

This Product Highlights Sheet is an important document.

- It highlights the key terms and risks of this investment product and complements the Prospectus<sup>1</sup>.
- It is important to read the Prospectus before deciding whether to purchase units in the product. If you do not have a copy, please contact us to ask for one.
- You should not invest in the product if you do not understand it or are not comfortable with the accompanying risks.
- If you wish to purchase the product, you will need to make an application in the manner set out in the Prospectus.

## UNITED ENHANCED INCOME FUND

(the "Fund")

Product Type	Unit Trust	Inception Date	2 July 2007
Managers	UOB Asset Management Ltd	Custodian	State Street Bank and Trust Company
Trustee	HSBC Institutional Trust Services (Singapore) Limited	Dealing Frequency	Every Monday of the week <sup>2</sup>
Capital Guaranteed	No	Expense Ratio for year ended 30 June 2011	2.16%

### PRODUCT SUITABILITY

#### WHO IS THE PRODUCT SUITABLE FOR?

- The Fund is only suitable for investors who:
  - o seek capital growth;
  - o also seek regular income; and
  - o are comfortable with the greater volatility and risks of a fund which invests in a wide range of instruments including **FDIs**<sup>3</sup> linked to the performance of various investment or trading strategies or indices selected by the Managers.

Further Information  
Refer to paragraph 6.6 on page 10 of the Prospectus for further information on product suitability.

### KEY PRODUCT FEATURES

#### WHAT ARE YOU INVESTING IN?

- You are investing in a unit trust constituted in Singapore whose investment objective is to provide investors with regular payouts, capital growth and optimum risk adjusted total return.
- You may receive:
  - (a) bi-monthly distributions on the last Dealing Day of October, December, February, April, June and August; and
  - (b) bonus distributions on each Observation Date of 50% of the amount of increase (if any) in the NAV per Unit since the previous Observation Date. For this purpose, the NAV per Unit on any Observation Date shall be net of any distributions made up to and including that Observation Date.

Refer to paragraph 6.1 on page 3 and paragraph 6.4 on page 8 of the Prospectus for further information on features of the product and its distribution policy.

*You should note that all distributions are at the absolute discretion of the Managers and are not guaranteed.*

<sup>1</sup> The Prospectus is available from the Managers (whose operating address is at 80 Raffles Place, 6th Storey, UOB Plaza 2, Singapore 048624) or their appointed agents or distributors or through the Managers' website at uobam.com.sg.

<sup>2</sup> Refer to the definition of Dealing Day on page 5.

<sup>3</sup> Refer to the definition of FDIs on page 5.

Investment Strategy	
<ul style="list-style-type: none"> <li>● The Fund will primarily invest in cash, cash-equivalents, high quality bonds and other fixed income instruments, and will use various strategies (which may involve the use of derivative transactions) to enhance yield and capital growth while taking steps to reduce downside risk.</li> <li>● The Fund may use FDIs linked to the performances of various investment or trading strategies or indices selected by the Managers, such as:               <ul style="list-style-type: none"> <li>(a) Unfunded index swaps that replicate proprietary trading strategies e.g. multi-asset arbitrage opportunities within and across asset classes and investments into a portfolio of diversified financial indices.</li> <li>(b) Funded swaps where investment amounts are swapped for performance of “underlyings” such as a basket of pre-selected securities, or a combination of one or more proprietary indices or trading strategies which take advantage of multi-asset arbitrage opportunities within and across asset classes.</li> </ul> </li> </ul> <p>Such strategies and/or underlyings are adjusted from time to time based on pre-defined risk-return adjusted criteria, and where appropriate the Managers will employ ancillary techniques or instruments designed to limit the Fund’s exposure to loss under such instruments.</p> <ul style="list-style-type: none"> <li>● The Fund intends to invest a substantial portion of its NAV in United High Grade Corporate Bond Fund (“UHGCBF”), a Singapore-authorized collective investment scheme managed by the Managers and whose investment objective is to maximise returns over the long term through investments in a portfolio which consists mainly of investment grade corporate bonds issued globally.</li> <li>● The Fund may hold cash or use or invest in FDIs for purposes of hedging existing positions, efficient portfolio management, optimising returns or a combination of one or more of these purposes.</li> </ul>	<p>Refer to <a href="#">paragraphs 6.1 and 6.2</a> on pages 3 and 4 of the Prospectus for further information on the investment strategy of the product.</p>
Parties Involved	
<p><b>WHO ARE YOU INVESTING WITH?</b></p> <ul style="list-style-type: none"> <li>● The Managers are UOB Asset Management Ltd.</li> <li>● The Trustee is HSBC Institutional Trust Services (Singapore) Limited.</li> <li>● The Custodian is State Street Bank and Trust Company.</li> <li>● The Managers will enter into FDIs (mainly swaps) with counterparties which are banks or financial institutions with a minimum long-term issuer credit rating of above BB+ by Standard and Poor’s, an individual rating of above C by Fitch Inc, a financial strength rating of above C by Moody’s Investors Service or an equivalent rating from any other reputable rating agency.</li> </ul>	<p>Refer to <a href="#">paragraphs 2 and 3</a> on page 2 of the Prospectus for further information on the role and responsibilities of these entities.</p>
KEY RISKS	
<p><b>WHAT ARE THE KEY RISKS OF THIS INVESTMENT?</b>  <b>The value of the product and its dividends or coupons may rise or fall. These risk factors may cause you to lose some or all of your investment:</b></p>	<p>Refer to <a href="#">paragraphs 8.1 and 8.2</a> on page 12 of the Prospectus for further information on risks of the product.</p>
Market and Credit Risks	
<ul style="list-style-type: none"> <li>● <b>You are exposed to the market risks in the global markets.</b> <ul style="list-style-type: none"> <li>○ Prices of the securities or derivatives that the Fund invests in may be affected by changes in economic conditions, interest rates and the market’s perception of the securities or derivatives, which may in turn affect the value of your investment.</li> </ul> </li> </ul>	
Liquidity Risks	
<ul style="list-style-type: none"> <li>● <b>The Fund is not listed and you can redeem only on Dealing Days.</b> <ul style="list-style-type: none"> <li>○ There is no secondary market for the Fund. All realisation requests should be made to the Managers or their authorised agents or distributors.</li> </ul> </li> </ul>	

**Product-Specific Risks**

- **You are exposed to derivatives risk.**
  - The usage of FDIs involve risks different from, and, in some cases, greater than, the risks presented by more traditional investments.
  - You may lose the principal amount of your investment if the Fund is exposed to derivative positions that move against the Managers' judgement.
- **You are exposed to underlying risk.**
  - Your investment is subject to the performance of any FDI employed by the Fund and/or any underlying assets, investment/trading strategies, rates and/or indices, which can be volatile and move dramatically over short periods of time. The Fund's distributions will also depend on performance of the FDIs and the underlyings.
  - Whilst some FDIs offer diversified exposure to multiple asset classes, rates and/or indices, there can be no assurance that these trading positions will not be subject to substantial loss.
- **You are exposed to counterparty credit risk.**
  - The Fund is exposed to the risk of defaults by its counterparties under derivative contacts. In the event of the bankruptcy or insolvency of a counterparty, the Fund could suffer significant losses or be unable to realise any gains on its investment and may incur fees and expenses in enforcing its rights under the contract.
- **Other risks to your investment include interest rate risk, commodities risk, foreign exchange risk, political risk, exceptional market conditions risk, risks of using rating agencies and other third parties, risk from actions of institutional investors and risk of concentration of investments in the underlying fund, UHGCBF.**

**FEES AND CHARGES**

**WHAT ARE THE FEES AND CHARGES OF THIS INVESTMENT?**

Payable directly by you

- You will need to pay the following fees and charges as a percentage of your gross investment amount:

<b>Subscription fee</b>	Currently 5%; maximum 5%
<b>Realisation fee</b>	Currently 0%; maximum 2%
<b>Switching fee</b>	Currently 1%; maximum 1%

- The authorised agents and distributors of the Managers through whom you subscribe for Units may impose other fees and charges that are not disclosed in this document. You should check with the relevant agent or distributor on such fees and charges, if any.

Payable by the Fund from invested proceeds

- The Fund will pay the following fees and charges to the Managers, Trustee and other parties:

<b>Management fee</b>	Currently 1.5% p.a.; maximum 2% p.a.
<b>Trustee fee</b>	Currently not more than 0.05% p.a. (subject always to a minimum of S\$5,000 p.a.); maximum 0.1% p.a.
<b>Registrar and transfer agent fee</b>	The higher of S\$15,000 p.a. or 0.125% p.a., subject to a maximum of S\$25,000 p.a.
<b>Valuation and Accounting Fee</b>	0.125% p.a.
<b>Audit fee, custodian fee, and other fees and charges</b>	Subject to agreement with the relevant parties. Each of the fees and charges may amount to or exceed 0.1% p.a., depending on the proportion that it bears to the NAV of the Fund.

Refer to [paragraph 7.1](#) on page 10 of the Prospectus for further information on fees and charges.

Payable out of the underlying fund, UHGCBF

<b>Management fee</b>	Currently 1% p.a.; maximum 2% p.a.
<b>Trustee fee</b>	Currently not more than 0.05% p.a. (subject to a minimum of S\$5,000 p.a.); maximum 0.1% p.a.
<b>Administration fee</b>	0.125% p.a.
<b>Registrar and transfer agent fee</b>	The higher of S\$15,000 p.a. or 0.125% p.a., subject to a maximum of S\$25,000 p.a.
<b>Valuation and accounting fee</b>	0.125% p.a.
<b>Audit fee, custodian fee, and other fees and charges</b>	Subject to agreement with the relevant parties. Each fee or charge may amount to or exceed 0.1% p.a., depending on the proportion that each fee or charge bears to the NAV of UHGCBF.

The subscription fee, realisation fee and switching fee of UHGCBF will be waived for investments by the Fund. The management fee charged by UHGCBF will also be rebated to the Fund in the form of cash and/or units in UHGCBF.

**VALUATIONS AND EXITING FROM THIS INVESTMENT**

**HOW OFTEN ARE VALUATIONS AVAILABLE?**

The issue and realisation prices of Units will generally be published 2 Business Days after the relevant Dealing Day in The Straits Times, The Business Times, Lianhe Zaobao and such other local and foreign publications as the Managers may decide upon and can also be obtained from the Managers' website at uobam.com.sg or by calling the Managers' 24-hour hotline number.

Refer to paragraphs 11, 13 and 14 on pages 19, 21 and 22 of the Prospectus for further information on valuation and exiting from the product.

**HOW CAN YOU EXIT FROM THIS INVESTMENT AND WHAT ARE THE RISKS AND COSTS IN DOING SO?**

- You can exit the Fund on any Dealing Day by submitting a realisation form to any agent or distributor authorised by the Managers. If applicable to you and you wish to exit the Fund within the cancellation period of 7 calendar days from the time of your subscription, you may do so by submitting a cancellation form and you will not incur the subscription fee and fees stated above. However, you will have to take the risk of any price changes in the NAV of the Fund since your subscription and pay any bank charges, administrative or other fee imposed by the distributor.
- You will normally receive the realisation proceeds within 4 Business Days from the Dealing Day on which your realisation request is received and accepted.
- Your realisation price is determined as follows:
  - If you submit the realisation request by 3pm on a Dealing Day, you will be paid a price based on the NAV of the Fund as at the Valuation Point of that Dealing Day.
  - If you submit the realisation request after 3pm on a Dealing Day or on a day not being a Dealing Day, you will be paid a price based on the NAV of the Fund as at the Valuation Point of the next Dealing Day.
- The net realisation proceeds that you will receive will be the realisation price multiplied by the number of Units realised, less any charges. An example is as follows:

1,000 Units	X	S\$0.900	=	S\$900.00
Your realisation request		Notional realisation price		Gross realisation proceeds
S\$900.00	-	S\$0.00	=	S\$900.00
Gross realisation proceeds		Realisation fee (0%)		Net realisation proceeds

**CONTACT INFORMATION**

**HOW DO YOU CONTACT US?**

UOB Asset Management Ltd  
 24 hour Hotline No : 1800 22 22 228  
 Fax No : 6532 3868  
 Email : uobam@uobgroup.com

APPENDIX: GLOSSARY OF TERMS	
<b>Business Day</b>	A day (other than Saturday, Sunday or a gazetted public holiday) on which commercial banks are open for business in London, New York, Paris and Singapore, or any other day as the Managers and the Trustee may agree in writing.
<b>Dealing Day</b>	In connection with the subscription, cancellation, valuation and realisation of Units, means every Monday of the week, and if a Monday is not a Business Day, then the Dealing Day will be the Business Day immediately following that Monday in that week, or such Business Day or Business Days at such intervals as the Managers may from time to time determine with prior notification to the Trustee, who will decide whether Holders should be informed of such determination.
<b>Distribution Date</b>	Any date on which a distribution is made.
<b>FDIs</b>	Financial derivative instruments, which are financial contracts whose value depends on, or is derived from, the value of an underlying asset, reference rate or index. FDIs may include options, warrants and swaps and the underlying assets, rates and indices may include bonds, stocks, interest rates, currency exchange rates, and bond, stock and commodity indices.
<b>NAV</b>	Net asset value.
<b>Observation Date</b>	The Distribution Date falling in June each year and/or on such other dates as the Managers may from time to time determine.
<b>Units</b>	Units in the Fund.
<b>Valuation Point</b>	The close of business of the last relevant market in relation to the relevant Dealing Day on which the NAV of the Fund is to be determined pursuant to the provisions of the Deed or such other time as the Managers may determine with the approval of the Trustee who shall decide if a notice to notify the Holders of such change is required.