily average net asset value, i.e., average daily net asset value over the same period used for calculating the expense ratio.

## 18. Soft Dollar Commissions/Arrangements

The Managers may from time to time receive or enter into soft-dollar commissions or arrangements in the management of the 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 investments, 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 or any other information facilities to the extent that they are used to support the investment decision making process, the giving of advice or conduct of research or analysis and custodian services 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 unless such soft-dollar commissions or arrangements shall reasonably assist them in their management of the Fund, provided that the Managers shall 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 that no unnecessary trades are entered into in order to qualify for such soft-dollar commissions or 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 on account of the Fund.

## 19. Conflicts of Interest

The Managers are of the view that there is no conflict of interest in managing their other funds and the Fund because of the following structures 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 fund managers.
- The Managers subscribe to the Code of Ethics and the Standards of Professional Conduct as prescribed by the Chartered Financial Analyst Institute (the “**CFA Institute**”) in USA. 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.

- In addition, 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.
- 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 conflict 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.

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

Associates of the Trustee may be engaged to provide banking, financial and brokerage services to the Fund. Such services, where provided, will be on an arm's length basis.

## **20. Reports**

### **Financial year-end and distribution of reports and accounts**

The financial year-end for the Fund is 30 June. The annual report, annual accounts and the auditor's report on the annual accounts will be prepared and sent to Holders within 3 months of the financial year-end (or such other period as may be permitted by the Authority). The semi-annual report and semi-annual accounts will be prepared and sent to Holders within 2 months of the financial half-year end, i.e., 31 December (or such other period as may be permitted by the Authority).

## **21. Other Material Information**

### **21.1 Market timing**

The 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 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.

## **21.2 Information on investments**

At the end of each 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.

## **21.3 Distribution of income and capital**

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 gain realised on the sale of investments in respect of the amount available for distribution for each relevant period at such time and in accordance with such method of calculations as the Trustee and Managers may agree having regard to the provisions of the Deed.

## **21.4 Exemptions from liability**

**21.4.1** 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.

**21.4.2** 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.

**21.4.3** Neither the Trustee nor the Managers shall be responsible for the authenticity of any signature on or of any seal affixed to any endorsement 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 a seal affixed to such endorsement, transfer or other document (whether sent by mail, facsimile, electronic means or otherwise) 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.

- 21.4.4** The Trustee may act upon any advice or information obtained from the Managers or any bankers, accountants, brokers, lawyers, agents or other persons acting as agents or 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. The Trustee shall not be responsible for any misconduct, mistake, oversight, error of judgment, forgetfulness or want of prudence on the part of any such banker, accountant, broker, lawyer, agent or other person as aforesaid or of the Managers except in regard to any matter in which the Managers are acting on behalf of the Trustee with its express authority. Any such advice or information may be obtained or sent by letter, electronic mail or facsimile and the Trustee shall not be liable for acting on any advice or information purported to be conveyed by any such letter, electronic mail or facsimile although the same shall be found to contain some error or not to be authentic.
- 21.4.5** The Trustee shall not be under any liability on account of anything done or suffered by the Trustee in good faith in accordance with or in pursuance of any request or advice of the Managers (or such distributors and delegates appointed by the Managers). Whenever pursuant to any provision of the Deed any certificate, notice, instruction or other communication is to be given by the Managers (or such distributors and delegates appointed 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 (or such distributors and delegates appointed by the Managers) by any one person whose signature the Trustee is for the time being authorised in writing by the Managers (or such distributors and delegates appointed by the Managers) to accept and may act on facsimile or electronically transmitted instructions given by authorised officers of the Managers (or such distributors and delegates appointed by the Managers) specified in writing by the Managers (or such distributors and delegates appointed by the Managers) to the Trustee.
- 21.4.6** 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.

## **21.5 Investment restrictions**

The CPF Investment Guidelines issued by the CPF Board (as set out in Appendix 1 of this Prospectus), which guidelines may be amended from time to time, shall apply to the Fund.

In addition, the Managers will ensure compliance with any additional investment and borrowing restrictions relating to Non-Specialised Funds set out in Appendix 1 and Annexes 1a and 1b of the Code, which restrictions may be amended from time to time.

The Managers may engage in securities lending transactions and invest in financial derivative instruments and accordingly, are subject to the provisions on securities lending and financial derivative instruments as set out in the CPF Investment Guidelines and Appendix 1 and Annexes 1a and 1b of the Code, which provisions may be amended from time to time.

## **21.6 Holders' right to vote**

**21.6.1** A meeting of Holders duly convened and held in accordance with the provisions of the Schedule to the Deed shall be competent by Extraordinary Resolution to sanction any modification, alteration or addition to the provisions of the Deed which shall be agreed by the Trustee and the Managers or to increase the percentage rate of management fee or the Trustee's remuneration or to terminate the Fund when authorised by the Deed so to do or to request the Trustee or the Managers to retire from the trusts of the Deed or to direct the Trustee to take any action (including the termination of the Fund) pursuant to section 295 of the SFA or to sanction any other matter which the Trustee and/or the Managers may consider necessary to lay before a meeting of Holders, but shall not have any further or other powers.

## **21.7 Value**

Except where otherwise expressly stated and subject always to the requirements of the Code, the value of the assets comprised in the Fund with reference to any Authorised Investment which is:

- (A) a Quoted Investment, shall be calculated, as the case may be, by reference to the official closing price, last known transacted price or the last transacted price as at the last official close on such Recognised Stock Exchange or OTC Market before 5.00 p.m. Singapore time at the time of calculation (or at such other time as the Managers may from time to time after consultation with the Trustee determine and the Managers shall inform the Holders of such change if required by the Trustee); 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 price quoted by responsible firms, corporations or associations on a Recognised Stock Exchange or an OTC Market at the time of calculation (or at such other time as the Managers may from time to time after consultation with the Trustee determine);

- (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, valuation of comparable companies or discounted cash flow analysis, as may be determined to represent the fair value of such Authorised Investment, and 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;
- (D) a unit or share in a unit trust or mutual fund or collective investment scheme shall be valued at the latest published or available net asset value per unit or share, or if no net asset value per unit or share is published or available, then at their latest available realisation price; and
- (E) 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), (D) and (E) above are not available, or if the value of the Authorised Investment determined in the manner described in (A), (B), (C), (D) or (E) above, in the opinion of the Managers, is not representative, then the value shall be such value as the Managers may with due care and in good faith consider in the circumstances to be fair value and is approved by the Trustee and the Managers shall inform the Holders of such change if required by the Trustee. 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 exercising in good faith the discretion given by the proviso above, the Managers shall not, subject to the provisions of the Code, assume any liability towards the Fund, and the Trustee shall not be under any liability in accepting the opinion of the Managers, notwithstanding that the facts may subsequently be shown to have been different from those assumed by the Managers.

In calculating the Value of the Assets of the Fund or any proportion thereof:

- (i) every Unit agreed to be issued by the Managers shall be deemed to be in issue and the Assets of the Fund shall be deemed to include not only cash or other assets in the hands of the Trustee but also the value of any cash, accrued interest on bonds or interest-bearing instruments or other assets to be received in respect of Units agreed to be issued after deducting therefrom or providing thereout the Subscription Fee and (in the case of Units issued against the vesting of Authorised Investments) any moneys payable out of the Assets of the Fund pursuant to Clause 9 of the Deed;
- (ii) where Authorised Investments have been agreed to be purchased or otherwise acquired or sold but such purchase, acquisition or sale has not been completed, such Authorised Investments shall be included or excluded and the gross purchase, acquisition or net sale consideration excluded or included as the case may require as if such purchase, acquisition or sale had been duly completed;
- (iii) where in consequence of any notice or request in writing given pursuant to Clause 10, 10A or 11 of the Deed a reduction of the Fund by the cancellation of Units is to be effected but such reduction has not been completed the Units in question shall not be deemed to be in issue and any amount payable in cash and the value of any Authorised Investments to be transferred out of the Assets of the Fund after deducting therefrom or providing thereout the realisation charge (if any) in pursuance of such reduction shall be deducted from the Value of the Assets of the Fund;
- (iv) there shall be deducted on a proportionate basis any amounts not provided for above which are payable out of the Assets of the Fund, including:
  - (a) any amount of the management fee, the setting-up fee, the remuneration of the Trustee and any other expenses accrued but remaining unpaid;
  - (b) the amount of tax, if any, on capital gains (including any provision made for unrealised capital gains) accrued up to the end of the last Accounting Period (as defined in the Deed) and remaining unpaid;
  - (c) the amount in respect of tax, if any, on net capital gains realised during a current Accounting Period prior to the valuation being made as in the estimate of the Managers will become payable;
  - (d) the aggregate amount for the time being outstanding of any borrowings effected under Clause 15 of the Deed together with the amount of any interest and expenses thereon accrued pursuant to Clause 15.1(e) of the Deed and remaining unpaid; and
  - (e) all such costs, charges, fees and expenses as the Managers may have determined pursuant to the provisions of the Deed;

- (v) there shall be taken into account such sum as in the estimate of the Managers will fall to be paid or reclaimed in respect of taxation related to income up to the time of calculation of the Value of the Assets of the Fund;
- (vi) there shall be added the amount of any tax, if any, on capital gains estimated to be recoverable and not received;
- (vii) any Value (whether of an Authorised Investment, cash or a liability) otherwise than in Singapore dollars and any non-Singapore dollar borrowing shall be converted into Singapore dollars at the rate (whether official or otherwise) which the Managers shall after consulting with or in accordance with a method approved by the Trustee deem appropriate to the circumstances having regard inter alia to any premium or discount which may be relevant and to the costs of exchange;
- (viii) where the current price of an Authorised Investment is quoted “ex” dividend, interest or other payment but such dividend, interest or other payment has not been received the amount of such dividend, interest or other payment shall be taken into account; and
- (ix) there shall be taken into account such estimated sum approved by the Trustee as in the opinion of the Managers represents provision for any nationalisation, expropriation, sequestration or other restriction relating to the Assets of the Fund.

Provided That the Managers may, subject to the prior approval of the Trustee, and to the extent permitted by MAS, change the method of valuation provided in this definition and the Trustee shall determine if the Holders shall be informed of such change.

## **21.8 Duration and Termination of the Fund**

The duration of the Fund is not ascertainable. However, under the provisions of the Deed, the Fund, subject to Section 295 of the SFA, may be terminated:

**21.8.1** by the Trustee by notice in writing in any of the following events:

- (a) if the Managers go into liquidation (other than voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or if a receiver or a judicial manager shall be appointed of the undertaking of the Managers or any part thereof;
- (b) if on the expiration of 3 months after notifying the Managers that in the Trustee’s opinion a change of Managers is desirable in the interests of the Holders the Trustee has not found another corporation ready to accept the office of Managers of the Fund and of which the Trustee and any relevant statutory authority shall approve Provided Always That if the Managers shall be dissatisfied with the circumstances in which the Trustee’s power of termination under this paragraph on any occasion is exercised the matter shall be referred to arbitration in accordance with the provisions of the

Arbitration Act, Chapter 10 of Singapore, before three arbitrators, the first of whom shall be appointed by the Trustee, the second of whom shall be appointed by the Managers and the third of whom shall be appointed by the Chief Executive Officer for the time being of the Singapore Exchange Securities Trading Limited (failing which the third arbitrator shall be jointly appointed by the Managers and the Trustee) and any decision made pursuant thereto shall be binding upon the Managers, the Trustee and the Holders;

- (c) if any law shall be passed, any authorisation withdrawn or revoked or the Authority issues any direction which renders it illegal or in the opinion of the Trustee impracticable or inadvisable to continue the Fund; or
- (d) if the Trustee is desirous of retiring and a new trustee has not been appointed in accordance with Clause 27 of the Deed within 6 months after the Managers have been notified of such desire.

**21.8.2** by the Managers by notice in writing:

- (i) if any law shall be passed, any authorisation withdrawn or revoked or the Authority issues any direction which renders it illegal or in the opinion of the Managers impracticable or inadvisable to continue the Fund.
- (ii) if for a continuous period of 3 years the Value of the Assets of the Fund shall be less than S\$5,000,000.

**21.8.3** The party terminating the Fund shall give notice thereof to the Holders in the manner provided in Clause 32 of the Deed and by such notice fix the date at which such termination is to take effect which date shall not be less than 3 months after the date of such notice (or such earlier date as may be necessary to comply with any law) and the Managers shall give written notice thereof to the Authority not less than seven days before such termination.

**21.8.4** The Fund may at any time after 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 to the Deed and such termination shall take effect from the date on which the said Extraordinary Resolution is passed or such later date (if any) as the said Extraordinary Resolution may provide.

## **22. 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](mailto:uobam@uobgroup.com)

## Appendix 1 – CPF Investment Guidelines

### 1. Diversification

- 1.1 A CPFIS Included Fund must be reasonably diversified (e.g. in terms of type of investment, market, industry, issuer, etc., as appropriate), taking into account the type and size of the CPFIS Included Fund, its investment objectives and prevailing market conditions.
- 1.2 The Managers must adopt appropriate investment limits or operating ranges (by market, asset class, issuer etc.) for the CPFIS Included Fund.

### 2. Deposits and Account Balances with Financial Institutions

For the purpose of this paragraph 2, a rating refers to a solicited rating and not a “pi” (“**public information**”) rating.

- 2.1 The Managers may place monies with financial institutions with individual/financial strength ratings of above C by Fitch Inc or Moody’s. Branches of a financial institution are deemed to have the same credit ratings as their head office. However, subsidiaries of financial institutions must have their own credit ratings.
- 2.2 Where a rated financial institution with which the CPFIS Included Fund has placed monies ceases to meet the requisite minimum rating, the Managers should as soon as practicable but in any event within one month, withdraw the monies. In the case of a fixed deposit, if the Managers satisfy the Trustee that it is not in the best interest of Holders to withdraw the deposits within one month, the Trustee may, subject to the following conditions, extend the one month period:
  - (a) the deposit must not be rolled over or renewed;
  - (b) the deposit is not put at substantial risk; and
  - (c) such extension is subject to monthly review by the Trustee.

### 3. Credit Rating for Debt Securities

- 3.1 The Managers may invest in debt securities rated at least Baa by Moody’s, BBB by Standard & Poor’s or BBB by Fitch Inc (including sub-categories or gradations therein).
- 3.2 Debt securities that do not have the requisite ratings cited in paragraph 3.1 but which are fully, unconditionally and irrevocably guaranteed as to principal and interest by entities with individual/financial strength ratings of above C by Fitch Inc or Moody’s, qualify as approved investments under these CPF Investment Guidelines.

- 3.3 Paragraphs 3.1 and 3.2 do not apply to debt securities issued by Singapore-incorporated issuers and Singapore statutory boards that are not rated. The Managers may invest in all such debt securities until such time as is stated otherwise.
- 3.4 If the credit rating of a debt security in a CPFIS Included Fund's portfolio falls below the minimum rating, the Managers are required to sell the debt security within three months, unless the Managers satisfy the Trustee that it is not in the best interest of Holders to do so, in which case, such disposal should be carried out as soon as the circumstances permit. Such extension is subject to monthly review by the Trustee.

#### **4. Single Party Limit**

Exceptions to the single party limit allowed for structured products are subject to the criteria set out in Paragraph 11 below, over and above that set out in Annex 1a of the Code entitled "Exceptions to Rules in Appendix 1 for Structured Products".

#### **5. Securities Lending**

- 5.1 Up to **50%** of the Value of the deposited property of the CPFIS Included Fund may be lent at any time provided adequate collateral (i.e. collateral with sufficient margin over the value of the lent security) is taken. Such collateral can either be in:
- (a) cash;
  - (b) deposits with financial institutions with a minimum short-term rating of Prime-1 by Moody's, A-1 by Standard & Poor's or F-1 by Fitch Inc; or
  - (c) letters of credit and banker's guarantees where the issuers are rated at least Prime-1 by Moody's, A-1 by Standard & Poor's or F-1 by Fitch Inc; or
  - (d) debt securities which have remaining maturity of not more than 366 calendar days and are rated at least A2 by Moody's, A by Standard & Poor's or A by Fitch Inc.

However, the 366 day requirement need not be complied with, if the collateral taken are:

- (i) debt securities with rating of at least A2 by Moody's, A by Standard & Poor's or A by Fitch Inc; and
- (ii) the securities lending transaction is conducted through an institution with a credit rating of at least A2 by Moody's, A by Standard & Poor's or A by Fitch Inc; and
- (iii) the institution would indemnify the CPFIS Included Fund in the event of losses due to failure by the securities borrower to return the borrowed stock.

- 5.2 Cash collateral should be invested only in debt securities which have remaining maturity of not more than 366 calendar days and rated at least A2 by Moody's, A by Standard & Poor's, A by Fitch Inc, or deposited with financial institutions with a minimum short-term rating of Prime-1 by Moody's, A-1 by Standard & Poor's, F-1 by Fitch Inc. Such deposits must have a remaining maturity of not more than 366 days.

## **6. Unlisted Shares**

Investments in unlisted shares (excluding IPO shares which have been approved for listing) are allowed within the 5% deviation limit.

## **7. Borrowings**

The 10% borrowing limit set out in the Code must be adhered to without exception. For feeder funds, the borrowing limit is to be applied to the Singapore CPFIS Included Fund.

## **8. Deviations from the CPF Investment Guidelines**

This paragraph sets out the circumstances when the Managers may invest up to 5% of the value of the CPFIS Included Fund in investments which fall outside the Code and/or the CPF Investment Guidelines.

### **8.1 CPFIS Included Funds constituted in Singapore and are wholly managed in Singapore**

The Managers of a CPFIS Included Fund must ensure that the CPFIS Included Fund is managed in full compliance with the Code and that at least 95% of the value of the deposited property of the CPFIS Included Fund is invested in accordance with the CPF Investment Guidelines at all times.

### **8.2 CPFIS Included Funds constituted in Singapore that are Partially or Wholly Sub-Managed**

The Managers of a CPFIS Included Fund that have received the CPF Board's approval for sub-management of such CPFIS Included Funds in Singapore or abroad must ensure that the CPFIS Included Fund is managed in full compliance with the Code and that at least 95% of the Value of the deposited property of the CPFIS Included Fund is invested in accordance with the CPF Investment Guidelines at all times.

### **8.3 CPFIS Included Funds constituted in Singapore that invest in other funds not included under CPFIS**

With the CPF Board's approval, a CPFIS Included Fund may invest in another fund that is not included under CPFIS. The Managers must ensure that at least 95% of the Value of the deposited property of the CPFIS Included Fund is invested in accordance with the Code and the CPF Investment Guidelines at all times. Where a CPFIS Included Fund invests partially in another fund that is not

included under the CPFIS, the 5% deviation allowed applies as follows:

The total sum of the CPFIS Included Fund's pro-rated share of the deviating investments by **the underlying fund** and the deviating investments of that part of the CPFIS Included Fund which is **managed in Singapore, or partially or wholly sub-managed in Singapore or abroad**, shall not exceed 5% of the Value of the CPFIS Included Fund.

“**Pro-rated share**” is defined as follows:

$$\frac{\text{Dollar value of investments of CPFIS Included Fund in underlying fund}}{\text{Dollar value of underlying fund}} \times \frac{\text{Dollar value of deviating investments of underlying fund}}{\text{Dollar value of underlying fund}}$$

For the avoidance of doubt, the part of the CPFIS Included Fund that is managed in Singapore, or partially or wholly sub-managed in Singapore or abroad must be invested in full compliance with the Code, and any deviating investments should only be in respect of the CPF Investment Guidelines.

- 8.4 CPFIS Included Funds that are Fund-of-Funds (“FOF”) (i.e. a CPFIS Included Fund whose objective is to invest all or substantially all of its assets with different fund managers, to be managed on a dedicated basis or to be invested in pooled investments or schemes)

The Managers of an FOF must ensure that at least 95% of the Value of the deposited property of the **FOF** is invested in accordance with the Code and the CPF Investment Guidelines at the time of investment.

Subsequently, the Managers of the FOF should ensure that the FOF continues to comply with the Code and the CPF Investment Guidelines **on a regular basis** (e.g. when periodic reports of the CPFIS Included Fund are available), no less than once every 6 months.

- 8.5 CPFIS Included Funds that are constituted outside Singapore

The Managers of a CPFIS Included Fund that is constituted outside Singapore must ensure that at least 95% of the Value of the deposited property of such CPFIS Included Fund is invested in accordance with the Code and the CPF Investment Guidelines at all times.

## 9. Breach of Single Party and Other Limits

- 9.1 If the 5% limit on investments which deviate from the stated guidelines in paragraph 8 is exceeded as a result of one or more of the following events:
- (a) the appreciation or depreciation of the Value of the deposited property of the CPFIS Included Fund;

- (b) any redemption of units or payments made from the CPFIS Inclusion Fund;  
or
- (c) any changes in the total issued nominal amount of securities of a company arising for example from rights, bonuses or benefits which are capital in nature,

or the underlying fund of a CPFIS Inclusion Fund acquiring more “deviating” investments, the Managers shall within 3 months from the date when the limit is exceeded:

- (i) for CPFIS Inclusion Funds which are locally managed, sub-managed or constituted outside of Singapore, sell so much of such securities; or
- (ii) for CPFIS Inclusion Funds invested in funds not included under the CPFIS, sell so much of such units in the funds,

as may be necessary to result in the 5% limit being no longer exceeded. The period may be extended if the Managers satisfy the Trustee that it is in the best interest of Holders to do so. Such extension is subject to monthly review by the Trustee.

- 9.2 If any of the limits are exceeded other than as a result of the events stated in paragraphs 9.1(a), (b), (c) or the underlying funds of a CPFIS Inclusion Fund acquiring more prohibited investments, the Managers are required to sell so much of such investments and/or reduce such borrowings **immediately** to result in the limit being no longer exceeded.
- 9.3 The Managers are required to inform the CPF Board of a breach of the CPF Investment Guidelines by CPFIS Inclusion Funds that it manages within 14 calendar days of the occurrence of the breach. For CPFIS Inclusion Funds which invest in other funds that are not managed by the Managers themselves, the Managers are required to inform the CPF Board within 14 days of the date of notification of the breach by the manager of the other fund or the date the Managers become aware of the breach, whichever is the earlier. In the event that the Trustee agrees to an extension of the deadline (beyond that stipulated in the CPF Investment Guidelines) to rectify the breach, the Trustee should inform the CPF Board within 7 calendar days of its agreement to the extension. The Trustee should also inform the CPF Board within 7 calendar days of the rectification of the breach.
- 9.4 If the Managers are unable to adhere to Paragraph 9.2 above and are unable to (or do not) obtain an extension under Paragraph 9.3 above, they must take the following actions:
- (a) report such breach to the CPF Board within 14 calendar days of the occurrence of the breach;

- (b) cease to accept subscriptions for the CPFIS Included Fund from the CPF Ordinary and Special Accounts with immediate effect and seek to exclude the CPFIS Included Fund from the CPFIS<sup>1</sup>;
- (c) within 3 months from the date of the breach, to give notice to each CPF member invested in the CPFIS Included Fund of the breach, make full disclosure on the impact of the breach and provide each investing member with the right to redeem or switch to another fund without charge; and
- (d) continue to monitor the breach and report to the CPF Board on a monthly basis as to the status of such breach until the breach is rectified.

## 10. Prohibited Investments

Any other investments/activities not mentioned in these CPF Investment Guidelines shall be prohibited, and subject to the deviation limit as stated in paragraph 8.

## 11. Exceptions to Single Party Limit for Investments in Structured Products

### Revision in Ratings of Issuer, FI, or Counter Party

- 11.1 Where the rating of the issuer or the Third Party referred to in paragraph 2.2(a) of Annex 1a entitled “Exceptions to Rules in Appendix 1 for Structured Products” of the Code falls below those specified therein or if the issuer or Third Party ceases to be rated, the Managers should within 3 months from the occurrence of such event take action to comply with the 10% single party limit. The 3-month period may be extended if the Managers satisfy the Trustee that it is in the best interest of the Holders. Such extension should be subject to monthly review by the Trustee.
- 11.2 Where the rating of the FI or the Third Party referred to in paragraph 2.2(b) of Annex 1a entitled “Exceptions to Rules in Appendix 1 for Structured Products” of the Code falls below those specified or if the FI or Third Party ceases to be rated, the Managers should within 3 months from the occurrence of such event take action to comply with the 10% single party limit. The 3-month period may be extended if the Managers satisfy the Trustee that it is in the best interest of the Holders. Such extension should be subject to monthly review by the Trustee.
- 11.3 Where the rating of the issuer referred to in paragraph 2.3 of Annex 1a entitled “Exceptions to Rules in Appendix 1 for Structured Products” of the Code falls below those specified, the Managers should within 3 months from the occurrence of such event take action to comply with the one-third or 10% single party limit, whichever is applicable. The 3-month period may be extended if the Managers satisfy the Trustee that it is in the best interest of the Holders. Such extension should be subject to monthly review by the Trustee.

---

<sup>1</sup> All requests for exclusion of Sub-Funds under CPFIS must be submitted in writing. Sub-Funds delisted from CPFIS remain subjected to MAS guidelines at all times.

发售计划说明书  
大华全球资本基金

大华  
全球资本  
基金