

PROSPECTUS
United International Bond Fund

UNITED
INTERNATIONAL
BOND



Mar '10

UNITED INTERNATIONAL BOND 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

UNITED INTERNATIONAL BOND FUND

Important Information

The managers of United International Bond 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 in 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.

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 subscribe for 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 and (c) any foreign exchange restrictions or exchange control requirements which they may encounter under the laws of the countries of their citizenship, residence or domicile, which may be relevant to the subscription, holding or disposal of Units 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.

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

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

UNITED INTERNATIONAL BOND FUND

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UNITED INTERNATIONAL BOND FUND

The United International Bond 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 “MAS”). This Prospectus has been prepared in accordance with the requirements of the SFA. The MAS assumes no responsibility for the contents of this Prospectus. The registration of this Prospectus by the MAS does not imply that the SFA or any other legal or regulatory requirements have been complied with. The MAS 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 International Bond Fund

The Fund is an open-ended unit trust constituted in Singapore.

1.2 Date of Registration and Expiry Date of Prospectus

The date of registration of this Prospectus with the MAS is 5 March 2010. This Prospectus shall be valid for 12 months after the date of registration (i.e. up to and including 4 March 2011) and shall expire on 5 March 2011.

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 30 April 1987 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:

Deed	Dated	Purpose
First Supplemental Deed	25 September 1995	To amend the Principal Deed to reflect the change in name of the Managers and the Trustee and to provide for operational issues.
Second Supplemental Deed	21 September 1998	To amend the Deed to provide for further operational issues, including provisions for joint holdings, minors becoming unitholders, regular savings plans, exchange of units and to comply with regulatory requirements.

Deed	Dated	Purpose
Third Supplemental Deed	17 March 1999	To amend the Deed to comply with regulatory requirements and to provide guidelines for determining efficient portfolio management and tactical asset allocation in connection with investments in derivatives.
Fourth Supplemental Deed	18 March 2002	To amend the Deed to comply with regulatory requirements and to modify the method of rounding for the pricing of units.
Fifth Supplemental Deed	25 July 2002	To amend the Deed to add Singapore dollar denominated sovereign interest - being instruments as an authorised investment.
Amending and Restating Deed	21 March 2003	To amend the Deed to comply with the prescribed requirements for trust deeds under the Securities and Futures (Offers of Investments) (Collective Investment Schemes) Regulations 2002 and to incorporate the investment guidelines for non-specialised funds issued by the MAS under the Code on Collective Investment Schemes on 23 May 2002 (as updated on 5 December 2002).
Second Amending and Restating Deed	1 July 2003	To amend the Deed to comply with the Notice on Cancellation Period for Collective Investment Schemes constituted as unit trusts issued by the MAS on 1 October 2002 (last revised on 26 June 2003).
Third Amending and Restating Deed	19 March 2004	To amend the Deed to comply with all applicable fiscal, statutory or official requirements (whether or not having the force of law).
Fourth Amending and Restating Deed	21 March 2005	To amend the Deed to comply with all applicable fiscal, statutory or official requirements (whether or not having the force of law).
Fifth Amending and Restating Deed	20 March 2006	To amend the Deed to comply with all applicable fiscal, statutory or official requirements (whether or not having the force of law).
Sixth Amending and Restating Deed	19 March 2007	To amend the Deed to update the investment guidelines for non-specialised funds issued by the MAS under the Code on Collective Investment Schemes on 23 May 2002 (last updated on 22 December 2006) and to comply with all applicable fiscal, statutory or official requirements (whether or not having the force of law).

Deed	Dated	Purpose
Seventh Amending and Restating Deed	29 June 2007	To amend the Deed to, <i>inter alia</i> , reflect the change in the basis of quoting the prices of Units from the existing dual-pricing basis to a single-pricing basis.
Eighth Amending and Restating Deed	13 March 2009	To amend the Deed to, <i>inter alia</i> , change the Authorised Investments that the Fund may be invested in.
Ninth Amending and Restating Deed	29 May 2009	To amend the Deed to reduce the age of contractual capacity in consistency with recent amendments to the Civil Law Act, Chapter 43 of Singapore.
Tenth Amending and Restating Deed	5 March 2010	To amend the Deed to, <i>inter alia</i> , update the definition of “Value”.

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 (each a “**Holder**” and collectively the “**Holders**”) 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 Copies 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 normal 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 accounts, the auditor’s reports on the annual accounts and the annual and semi-annual reports 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 31 December 2009 manages about S\$14.69 billion in clients’ assets. UOBAM also has investment operations in Malaysia and Thailand.

UOBAM offers global investment management expertise to institutions, corporations and individuals, through customised portfolio management services and unit trusts. As at 31 December 2009, UOBAM manages 49 unit trusts in Singapore, with total assets of about S\$2.96 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 31 December 2009, UOBAM and its subsidiaries in the region have a staff strength of over 200 including 45 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 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, USA and/or such other custodian as may be appointed from time to time in respect of the Fund or any of its assets (collectively or individually, the “**Custodian**”).

4. The Register of Holders

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

The Register is conclusive evidence of the number of Units in the Fund held by each Holder. The entries in the Register shall prevail over 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 standalone unit trust constituted in Singapore.

7. Investment Objective, Focus and Approach

7.1 Investment Objectives and Policy

The investment objective of the Fund is to achieve capital preservation and regular income through investment primarily in global bonds and money market instruments issued by the government, statutory bodies or other public or private entities of Singapore and by sovereign states or governments or corporations or government-related bodies in both developed and emerging markets around the world, although the Managers may also invest the assets of the Fund in shares, stocks, bonds, debentures, debenture stocks, loans, loan stocks, warrants or any other security selected by them. There is no target industry/sector.

7.2 Investment Focus and Approach

The investment strategy is to manage the Fund as an absolute return target fund. The Managers will use their flexibility to diversify into various pre-assessed asset classes. Within each asset class, the market specialists can optimise the portfolio returns by seeking the best investments on a risk-adjusted basis subject to investment guidelines and constraints. Currently, the Managers are focusing on five fixed income asset classes, namely, G7 sovereigns, G7 high grade corporates, Asian sovereigns and corporates, emerging markets and Singapore fixed income. The Managers will continue to develop their expertise in more asset classes which can offer further diversification benefits to the Fund.

The Managers' investment approach is research intensive, driven by fundamentals and valuation considerations.

Duration Management

Active duration management can add substantially to the total return. The ability to predict yield curve changes to position the portfolio to take advantage of such movements can be rewarding. Government bonds are preferred instruments for such execution as liquidity is much less of a concern.

Transaction Costs

The relatively poor liquidity of the corporate debt market can be very punitive for trading hence the Managers base their credit exposure on a much longer investment horizon.

Corporate Debt Can Enhance Yield

The emphasis should be focused on the credit spread as the main source of incremental return. Credit analysis and credit diversification are important as a source of added value and to reduce unsystematic risks inherent in corporate debt.

The Managers make active asset allocation decisions based on their assessment of economic and valuation inputs as well as technical indicators. The portfolio construction process adopts a bottom-up approach. For unrated corporate issuers, the Managers' team of credit analysts conducts a detailed credit analysis that evaluates industry outlook, business review, financial review, management expertise, strength of ownership and specific debt structure. This results in an implied rating score. Relative valuation will determine corporate credit selection.

The Managers' process emphasises teamwork. In addition, compliance and performance attribution are strongly emphasised and overseen by independent units.

7.3 Authorised Investments of the Fund

The Fund may be invested in the following authorised investments ("**Authorised Investments**"):

- 7.3.1** interest-bearing instruments, discount notes, discount bonds, and derivatives instruments (traded over the counter or listed on an organised exchange);
- 7.3.2** currency deposits and fixed income instruments including convertible and, interest rate, credit and currency derivative instruments;
- 7.3.3** shares, stocks, bonds, debentures, debenture stocks, loans, loan stocks, warrants; and

7.3.4 any other derivative or any other security not covered by paragraphs 7.3.1, 7.3.2 and 7.3.3 of this definition but subject to approval of the Trustee (such approval not to be unreasonably withheld).

7.4 Annual Dividend Distribution

The Managers intend to make an annual regular distribution of income of at least 2% per annum of the net asset value per Unit of the Fund as at the preceding financial year, provided the income of the Fund accumulated in the income account of the Fund is at least 2% per annum.

If the income of the Fund for any financial year is less than 2% per annum, then the amount of income in the income account to be distributed will be at the discretion of the Managers. No distributions will be made if the income of the Fund for that financial year is 0% or if the Managers are of the opinion that it is economically impractical to do so.

The intention of the Managers to make the above income distribution of at least 2% per annum is not guaranteed and there is no assurance that this distribution level will be met.

Investors should also note that the declaration and/or paying of dividends may have the effect of lowering the net asset value of the Fund.

8. Why International Bonds?

There are strong reasons for putting some of your money in international bonds.

International bonds help domestic investors achieve the following benefits:

- Diversify (country, currency, issuer, credit ratings, etc) and broaden their investment horizons to the world's investment opportunities
- Enjoy capital appreciation potential with acceptable levels of risk
- Reap relatively stable income

Investments in global sovereign and corporate bonds

The Fund invests globally in bonds issued by government, statutory bodies or other public or private entities. Sovereign bonds offer a high degree of security while providing investors with relatively stable income. On the other hand, carefully selected corporate bonds seek to maximise yield and capital appreciation while controlling risk and limiting default.

To reduce your risk to your investments overall

Despite volatility in the global equity markets, investing in bonds have benefited investors considerably by providing a well balanced personal investment portfolio with low risk and higher return.

Why United International Bond Fund?

- Consistent return – achieved through research intensive process
- Balance of risk and returns
- Regular annual dividends of at least 2% p.a.*
- Affordability - Minimum investment is S\$1,000
- Tax Efficiency – Dividends re-invested are not subject to tax
- Low fees – Annual management fees of 0.5% and subscription fees of 2%

Past performance figures are not necessarily indicative of future performance. The value of Units and the income from them may go down as well as up. Investments in the Fund are not guaranteed by, or obligations of, the Managers, the UOB Group, or any of their distributors or affiliates and the investments are subject to investment risks including the possible loss of the principal amount invested. Investors may wish to seek advice from a financial adviser before making a commitment to invest in Units of the Fund. In the event an investor chooses not to seek advice from a financial adviser, the investor should consider whether the Fund is suitable for him.

9. Fees and Charges

Payable by an investor	
Subscription Fee	Currently 2%. Maximum 3%.
Realisation Charge	Currently nil. Maximum 1%.
Switching fee ¹	Currently 1%. Maximum 1%.
Payable out of the Fund to the Managers, the Trustee and other parties	
Annual Management Fee	Currently 0.5% p.a. Maximum 1.5% p.a..
Annual Trustee remuneration	<u>Currently not more than 0.05% p.a.</u> Maximum 0.125% p.a.. Subject always to a minimum of S\$20,000 p.a. (or such other amount as may be agreed between the Managers and the Trustee from time to time provided always that such minimum shall not exceed S\$20,000 p.a.). In this connection, the Managers and the Trustee have presently agreed to a minimum of S\$5,000 p.a.
Annual registrar fees	S\$15,000 p.a.
Audit fee ² (payable to the Auditors), custodian fee ³ (payable to the Custodian) and other fees and charges ⁴	Subject to agreement with the relevant parties. Each fee or charge may exceed 0.1% p.a. ⁵ , depending on the proportion that each fee or charge bears to the net asset value of the Fund.

* The intention of the Managers to make the above annual dividend distribution of 2% per annum is not guaranteed and there is no assurance that this distribution level will be met.

Notes

- ¹ In the case of a switch of Units in the Fund to units of any other fund managed by the Managers (the “**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.
- ² The audit fee payable is subject to agreement with the Auditors for the relevant financial year.
- ³ The custodian fee payable is subject to agreement with the Custodian and will depend on the number of transactions carried out and the place at which such transactions are effected in relation to the Fund.
- ⁴ Other fees and charges include printing costs, professional fees, fund administration fees, goods and services tax and other out-of-pocket expenses.
- ⁵ Based on the net asset value of the Fund as at 31 December 2009, the Managers anticipate that 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 not exceed 0.1% p.a. of the net asset value of the Fund

As required by the Code on Collective Investment Schemes issued by the MAS (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, repatriation risks, political risk, liquidity 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

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

10.2.2 Interest Rate Risk

Investments in debt securities are subject to the risk of interest rate fluctuations and the prices of debt securities tend to move in the opposite direction from market interest rate movements. When interest rates go up, bond prices tend to fall; when interest rates fall, bond prices tend to rise. Bonds with longer maturities are more affected by interest rate movements than bonds with shorter maturities.

10.2.3 Credit Risk

Investments in debt securities are subject to adverse changes in the financial condition of the issuer, or in general economic conditions, or both, or an unanticipated rise in interest rate, which may impair the ability of the issuer to make payments of interest rate and principal especially if the issuer is highly leveraged. Such issuer's ability to meet its debt obligations may also be adversely affected by specific corporate developments, or the issuer's inability to meet specific projected business forecasts, or the unavailability of additional financing. Also, an economic downturn or an increase in interest rates may increase the potential for default by the issuers of these securities.

10.2.4 Counterparty Risk

The Fund will be exposed to credit risk on the counterparties with which it trades particularly in relation to options, futures, contracts and other derivative financial instruments that are not trades on a recognised market. Such instruments are not afforded the same protections as may apply to participants trading futures or options on organised exchanges, such as the performance guarantee of an exchange clearing house. The Fund will be subject to the possibility of the insolvency, bankruptcy or default of a counterparty with which the Fund trades, which could result in substantial losses to the Fund.

10.2.5 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 the circumstances of each case. Such considerations shall include but are not limited to the outlook on the relevant currency, the costs of hedging and the market liquidity of the relevant currency.

10.2.6 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.

10.2.7 Derivatives Risk

As the Fund may be investing in derivatives for efficient portfolio management or hedging, it will be subject to risks associated with such investments. These derivatives include foreign exchange forward contracts, equity index, future and option contracts (exchange-traded and over-the-counter). Investments in derivatives may require the deposit of initial margin and additional deposit of margin on short notice if the market moves against the investment positions. If no provision is made for the required margin within the prescribed time, the Fund's investments may be liquidated at a loss. Therefore, it is essential that such investments in derivatives are monitored closely. The Managers have the necessary controls for investments in derivatives 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 derivatives) held by the Fund. To the extent that a counterparty defaults on its obligations and the Fund is delayed or prevented from exercising its rights with respect to the investments in its portfolio, it may experience a decline in the value of its assets, 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 derivatives for hedging purposes for reducing the overall volatility of the value of its assets. At the same time, the Managers will ensure that the total exposure of the Fund to derivative positions will not exceed the net asset value of the Fund, as stated in paragraph (b) above.
- (vi) *Valuation.* The Fund may have exposure to over-the-counter derivatives that are difficult to value accurately, particularly if there are complex positions involved. The Managers will ensure that independent means

of verifying the value of such instruments are available, and will conduct such verification on a regular basis, which is expected to be at least once a month.

- (vii) *Foreign Exchange/Currency Risk.* The Fund may have exposure, either directly or indirectly to a wide range of currencies, some of which may be restricted in terms of convertibility. The Managers may hedge the exposure to these currencies to the Singapore Dollar, possibly leading to a reduced overall gain or greater loss on currency swap transactions entered into by the Fund. The Fund may also employ strategies to invest in certain currencies while borrowing in other currencies, and may result in losses if the net movements of the various currencies pairs move in unfavourable directions. The Managers will select transactions in currencies that are likely to yield favourable returns to the Fund based on their historical trends.
- (viii) *Cash assets.* The cash assets of the Fund will be invested in one of the following: government or other public body securities with a minimum credit rating of A3 by Moody's Investors Service or A- by Standard and Poor's or their equivalent, certificates of deposit rated A and above by either Fitch, Standard and Poor's or Moody's Investors Service, repurchase agreements with counterparties which have, or which are guaranteed by third parties with ratings of A2 by Standard and Poor's or P2 by Moody's Investors Service, daily dealing money market funds which have a minimum short-term credit rating of F2 by Fitch Inc or A2 by Standard and Poor's, or long-term ratings of A by Fitch Inc or A by Moody's Investors Service or A by Standard and Poor's, deposits with Singapore-incorporated bank licensed under the Banking Act (Cap. 19 of Singapore) or financial institutions with either a minimum short-term issuer credit rating of F2 by Fitch Inc or A2 by Standard and Poor's, or a minimum short-term bank deposit rating of P2 by Moody's Investors Service.
- (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.

10.2.8 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.

The above should not be considered to be an exhaustive list 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 automated teller machines (“**ATMs**”) (as and when ATM applications are made available by the Managers or their agents or distributors, if applicable) or through the Managers’ website at uobam.com.sg or any other website designated by the Managers or 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 either paying for Units with cash or Supplementary Retirement Scheme (“**SRS**”) monies.

Investors wishing to use their SRS monies to purchase Units shall indicate so on the 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.

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 and/or documents as are 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 United States 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 United States dollars or such other currency as the Managers may decide at the applicable rate of exchange.

11.3 Dealing deadline and pricing basis

The dealing deadline is at 3.00 p.m. Singapore time on a Dealing Day (the “**Dealing Deadline**”) or such other time on or prior to such Dealing Day as the Managers may from time to time determine with the approval of the Trustee.

Therefore, applications received and accepted by the Managers or any agent or distributor appointed by the Managers by the Dealing Deadline on any Dealing Day will be transacted on that day. Applications received and accepted by the Managers or any agent or distributor appointed by the Managers after the Dealing Deadline on any Dealing Day or on a day which is not a Dealing Day will be transacted on the next Dealing Day.

Units are issued on a forward pricing basis. Therefore, the issue price cannot be determined at the time of application. The issue price per Unit shall be ascertained by calculating the value (as described in paragraph 21.7.2) per Unit as at the Valuation Point¹ in relation to the Dealing Day on which such issue occurs of the proportion of the assets of the Fund represented by one Unit, 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 Fee² which is deducted from the total amount paid by the investor for the subscription of Units (the “**Gross Investment Amount**”), and the resultant amount (the “**Net Investment Amount**”) will be applied towards the subscription of Units. The Subscription Fee shall be retained by the Managers for their own benefit and the amount of the adjustment aforesaid shall be retained by the Fund. The Managers may, subject to the prior approval of the Trustee, change the method of determining the issue price, and the Trustee shall determine if the Holders should be informed of such changes.

If the Trustee determines (after consultation with the Managers) that it would be detrimental to existing Holders to issue or continue to issue Units at a price based on the value of the assets of the Fund as described above, then the Trustee shall instruct the Managers either to substitute such value with the latest available value or to adjust the issue price within the limits permitted by the Deed. The Trustee may instruct the Managers temporarily to suspend the issue of Units during any such period of consultation or adjustment.

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 United States dollars and will quote the issue price in Singapore dollars and its equivalent in United States 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.

¹ “**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.

² “**Subscription Fee**” means a sum not exceeding 3% (or such other percentage as the Managers may, with the approval of the Trustee decide) of the original amount paid by a Holder in consideration for the relevant Units at the time of subscription or purchase of such Units.

“**Dealing Day**” 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 (as defined in paragraph 16.1 below) or OTC Market³ on which investments of the Fund having in aggregate values amounting to at least 50 per cent of the value of the assets of the Fund (as at the relevant Valuation Point) are quoted, listed or dealt in is not open for normal trading, the Managers may determine that that day shall not be a Dealing Day.

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

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 Subscription Fee of 2%:

S\$1,000.00	-	S\$20.00	=	S\$980.00
Gross Investment Amount		Subscription Fee (2%)		Net Investment Amount
S\$980.00	÷	S\$1.000	=	980.00
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 this 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).

³ “**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 reputable 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 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 five Business Days from the date of issue of Units for cash applications and within eleven Business Days for SRS applications.

Units will not be issued until subscription monies have been received by the Trustee.

11.6 Cancellation of initial subscription of Units by Holders

Subject to the provisions of the Deed and to the terms and conditions for cancellation of subscription in the cancellation form to be provided together with the application form for Units, every Holder shall have the right by notice in writing delivered to the Managers or their authorised agents or distributors to cancel his subscription for Units within seven calendar days (or such longer period as may be agreed between the Managers and the Trustee or such other period as may be prescribed by the MAS) from the date of his subscription or purchase of Units (the “**Cancellation Period**”).

A Holder may choose to realise his Units under paragraph 13 of this Prospectus instead of cancelling his subscription for Units but should note that he will not be able to enjoy the benefits of a cancellation under this paragraph 11.6 if he chooses to realise his Units (i.e. there will be no refund of the Subscription Fee and the prevailing Realisation Charge, if any, as may be imposed) and the realisation proceeds may be lower than the cancellation proceeds if the appreciation in the value of the Units is less than the Subscription Fee and the prevailing Realisation Charge, if any, as may be imposed.

Investors should refer to the terms and conditions for cancellation of subscription attached to the cancellation form before purchasing 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.

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

In the event that the debit is unsuccessful, no investment will be made for that month. No notification relating to the unsuccessful debit will be sent to Holders. After two 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 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 United States dollars or such other currency as the Managers may decide (truncated but not rounded off to the nearest 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 and as permitted by the MAS).

13.3 Dealing deadline and pricing basis

Requests received and accepted by the Managers or any agent or distributor appointed by the Managers by the Dealing Deadline on any Dealing Day shall be realised at the realisation price on that Dealing Day. Requests received and accepted by the Managers after the Dealing Deadline on any Dealing Day or on a day which is not a Dealing Day shall be treated as having been received before the Dealing Deadline in respect of the next Dealing Day.

Units are realised on a forward pricing basis. Therefore, the realisation price cannot be calculated at the time of request. The realisation price per Unit shall be the price per Unit ascertained by the Managers by calculating the value per Unit as at the Valuation Point in relation to the Dealing Day on which the realisation request is received of the proportion of the assets of the Fund then represented by one Unit, 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 Realisation Charge⁴ which is deducted from the total amount payable to the investor in respect of the realisation of Units (the “**Gross Realisation Proceeds**”), and the resultant amount (the “**Net Realisation Proceeds**”) will be paid to the investor. The Realisation Charge shall be retained by the Managers for their own benefit and the amount of the adjustment aforesaid shall be retained by the Fund.

Currently, no Realisation Charge is imposed.

If the Trustee determines (after consultation with the Managers) that it would be detrimental to the remaining Holders to realise or continue to realise Units at a price ascertained on the basis of the value of the assets of the Fund as described herein then the Trustee shall instruct the Managers either to substitute such value with the latest available value or to adjust the realisation price within the limits permitted by the Deed. The Trustee may instruct the Managers temporarily to suspend the realisation of Units during any such period of consultation or adjustment. The Managers may, subject to the prior approval of the Trustee, change the method of determining the realisation price, and the Trustee shall determine if the Holders should be informed of such change.

The Managers shall be entitled to convert the realisation price to a foreign currency at the applicable rate of exchange. The costs of the currency exchange, if any, will be borne by the investor. Currently, the Managers accept the purchase of Units with both Singapore dollars and United States dollars and will quote the realisation price in Singapore dollars and its equivalent in United States dollars at the applicable rate of exchange.

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 received by the Trustee.

⁴ “**Realisation Charge**” means a sum not exceeding 1% (or such other percentage as the Manager with the approval of the Trustee may agree) of the total amount payable to the Holder in respect of the realisation of Units.

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 of the Fund.

13.5 Payment of realisation proceeds

Realisation proceeds shall normally be paid by cheque or credited to the Holder's relevant SRS account within four Business Days 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. Any 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 United States dollars or such other currency as the Managers may decide (truncated but not rounded to the nearest 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 and as permitted by the relevant authorities.

15. Obtaining Prices of Units

The indicative issue price and realisation price 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 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 price and realisation price will generally be published two Business Days after the relevant Dealing Day in Singapore dollars and in United States 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 publishers 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 Issue and Realisation of Units

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

- (i) any period when the Recognised Stock Exchange on which any Authorised Investments forming part of the assets of the Fund for the time being 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 the Authorised 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 Authorised Investment (including any period when the fair value of a material portion of the Authorised Investments cannot be determined) or when for any reason whatsoever the latest transacted price or the best available price on that Recognised Stock Exchange or the Value of any Authorised Investment cannot, in the opinion of the Managers, be promptly and accurately ascertained;
- (iv) any period when remittance of money which will or may be involved in the realisation of the Authorised 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 adjourned meeting thereof);
- (vi) any period when dealing of Units is suspended pursuant to any order or direction of the MAS; or
- (vii) any period when the business operations of the Managers or the Trustee in respect to the operation of the Fund are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, civil unrest or acts of God.

“Recognised Stock Exchange” means any stock exchange, commodities exchange, futures exchange of repute in any part of the world and in relation to any particular

Authorised Investment shall be deemed to include any reputable firm, corporation or association in any part of the world dealing in the Authorised Investment which the Managers may from time to time elect with the approval of the Trustee.

- 16.2** Such suspension shall take effect forthwith upon the declaration in writing thereof by the Managers to the Trustee (or, as the case may be by the Trustee to 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 conditions under which suspension is authorised under this paragraph 16 shall exist upon the declaration in writing thereof by the Managers (or, as the case may be, by the Trustee).

17. Performance of the Fund

17.1 Past performance of the Fund (as of 31 December 2009)

	Average Annual Compounded Return				
	One Year	3 years	5 years	10 years	Since Inception ⁵
NAV - NAV ⁶	12.49%	0.88%	0.91%	3.23%	1.84%
NAV - NAV ⁷	10.24%	0.18%	0.48%	2.94%	1.63%

The Fund, which was previously known as Unibond, had originally been established in 30 April 1987. With effect from 29 September 1995, the Fund changed its name from Unibond to its present name and also changed its investment objective and scope from being focused on Singapore bonds to the present investment objective and scope described in paragraph 7.1 above which focuses on global bonds. The performance of the Fund prior to 29 September 1995 is not taken into account as it is not reflective of the current investment objective and scope.

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

The Fund is an absolute return target fund and does not follow any benchmark. This strategy provides the Managers the flexibility of investing in a diversified portfolio of bonds that provides positive returns, even when the benchmark is down.

⁵ Inception date is 29 September 1995.

⁶ Source: Lipper, a Thomson Reuters Company. Calculated in S\$ on a NAV-to-NAV basis as at 31 December 2009, with all dividends and distributions reinvested (net of reinvestment charges). Figures for one year show the percentage change, while figures for more than one year show the average annual compounded return.

⁷ Source: Lipper, a Thomson Reuters Company. Calculated in S\$ on a NAV-to-NAV basis as at 31 December 2009, taking into account the Subscription Fee, with all dividends and distributions reinvested (net of reinvestment charges). Figures for one year show the percentage change, while figures for more than one year show the average annual compounded return.

17.2 Expense ratio

The expense ratio for period as of 31 December 2008 is 0.66%⁸.

17.3 Turnover ratio

The turnover ratio for the Fund for the period from 1 January 2008 to 31 December 2008 is 85.33% and 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.

18. Soft Dollar Commissions/Arrangements

The Managers may from time to time receive and 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, the conduct of research and the analysis, and custodian services in relation to the investments managed for the 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 such 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.

⁸ The expense ratio is calculated in accordance with the requirements in the Investment Management Association of Singapore's guidelines on the disclosure of expense ratios (the "IMAS Guidelines") and based on figures in the Fund's latest audited accounts. The following expenses (where applicable) as set out in the IMAS Guidelines (as may be updated from time to time), are excluded from the calculation of the expense ratio:

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

19. Conflicts of Interest

19.1 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 U.S.A.. CFA Institute is the primary professional organisation for security analysts, investment managers and others who are involved in the investment decision-making process. All Certified Financial Analyst charter holders of the CFA Institute and candidates who are in pursuit of the charter, including those from Singapore, are expected to comply with CFA Institute standards. The Code of Ethics and the Standards of Professional Conduct are in place to ensure high ethical and professional standards of 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.

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

19.3 Associates of the Trustee may be engaged to provide banking, brokerage or financial 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 31 December. The annual report, annual accounts and the auditor’s report on the annual accounts will be prepared and sent to Holders within three months of the financial year-end (or such other period as may be permitted

by the MAS). The semi-annual report and semi-annual accounts will be prepared and sent to Holders within two months of the financial half-year end, i.e., 30 June (or such other period as may be permitted by the MAS).

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

21.3.1 All income of the Fund shall as and when received by the Trustee be accumulated in a special account (“**Income Account**”).

As and when the Managers shall decide, the Managers may by notice in writing direct the Trustee to distribute such income of the Fund subject to paragraph 21.3.4 to Holders in respect of such period (not exceeding 12 months) at such time and in accordance with such method of calculation as the Trustee and the Managers may agree having regard to the provisions of the Deed.

The balance (if any) of the amount of income qualifying for distribution but which remains undistributed shall remain in the Income Account and be available for subsequent distribution.

21.3.2 In the event of a distribution being made, an appropriate amount shall be transferred out of the Income Account and paid into a special account (“**Distribution Account**”).

The amount standing to the credit of the Distribution Account shall not for any of the purposes of the Deed be treated as part of the assets of the Fund but shall be held by the Trustee upon trust to distribute the same as provided in the Deed.

21.3.3 In the event of a distribution being made, the amount of income qualifying for distribution in respect of the relevant period shall be ascertained by deducting:

- (i) the annual Management Fee for the relevant period (if the Managers decide to deduct the annual Management Fee out of the income of the Fund);
- (ii) all interest paid during the relevant period (together with any amount of interest accrued but remaining unpaid at the end of the relevant period) on any borrowings effected by the Fund for the time being outstanding; and
- (iii) the amounts in respect of fees, costs and expenses incurred in establishing the Fund which shall be amortised over the first five years from establishment of the Fund or other such period as the Managers shall after consulting the Auditors consider appropriate,

from the total net amount receivable by the Trustee in respect of such period of all interests dividends and all such other receipts deemed by the Managers after consulting the Auditors to be in the nature of income and by making such permitted adjustments under the Deed as the Managers after consulting the Auditors may think fit and appropriate to the circumstances.

21.3.4 Forthwith after the amount of income qualifying for distribution in respect of the relevant period shall have been computed the Managers shall determine the amount to be distributed which shall be such amount (if any) not exceeding the amount qualifying for distribution as the Managers shall in their absolute discretion decide.

21.3.5 If any of the income distributed as determined under paragraph 21.3.4 is unclaimed by the Holder 12 months after the date of distribution, the Trustee may accumulate the income in a special account (“**Unclaimed Distribution Account**”) and shall have the absolute discretion 6 years after the date of distribution of causing such sums to be paid into court and/or to the Public Trustee after deducting all fees, costs and expenses incurred in relation to such payment from the sum thereof provided that if the said sum is insufficient to meet all such fees, costs and expenses, the Trustee shall be entitled to have recourse to the assets of the Fund.

21.3.6 Every Holder may elect by notice in writing, to receive in lieu of his entitlement to a distribution, such number of Units as correspond in value closest to such entitlement to a distribution, rounded down to two decimal places and any balance arising from such rounding shall be retained by the Fund. Subject to

these presents, the provisions of the Deed and notwithstanding Clause 11(A) of the Deed, the Managers shall in such event apply the Holder's entitlement to a distribution in full payment therefor by way of an issue of such number of Units as correspond in value closest to such entitlement to a distribution (after deducting any subscription fee payable), rounded down to two decimal places and any balance arising from such rounding shall be retained by the Fund.

21.3.7 Realised profits on investments, proceeds of sales of rights and all other amounts deemed by the Managers to be in the nature of capital accruing from the assets of the Fund shall not be regarded as available for distribution but shall be retained as part of the assets of the Fund. The amount available for distribution in respect of any accounting period or part thereof shall be assessed by taking the total net income received or receivable by the Trustee for the relevant period and making all the deductions, additions and adjustments under the provisions of Clause 17(C) 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 certificate or to any transfer or form of application, endorsement or other document (whether sent by mail, facsimile, electronic means or otherwise) 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 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 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 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 investment guidelines for non-specialised funds issued by the MAS under the Code, which guidelines may be amended from time to time, shall apply to the Fund.

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 (or as may otherwise be provided under the Deed):

- (i) to sanction any modification, alteration or addition to the provisions of the Deed which shall be agreed by the Trustee and the Managers as provided in Clause 35(A) of the Deed;
- (ii) to increase the percentage rate of Management Fee;
- (iii) to terminate the Fund as provided in Clause 32(E) of the Deed;
- (iv) to remove the Auditors as provided in Clause 18(B) of the Deed;
- (v) to remove the Trustee as provided in Clause 29(D) of the Deed;
- (vi) to direct the Trustee to take any action (including the termination of the Fund) pursuant to Section 295 of the SFA; and
- (vii) to approve and sanction any matter tabled to them by the Managers and/or Trustee at any such meeting of Holders,

but shall not have any further or other powers. Holders may also remove the Managers as provided in Clause 30(A)(iii) of the Deed.

21.6.2 An “**Extraordinary Resolution**” is defined in the Deed to mean a resolution proposed as such and passed by a majority consisting of 75% or more of the total number of votes cast for such resolution by Holders present and voting whether personally or by proxy.

21.7 Valuation

21.7.1 The value of any investment of the Fund and subject always to the requirements of the Code, with reference to:

- (i) deposits placed with banks or other financial institutions in Singapore and bank bills, shall be determined by reference to the face value of such investments and the accrued interest thereon for the relevant period;
- (ii) 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;
- (iii) 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;
- (iv) any investment not quoted on any Recognised Stock Exchange or OTC Market, 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;
- (v) any investment which is quoted on any Recognised Stock Exchange or OTC Market, 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 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);

Provided That, if the quotations referred to in (iv) or (v) above are not available, or if the value of investments determined in the manner described in (i), (ii), (iii), (iv) and (v) above, in the opinion of the Managers, is not representative, then the value shall be any reasonable value as may be determined by the Managers (with the consent of the Trustee and the Managers shall notify the Holders of such change if required by the Trustee) and, in determining such reasonable value, the Managers may rely on the last bid prices for the investment on another Recognised Stock Exchange or OTC Market, in accordance with the Code.

21.7.2 The value of the assets of the Fund or any proportion thereof shall be calculated in accordance with Clause 1(A) of the Deed, which includes the following adjustments:

- (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 other assets to be received in respect of Units agreed to be issued after deducting therefrom or providing thereout the Subscription Fee and adjustments authorised by the Deed and (in the case of Units issued against the vesting of Authorised Investments) any monies payable out of the assets of the Fund;
- (ii) where in consequence of any notice or request in writing given pursuant to 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 be deemed not to be in issue and any amount payable out of the assets of the Fund in pursuance of such reduction shall be deducted;
- (iii) where investments have been agreed to be purchased or otherwise acquired or sold but such purchase, acquisition or sale has not been completed, such 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 has been duly completed;
- (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 the Management Fee, borrowings, interest, expenses and the amount of tax if any on capital gains;
- (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 on transactions down

to the relevant date other than any tax which may fall to be deducted by the Trustee on any distribution made or to be made under the Deed;

- (vi) where the current price of an investment is “**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
- (vii) any value (whether of an Authorised Investment or cash) otherwise than in dollars and any non-dollar borrowing shall be converted into dollars at the rate (whether efficient or otherwise) which the Managers after consulting 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 cost of exchange.

The Managers may, subject to the prior approval of the Trustee and to the extent permitted by the MAS, change the method of valuation provided in this paragraph 21.7.2, and the Trustee shall determine if the Holders should be informed of such changes.

21.8 Termination of the Fund

21.8.1 Subject to Section 295 of the SFA, the Fund may be terminated:

- (i) by the Trustee by notice in writing:
 - (a) if the Managers go into liquidation (other than a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or if a receiver shall be appointed of its undertaking or any part thereof or if it ceases business; or
 - (b) if on the expiration of three 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 and such decision shall bind the Trustee and the Managers and all Holders; or
 - (c) if it becomes illegal in Singapore to continue the Fund, any authorisation of the Fund is withdrawn or revoked or if in the opinion of the Trustee it becomes 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 29 of the Deed within six months after the Managers have been notified of such desire.
- (ii) by the Managers by notice in writing:
 - (a) if it becomes illegal in Singapore to continue the Fund, any authorisation of the Fund is withdrawn or revoked or if in the opinion of the Managers and the Trustee it becomes impracticable or inadvisable to continue the Fund;
 - (b) if for a continuous period of three years, the value of the assets of the Fund shall be less than S\$5,000,000.
- (iii) 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.

21.8.2 The party terminating the Fund shall give notice of the termination to the Holders fixing the date at which such termination is to take effect and the date shall not be less than three months after service of such notice and the Managers shall give written notice to the MAS not less than seven days (or such other period as may be permitted by the MAS) before such termination.

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. : (65) 6532 3868
Email : uobam@uobgroup.com

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