

**UNITED MULTI-STRATEGY FUNDS —
DiversiGrowth S\$ Fund
DiversiGrowth US\$ Fund**

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UNITED MULTI-STRATEGY FUNDS —
DiversiGrowth S\$ Fund
DiversiGrowth US\$ Fund

IMPORTANT INFORMATION

The managers of the United Multi-Strategy Funds (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, there are no other material 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 relating to the Fund (the “**Deed**”). Some of the information contained in this Prospectus is a summary of corresponding provisions in the Deed. Investors should refer to the Deed for further details and obtain independent professional advice in any event of any doubt or ambiguity relating thereto.

No application has been made for the units in the United Multi-Strategy Funds - DiversiGrowth S\$ Fund (“**DiversiGrowth S\$ Fund**”) and United Multi-Strategy Funds - DiversiGrowth US\$ Fund (“**DiversiGrowth US\$ Fund**”) to be listed on any stock exchange. Any holder of units in DiversiGrowth S\$ Fund and DiversiGrowth US\$ Fund (“**Units**”) may request the Managers to realise all or part of his holding of Units in accordance with and subject to the provisions of the Deed.

Investors should seek independent professional advice to ascertain (a) the possible tax consequences, (b) the legal requirements or (c) any foreign exchange restrictions or exchange control requirements which they may encounter under the laws of the countries of their citizenship, residence or domicile, which may be relevant to the subscription, holding or disposal of Units in DiversiGrowth S\$ Fund and DiversiGrowth US\$ Fund.

This Prospectus does not constitute an offer or solicitation in any jurisdiction where such offer or solicitation is not lawful, where the person making such offer or solicitation is not authorised to do so or to anyone to whom it is unlawful to make such an offer or solicitation.

Investors should also consider the risks of investing in DiversiGrowth S\$ Fund and DiversiGrowth US\$ Fund which are summarised in Paragraph 9 of this Prospectus.

All enquiries in relation to DiversiGrowth S\$ Fund, DiversiGrowth US\$ Fund or the Fund should be directed to the Managers or any agent or distributor appointed by the Managers.

**UNITED MULTI-STRATEGY FUNDS —
DiversiGrowth S\$ Fund
DiversiGrowth US\$ Fund**

DIRECTORY

Managers

UOB Asset Management Ltd
(Company Registration No.: 198600120Z)
Registered address: 80, Raffles Place, UOB Plaza
Singapore 048624

Operating address:
80, Raffles Place, 4th Storey, UOB Plaza 2
Singapore 048624

Directors of the Managers

Terence Ong Sea Eng
Thio Boon Kiat
Yeo Eng Cheong

Trustee

Dexia Trust Services Singapore Limited
(Company Registration No.: 199504677Z)
9 Raffles Place, #42-01, Republic Plaza
Singapore 048619

Auditors

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

Solicitors to the Managers

Clifford Chance Wong
80 Raffles Place, #58-01, UOB Plaza 1,
Singapore 048624

Solicitors to the Trustee

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

UNITED MULTI-STRATEGY FUNDS — DiversiGrowth S\$ Fund DiversiGrowth US\$ Fund

The collective investment schemes offered in this Prospectus, United Multi-Strategy Funds — DiversiGrowth S\$ Fund (“**DiversiGrowth S\$ Fund**”) and United Multi-Strategy Funds — DiversiGrowth US\$ Fund (“**DiversiGrowth US\$ Fund**”), are authorised schemes under the Securities and Futures Act, Chapter 289 of Singapore (the “**SFA**”). A copy of this Prospectus has been lodged with and registered by the Monetary Authority of Singapore (the “**Authority**”). This Prospectus has been prepared in accordance with the requirements of the SFA. The Authority assumes no responsibility for the contents of this Prospectus. The registration of this Prospectus by the Authority does not imply that the SFA or any other legal or regulatory requirements have been complied with. The Authority has not, in any way, considered the investment merits of DiversiGrowth S\$ Fund and DiversiGrowth US\$ Fund. The meaning of terms not defined in this Prospectus can be found in the deed of trust constituting the United Multi-Strategy Funds (the “**Fund**”).

1. BASIC INFORMATION

1.1 The Fund

The Fund is an open-ended umbrella unit trust established in Singapore. An umbrella fund consists of a group of sub-funds (collectively, the “**Sub-Funds**” and each a “**Sub-Fund**”) under a single umbrella trust fund structure with each Sub-Fund having its own investment objective and focus and representing a separate portfolio of securities or obligations. Six Sub-Funds are currently established under the umbrella Fund. The managers of the Fund (the “**Managers**”) may establish other Sub-Funds under the umbrella Fund in the future.

1.2 DiversiGrowth S\$ Fund and DiversiGrowth US\$ Fund

The Managers are currently offering units in two Sub-Funds, the DiversiGrowth S\$ Fund and the DiversiGrowth US\$ Fund, during an offer period of 18 January 2005 to 28 February 2005 (the “**Offer Period**”).

The Managers have the absolute discretion to decide on such other dates on which the Offer Period will commence and end.

1.3 Date of Registration and Expiry Date of Prospectus

The date of registration of this Prospectus with the Authority is 17 January 2005. This Prospectus shall be valid for a period of 12 months after the date of registration (i.e., up to and including 16 January 2006) and shall expire on 17 January 2006.

1.4 Trust Deed

1.4.1 The deed of trust relating to the units of the Fund (“**Units**”) being offered to the public for subscription or purchase is dated 23 March 2004 (the “**Principal Deed**”) and the parties to the Deed are UOB Asset Management Ltd, as the Managers, and Dexia Trust Services Singapore Limited, as the trustee of the Fund (the “**Trustee**”).

1.4.2 The Principal Deed was amended by a first amending and restating deed dated 14 January 2005 entered into between the Managers and the Trustee (the “**First Amending and Restating Deed**”). The Principal Deed as amended by the First Amending and Restating Deed shall hereinafter be referred to as the “**Deed**”.

1.4.3 The terms and conditions of the Deed shall be binding on each holder of Units (each a “**Holder**” and collectively, the “**Holders**”) and persons claiming through such Holder as if such Holder had been a party to the Deed and as if the Deed contained covenants on such Holder to observe and be bound by the provisions of the Deed and an authorisation by each Holder to do all such acts and things as the Deed may require the Managers and/or the Trustee to do.

1.4.4 A copy of the Principal Deed and the First Amending and Restating Deed is available for inspection, free of charge, at all times during normal business hours, at the operating office of the Managers at 80 Raffles Place, 4th 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 (or such other amount as the Managers and the Trustee may from time to time agree).

1.5 Reports and Accounts

As the DiversiGrowth S\$ Fund and DiversiGrowth US\$ Fund are newly established, there are no annual and semi-annual reports and annual and semi-annual accounts available at the date of registration of this Prospectus.

2. THE MANAGERS

The Managers of the Fund are UOB Asset Management Ltd, whose registered office is at 80 Raffles Place, UOB Plaza, Singapore 048624.

UOB Asset Management Ltd (“**UOBAM**”) is a wholly-owned subsidiary of UOB Group. Established in 1986, UOBAM managed over S\$23.48 billion of clients’ assets as of 31 October 2004. UOBAM is one of the largest unit trust managers in Singapore in terms of assets under management.

UOBAM has been managing collective investment schemes and discretionary funds in Singapore for 18 years.

UOBAM offers global investment management expertise to institutions, corporations and individuals, through customised portfolio management services and unit trusts. Currently the company is involved in the management of 40 unit trusts (with a total of 60 funds and sub-funds altogether) in Singapore and 11 unit trusts in Malaysia, with total assets of about S\$4.21 billion under management as of 31 October 2004.

Our commitment towards achieving consistently good performance has won us a list of awards:

- At the 1996 Singapore's inaugural Fund of the Year Award organised by The Business Times, Money World Asia, and Standard Chartered Bank, UOBAM won 5 of the 7 awards. The overall best performing fund award was also awarded to UOBAM for its UniFund.
- At the 1997 Singapore's Fund of the Year Award organised by The Business Times and Standard Chartered Bank in association with Alfred Dunhill in partnership with Reuters and iMage Public Relations, UOBAM won 3 awards.
- At the 1998 Singapore's Fund of the Year Award organised by The Business Times and Standard Chartered Bank in association with Alfred Dunhill in partnership with Reuters and iMage Public Relations, UOBAM won 3 commendation awards. A commendation award is given to the best performing fund in its category.
- Our United Regional Growth Fund and United Greater China Fund were given the best performance award for 1998 by the Hong Kong SAR based Benchmark Magazine.
- At the Singapore Investment Funds Awards 1999 organised by Standard Chartered Bank in association with Alfred Dunhill in partnership with Reuters and iMage Public Relations, UOBAM won 6 awards.
- At the Standard and Poor's Investment Funds Awards 2000 – Singapore organised by Standard and Poor's Fund Services, UOBAM won 4 awards.
- At the Singapore Investment Funds Awards 2000 organised by Standard Chartered Bank, Reuters and The Business Times in association with Citigate Dewe Rogerson, iMage and Alfred Dunhill, UOBAM won 2 awards.
- At the Standard and Poor's Investment Funds Awards 2001 - Singapore organised by Standard and Poor's Fund Services, UOBAM won 2 awards.
- At the Singapore Investment Funds Awards 2001 organised by Standard Chartered Bank, The Business Times and Reuters, UOBAM won 5 awards.
- At the Standard and Poor's Investment Funds Awards – Singapore 2002 organised by Standard & Poor's Fund Services, UOBAM won 6 awards.
- At the Singapore Investment Funds Awards 2002 organised by Standard Chartered Bank, The Business Times and Reuters, UOBAM won 10 awards.
- At the Standard and Poor's Investment Funds Awards – Singapore 2003 organised by Standard & Poor's Fund Services, UOBAM won 5 awards.
- At the Standard and Poor's Investment Funds Awards – Singapore 2004 organised by Standard & Poor's Fund Services, UOBAM won 6 awards.

- At The Edge-Lipper Singapore Unit Trust Fund Awards 2003, UOBAM won a total of 13 awards, of which 12 were Fund Awards and 1 was a Fund Management Company Special Award.
- UOBAM has earned the distinction of being the most awarded fund manager in the Fund of Year Awards since the inception of the Awards.

UOBAM has a staff strength of 103 including 17 fund managers and 27 market analysts. The chief investment officer is Mr. Thio Boon Kiat.

The past performance of the Managers is not necessarily indicative of their future performance.

3. THE TRUSTEE

The Trustee of the Fund is Dexia Trust Services Singapore Limited, whose registered address is at 9 Raffles Place, #42-01, Republic Plaza, Singapore 048619.

4. REGISTER OF HOLDERS

The registrar of the Fund is the Trustee. The Trustee has appointed the Managers, as the Trustee's agent to carry out and administer the Trustee's duties in relation to the registers of Holders of each Sub-Fund (the "**Registers**") and the Managers have in turn appointed Asia Fund Services Pte Ltd as their sub-registrar to maintain the Registers, which will be kept at its office at 20 Raffles Place, #13-01, Ocean Towers, Singapore 048620. Copies of the Registers will also be kept and maintained at the operating office of the Managers, at 80 Raffles Place, 4th Storey, UOB Plaza 2, Singapore 048624, and are accessible to the public during normal business hours. Each Register is conclusive evidence of the number of Units held by each Holder and the details in a Register shall prevail in the event of any discrepancy between the entries in the Register and the details appearing on any statement of holding, unless the Holder proves to the satisfaction of the Managers and the Trustee that the Register is incorrect.

5. THE AUDITORS

The auditors of the Fund are PricewaterhouseCoopers of 8 Cross Street, #17-00, PWC Building, Singapore 048424 (the "**Auditors**").

6. STRUCTURE OF DIVERSIGROWTH S\$ FUND AND DIVERSIGROWTH US\$ FUND

DiversiGrowth S\$ Fund and DiversiGrowth US\$ Fund are each a non-specialised structured product fund with a maturity period of six years, and are denominated in Singapore dollars and United States ("**US**") dollars respectively.

7. INVESTMENT OBJECTIVE, FOCUS AND APPROACH

7.1 Investment Objective, Focus and Approach of DiversiGrowth S\$ Fund

7.1.1 Investment Objective of DiversiGrowth S\$ Fund

The investment objective of the DiversiGrowth S\$ Fund is to provide investors with:

- (a) 100% capital protection on the Maturity Date (as defined below);
- (b) an annual payout on each Anniversary Date (as defined below) based on the performance of the Basket of Stocks (as defined below), subject to a minimum of 1.2% of capital invested; and
- (c) a potential bonus payout on the Maturity Date based on the performance of the Basket of Stocks.

“**Anniversary Date**” means any annual anniversary of the Investment Date from the first anniversary to the fifth anniversary of the Investment Date, save that in the event that date is not a Business Day, the Anniversary Date will be deemed to fall on the next following Business Day.

“**Basket of Stocks**” means the basket of stocks listed below, as may be adjusted by the Managers during the life of the Sub-Fund. A “**Stock**” refers to any of the stocks comprising the Basket of Stocks, as may be changed from time to time by the Managers.

“**Business Day**” means any day (other than a Saturday, Sunday or public holiday) on which banks are open for business in Singapore, Hong Kong and London.

“**Investment Date**” means the tenth Business Day after the close of the Offer Period (or such other day as the Managers may determine).

“**Maturity Date**” means the last day of the Maturity Period, save that in the event that day is not a Business Day, the Maturity Date will be deemed to fall on the next following Business Day.

“**Maturity Period**” means the six-year period starting from the Investment Date.

7.1.2 Investment Focus and Approach of DiversiGrowth S\$ Fund

Capital Protection

In order to provide investors with the return of 100% of capital invested (the “**Capital Protected Value**”) on the Maturity Date, DiversiGrowth S\$ Fund will invest a substantial portion of its assets in a combination of the following:

- (a) One or more collateralised debt obligations (“**CDOs**”) issued by financial institutions with minimum long-term issuer rating of A- by Fitch Inc, A3 by Moody’s or A- by Standard & Poor’s and/or special purpose companies. The CDOs will have minimum long-term issue rating of A- by Fitch Inc, A3 by Moody’s or A- by Standard & Poor’s.

Each CDO is a structured note entering into derivative transactions

providing for a payout linked to an underlying portfolio of reference credits, which credits will be rated at least A by Standard & Poor's or equivalent.

- (b) One or more credit-linked notes (“**CLNs**”) issued by financial institutions with a minimum long-term issuer rating of A- by Fitch Inc, A3 by Moody's or A- by Standard & Poor's.

Each CLN is a note whose principal and interest is linked to the credit events of its underlying reference entities. The reference entities underlying the CLN will have a minimum long-term issuer rating of A by Fitch Inc, A by Moody's or A by Standard & Poor's.

- (c) Other debt securities issued by corporations, governments, government agencies or supranationals.
- (d) Deposits with financial institutions with minimum long-term issuer rating of A- by Fitch Inc, A3 by Moody's or A- by Standard & Poor's.

In the event that the DiversiGrowth S\$ Fund invests in CDOs and CLNs, it will be exposed to the default risks of the issuers of the CDOs and CLNs, as well as the default risks of the underlying reference credits of the CDOs and the reference entities of the CLNs. Please see Paragraph 9.2.7 below for more details on such risks.

All future cashflow streams arising from interest payment and principal repayment from the CDOs, CLNs, other debt securities and/or deposits will be used to provide the principal protection.

After deducting all fees and expenses for the Maturity Period, the Managers envisage that the net assets of the DiversiGrowth S\$ Fund will initially be invested in CDOs, CLNs, other debt securities and/or deposits.

Participation in the performance of a Basket of Stocks

To provide investors with the opportunity to gain an annual payout on each Anniversary Date and a potential bonus payout on the Maturity Date, DiversiGrowth S\$ Fund will invest in a financial instrument such as an option, warrant or swap, which is linked to the performance of a Basket of Stocks (the “**Instrument**”).

The Instrument will be entered into with a bank or a financial institution with minimum long-term issuer rating of Aa3 by Moody's or AA- by Standard & Poor's, and is structured to allow DiversiGrowth S\$ Fund to benefit from the performance of the Basket of Stocks. This Instrument strategy allows participation in the performance of the constituent Stocks in the Basket of Stocks, yet provides downside protection in relation to the negative performance of the constituent Stocks in the Basket of Stocks.

Basket of Stocks

The following is the indicative list of the constituent Stocks in the Basket of Stocks:

	Stock	Stock Exchange
(1)	3M Co.	New York
(2)	ABN AMRO Holding NV	Euronext Amsterdam
(3)	Adidas-Salomon AG	Xetra
(4)	Anglo American PLC	London
(5)	Axa SA	Euronext Paris
(6)	BHP Billiton PLC	London
(7)	BNP Paribas SA	Euronext Paris
(8)	British Sky Broadcasting PLC	London
(9)	Caterpillar Inc	New York
(10)	ENI SpA	Milan
(11)	HSBC Holdings PLC	London
(12)	ING Groep NV	Euronext Amsterdam
(13)	Koninklijke KPN NV	Euronext Amsterdam
(14)	Masco Corp.	New York
(15)	Nissan Motor Co Ltd.	Tokyo
(16)	Nokia Oyj	Helsinki
(17)	Philips Electronics NV	Euronext Amsterdam
(18)	Telecom Italia SpA	Milan
(19)	Vodafone Group PLC	London
(20)	Volkswagen AG	Xetra

The Managers have the discretion to add, substitute or remove any Stock from the Basket of Stocks any time before the Investment Date. After the Investment Date, the affected Stock(s) may be adjusted, removed from the Basket of Stocks or replaced with other Stock(s) in the event of an Extraordinary Event (as defined below) of any constituent Stock. Investors may check the composition of the Basket of Stocks by logging onto the Managers' website at www.uobam.com.sg, or by checking with the relevant distributors.

*An “**Extraordinary Event**” in relation to a constituent Stock includes but is not limited to any merger event (including a reclassification or change of, or take-over offer for, any constituent Stock which results in a transfer of or an irrevocable commitment to transfer any Stock and any consolidation, amalgamation or merger of the issuer of any constituent Stock with or into another entity), any delisting event, any event of nationalisation (including but not limited to nationalisation, expropriation or other requirement for the Stock to be transferred to any governmental agency, authority or entity), any event of insolvency (including liquidation, bankruptcy or insolvency), any event of insolvency filing and any event that disrupts hedging activities.*

7.1.3 Annual Payouts on every Anniversary Date and Potential Bonus Payout on the Maturity Date for DiversiGrowth S\$ Fund

Annual Payouts on every Anniversary Date

DiversiGrowth S\$ Fund is structured to provide investors with at least a minimum payout of 1.2% of their capital invested on every Anniversary Date.

The annual payout to be determined on a given Anniversary Date i , is equal to:

$$\text{Max } \{1.2\%, P \times \text{Positive Dispersion Payoff } i\}$$

Where:

P is equal to a participation rate of approximately 10 to 11%¹; and

Positive Dispersion Payoff i refers to the Positive Dispersion Payoff for Anniversary Date i , which is determined by the following three steps:

(a) Average Basket Performance

The “**Average Basket Performance**” on Anniversary Date i is calculated by finding the arithmetic average of the Performances of all the Stocks in the Basket of Stocks on Anniversary Date i .

“**Performance**” for a Stock on Anniversary Date i , means the difference of its closing price on the relevant stock exchange on Anniversary Date i and its corresponding initial reference price level (“**Initial Level**”) given by its closing price on the relevant stock exchange on the Investment Date, and dividing the difference by the Stock’s corresponding Initial Level.

(b) Outperforming Stocks

Next, any Stocks which have outperformed the Average Basket Performance (the “**Outperforming Stocks**”) i.e., have performed better than the Average Basket Performance, are identified. Any Stocks which have done worse than the Average Basket Performance are disregarded.

(c) Positive Dispersion Payoff

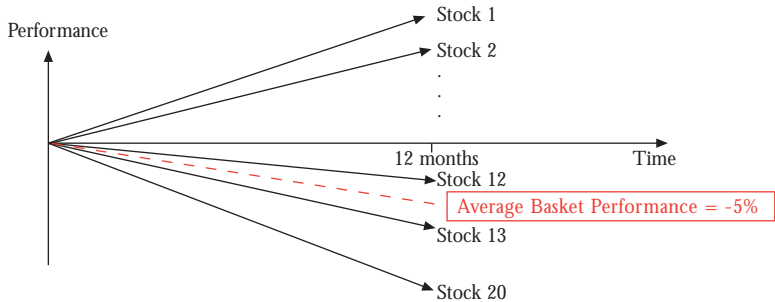
Finally, the “**Positive Dispersion Payoff**” is determined by summing the Outperforming Portion of any Outperforming Stocks and then dividing it by the total number of constituent Stocks in the Basket of Stocks. i.e. 20.

1 Based on current market conditions, the participation rate for the calculation of the annual payouts for DiversiGrowth S\$ Fund on every Anniversary Date is approximately 10 to 11%. The exact participation rate may change depending on market conditions and will be determined approximately ten Business Days after the close of the Offer Period. Investors will be notified of the exact participation rate. They may also get the participation rate by logging onto the Managers’ website at www.uobam.com.sg, or by checking with the relevant distributor.

“**Outperforming Portion**”, in relation to any Outperforming Stock on Anniversary Date i , means the difference between the Performance of that Outperforming Stock and the Average Basket Performance on Anniversary Date i .

Illustration of calculation of Positive Dispersion Payoff

The example below is only for illustrative purposes and is not indicative of the future or likely performance of the DiversiGrowth S\$ Fund.



Average Basket Performance

In this example, the Average Basket Performance at the end of the first year, i.e., on Anniversary Date 1, is assumed to be -5%.

Outperforming Stocks

The Outperforming Stocks in this case would be Stocks 1 to 12 and the Outperforming Portion of each Outperforming Stock, i.e., difference between the performance of each of these Stocks and the Average Basket Performance, is calculated. Stocks 13 to 20 are disregarded.

Positive Dispersion Payoff

The Positive Dispersion Payoff can then be determined by summing the Outperforming Portions of Stocks 1 to 12 and then dividing it by the total number of constituent Stocks in the Basket of Stocks, i.e., 20.

The annual payouts of DiversiGrowth S\$ Fund will be in the form of cash distributions of income or capital or both income and capital from DiversiGrowth S\$ Fund, as the Managers may in their absolute discretion decide. Investors can expect to receive the annual payouts within six weeks of an Anniversary Date.

Potential Bonus Payout on Maturity Date

DiversiGrowth S\$ Fund is structured to provide investors with a minimum payout of their capital invested on Maturity Date with the potential for a bonus payout given by the following formula:

$$\text{Max } \{100\%, P_m \times \text{Positive Dispersion Payoff } m\}$$

Where:

P_m is equal to a participation rate of approximately 200 to 350%²; and

Positive Dispersion Payoff m refers to the Positive Dispersion Payoff on Maturity Date.

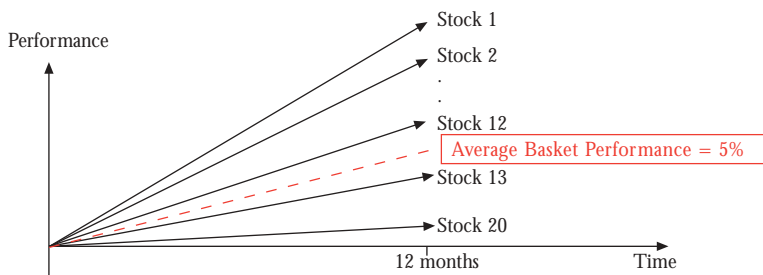
Any potential bonus payout of DiversiGrowth S\$ Fund at Maturity Date will be paid out together with the realisation proceeds within 14 Business Days in Singapore (or such other period as may be permitted by the Authority) following the Maturity Date.

7.1.4 Scenarios and Numerical Example

The following scenarios and numerical example are only for illustrative purposes and are not indicative of the future or likely performance of the DiversiGrowth S\$ Fund.

Scenario 1 - Uptrend Market

All Stocks in the Basket of Stocks on Anniversary Date 1 are above their respective Initial Levels.

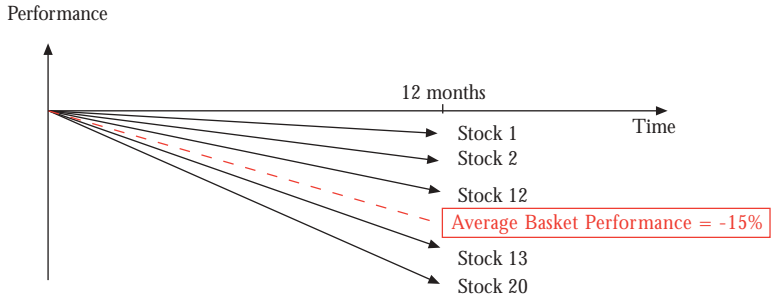


The payout on Anniversary Date 1 provided to Holders is the higher of 1.2% or $\{P \times \text{Positive Dispersion Payoff } 1\}$.

Scenario 2 - Downtrend Market

All Stocks in the Basket of Stocks on Anniversary Date 1 are below their respective Initial Levels.

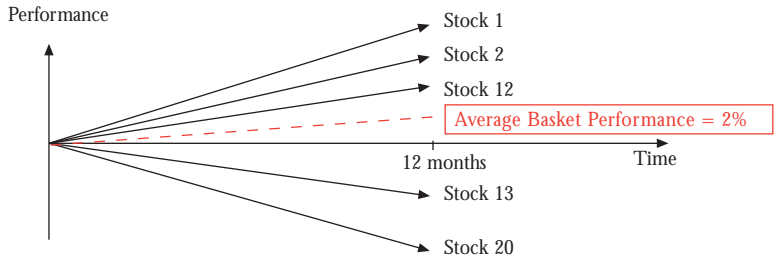
- 2 Based on current market conditions, the participation rate for the calculation of the potential bonus payout for DiversiGrowth S\$ Fund on Maturity Date is approximately 200 to 350%. The exact participation rate may change depending on market conditions and will be determined approximately ten Business Days after the close of the Offer Period. Investors will be notified of the exact participation rate. They may also get the participation rate by logging onto the Managers' website at www.uobam.com.sg, or by checking with the relevant distributor.



Holders can still expect to receive a payout given by the higher of 1.2% or {P x Positive Dispersion Payoff 1}.

Scenario 3 - Mixed Market

All Stocks in the Basket of Stocks have moved in different directions such that there is a range of Stocks above or below their respective Initial Levels on Anniversary Date 1.



As long as any Stock is above the Average Basket Performance, it will be included in the performance of the Positive Dispersion Payoff. Again, the payout provided to Holders on Anniversary Date 1 is the higher of 1.2% or {P x Positive Dispersion Payoff 1}.

A numerical example

	Column A Performance of Stock (%)	Column B Deviation from Average Basket Performance (Column A – Average Basket Performance)	Column C Outperforming Portion of Outperforming Stocks (only positive results from Column B are considered)
Stock 1	10%	-2%	0%
Stock 2	5%	-7%	0%
Stock 3	-20%	-32%	0%
Stock 4	45%	33%	33%
Stock 5	-60%	-72%	0%
Stock 6	32%	20%	20%

Stock 7	6%	55%	55%
Stock 8	56%	44%	44%
Stock 9	-45%	-57%	0%
Stock 10	5%	-7%	0%
Stock 11	-10%	-22%	0%
Stock 12	67%	55%	55%
Stock 13	25%	13%	13%
Stock 14	3%	-9%	0%
Stock 15	-2%	-14%	0%
Stock 16	4%	-8%	0%
Stock 17	55%	43%	43%
Stock 18	-50%	-62%	0%
Stock 19	45%	33%	33%
Stock 20	4%	-8%	0%
	Average Basket Performance = 12%		Sum of Outperforming Portions= 298% Positive Dispersion Payoff = 298%/20 = 15%

Assuming the performance of the Stocks in a particular year are as shown above and the participation rate is 11%, the payout for this particular year = Higher of 1.2% or {P x Positive Dispersion Payoff}
= Higher of 1.2% or {11% x 15%}
= 1.65%

Investors should note that DiversiGrowth S\$ Fund is not a guaranteed fund as the capital protection for Units held until the Maturity Date and the annual payouts for Units held until the Anniversary Dates is provided by CDOs, CLNs, debt securities and/or deposits and not by a guarantee. No guarantee is given, express or implied, that investors will receive the annual payouts on the Anniversary Dates, the potential bonus payout or the Capital Protected Value on the Maturity Date.

For example, in the event that there is a default by the issuer(s) of the CDOs, CLNs, debt securities or deposits, or a default by the underlying reference credits of the CDOs or reference entities of the CLNs, Holders will only be able to realise their Units on the Maturity Date at the net asset value per Unit, which may be lower than the Capital Protected Value per Unit.

Investors should also note that only those who hold all their Units until the Maturity Date will be entitled to receive the Capital Protected Value on that date. If investors choose to realise their Units before the Maturity Date, the realisation price will be based on the prevailing net asset value per Unit which can vary according to market fluctuations and be less than the Capital Protected Value.

7.2 Investment Objective, Focus and Approach of DiversiGrowth US\$ Fund

7.2.1 Investment Objective of DiversiGrowth US\$ Fund

The investment objective of the DiversiGrowth US\$ Fund is to provide investors with:

- (a) 100% capital protection on the Maturity Date;
- (b) an annual payout on each Anniversary Date based on the performance of the Basket of Stocks, subject to a minimum of 2.8% of capital invested; and
- (c) a potential bonus payout on the Maturity Date based on the performance of the Basket of Stocks.

7.2.2 Investment Focus and Approach of DiversiGrowth US\$ Fund

Capital Protection

In order to provide investors with the Capital Protected Value of 100% of capital invested on the Maturity Date, DiversiGrowth US\$ Fund will invest a substantial portion of its assets in a combination of the following:

- (a) One or more CDOs issued by financial institutions with minimum long-term issuer rating of A- by Fitch Inc, A3 by Moody's or A- by Standard & Poor's and/or special purpose companies. The CDOs will have minimum long-term issue rating A- by Fitch Inc, A3 by Moody's or A- by Standard & Poor's.

Each CDO is a structured note entering into derivative transactions providing for a payout linked to an underlying portfolio of reference credits, which credits will be rated at least A- by Standard & Poor's or equivalent.

- (a) One or more CLNs issued by financial institutions with a minimum long-term issuer rating of A- by Fitch Inc, A3 by Moody's or A- by Standard & Poor's.

Each CLN is a note whose principal and interest is linked to the credit events of its underlying reference entities. The reference entities underlying the CLN will have a minimum long-term issuer rating of A by Fitch Inc, A by Moody's or A by Standard & Poor's.

- (c) Other debt securities issued by corporations, governments, government agencies or supranationals.
- (d) Deposits with financial institutions with minimum long-term issuer rating of A- by Fitch Inc, A3 by Moody's or A- by Standard & Poor's.

In the event that DiversiGrowth US\$ Fund invests in CDOs and CLNs, it will be exposed to the default risks of the issuers of the CDOs and CLNs, as

well as the default risks of the underlying reference credits of the CDOs and the reference entities of the CLNs. Please see Paragraph 9.2.7 below for more details on such risks.

All future cashflow streams arising from interest payment and principal repayment from the CDOs, CLNs, other debt securities and/or deposits will be used to provide the principal protection.

After deducting all fees and expenses for the Maturity Period, the Managers envisage that the net assets of DiversiGrowth US\$ Fund will initially be invested in CDOs, CLNs, other debt securities and/or deposits.

Participation in the performance of a Basket of Stocks

To provide investors with the opportunity to gain an annual payout on each Anniversary Date and a potential bonus payout on the Maturity Date, DiversiGrowth US\$ Fund will invest in an Instrument linked to the performance of a Basket of Stocks.

The Instrument will be entered into with a bank or a financial institution with minimum long-term issuer rating of Aa3 by Moody's or AA- by Standard & Poor's, and is structured to allow DiversiGrowth US\$ Fund to benefit from the performance of the Basket of Stocks. This Instrument strategy allows participation in the performance of the constituent Stocks in the Basket of Stocks, yet provides downside protection in relation to the negative performance of the constituent Stocks in the Basket of Stocks.

Basket of Stocks

The following is the indicative list of the constituent Stocks in the Basket of Stocks:

	Stock	Stock Exchange
(1)	3M Co.	New York
(2)	ABN AMRO Holding NV	Euronext Amsterdam
(3)	Adidas-Salomon AG	Xetra
(4)	Anglo American PLC	London
(5)	Axa SA	Euronext Paris
(6)	BHP Billiton PLC	London
(7)	BNP Paribas SA	Euronext Paris
(8)	British Sky Broadcasting PLC	London
(9)	Caterpillar Inc	New York
(10)	ENI SpA	Milan
(11)	HSBC Holdings PLC	London
(12)	ING Groep NV	Euronext Amsterdam
(13)	Koninklijke KPN NV	Euronext Amsterdam

(14)	Masco Corp.	New York
(15)	Nissan Motor Co Ltd.	Tokyo
(16)	Nokia Oyj	Helsinki
(17)	Philips Electronics NV	Euronext Amsterdam
(18)	Telecom Italia SpA	Milan
(19)	Vodafone Group PLC	London
(20)	Volkswagen AG	Xetra

The Managers have the discretion to add, substitute or remove any Stock from the Basket of Stocks any time before the Investment Date. After the Investment Date, the affected Stock(s) may be adjusted, removed from the Basket of Stocks or replaced with other Stock(s) in the event of an Extraordinary Event (as defined in Paragraph 7.1.2) of any constituent Stock. Investors may check the composition of the Basket of Stocks by logging onto the Managers' website at www.uobam.com.sg, or by checking with the relevant distributors.

7.2.3 Annual Payouts on every Anniversary Date and Potential Bonus Payout on Maturity Date for DiversiGrowth US\$ Fund

Annual Payouts on every Anniversary Date

DiversiGrowth US\$ Fund is structured to provide investors with at least a minimum payout of 2.8% of their capital invested on every Anniversary Date.

The annual payout to determined on a given Anniversary Date i , is equal to:

$$\text{Max } \{2.8\%, P \times \text{Positive Dispersion Payoff } i\}$$

Where:

P is equal to a participation rate of approximately 10 - 11%³; and

Positive Dispersion Payoff i refers to the Positive Dispersion Payoff for Anniversary Date i , which is determined by the following three steps:

(a) Average Basket Performance

The Average Basket Performance on Anniversary Date i is calculated by finding the arithmetic average of the Performances of all the Stocks in the Basket of Stocks on Anniversary Date i .

3 Based on current market conditions, the participation rate for the calculation of the annual payouts for DiversiGrowth US\$ Fund on every Anniversary Date is approximately 10 to 11%. The exact participation rate may change depending on market conditions and will be determined approximately ten Business Days after the close of the Offer Period. Investors will be notified of the exact participation rate. They may also get the participation rate by logging onto the Managers' website at www.uobam.com.sg, or by checking with the relevant distributor.

(b) Outperforming Stocks

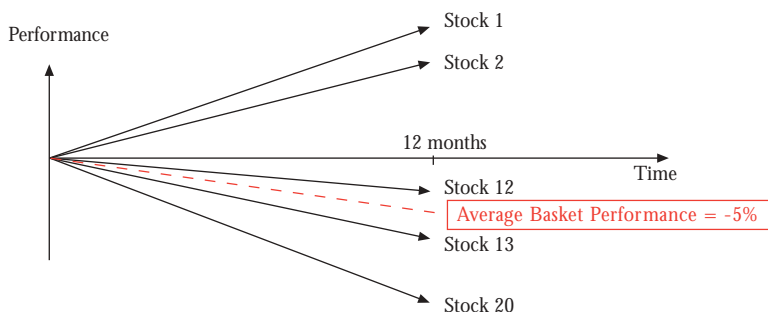
Next, the Outperforming Stocks are identified. Any Stocks which have done worse than the Average Basket Performance are disregarded.

(c) Positive Dispersion Payoff

Finally, the Positive Dispersion Payoff is determined by summing the Outperforming Portion of any Outperforming Stock and then dividing it by the total number of constituent Stocks in the Basket of Stocks, i.e. 20.

Illustration of calculation of Positive Dispersion Payoff

The example below is only for illustrative purposes and is not indicative of the future or likely performance of the DiversiGrowth US\$ Fund.



Average Basket Performance

In this example, the Average Basket Performance at the end of the first year, i.e., on Anniversary Date 1, is assumed to be -5%.

Outperforming Stocks

The Outperforming Stocks in this case would be Stocks 1 to 12 and the Outperforming Portion of each Outperforming Stock, i.e., difference between the performance of each of these Stocks and the Average Basket Performance, is calculated. Stocks 13 to 20 are disregarded.

Positive Dispersion Payoff

The Positive Dispersion Payoff can then be determined by summing the Outperforming Portions of Stocks 1 to 12 and then dividing it by the total number of constituent Stocks in the Basket of Stocks, i.e., 20.

The annual payouts of DiversiGrowth US\$ Fund will be in the form of cash distributions of income or capital or both income and capital from DiversiGrowth US\$ Fund, as the Managers may in their absolute discretion decide. Investors can expect to receive the annual payouts within six weeks of an Anniversary Date.

Potential Bonus Payout on Maturity Date

DiversiGrowth US\$ Fund is structured to provide investors with a minimum payout of their capital invested on Maturity Date with the potential for a

bonus payout given by the following formula:

$$\text{Max } \{100\%, P_m \times \text{Positive Dispersion Payoff } m\}$$

Where:

P_m is equal to a participation rate of approximately 200 - 350%⁴; and

Positive Dispersion Payoff m refers to the Positive Dispersion Payoff on Maturity Date.

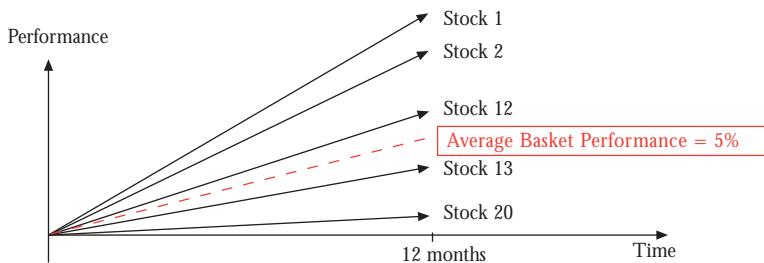
Any potential bonus payout of DiversiGrowth US\$ Fund at Maturity Date will be paid out together with the realisation proceeds within 14 Business Days in Singapore (or such other period as may be permitted by the Authority) following the Maturity Date.

7.2.4 Scenarios and Numerical Example

The following scenarios and numerical example are only for illustrative purposes and are not indicative of the future or likely performance of the DiversiGrowth US\$ Fund.

Scenario 1 - Uptrend Market

All Stocks in the Basket of Stocks on Anniversary Date 1 are above their respective Initial Levels.

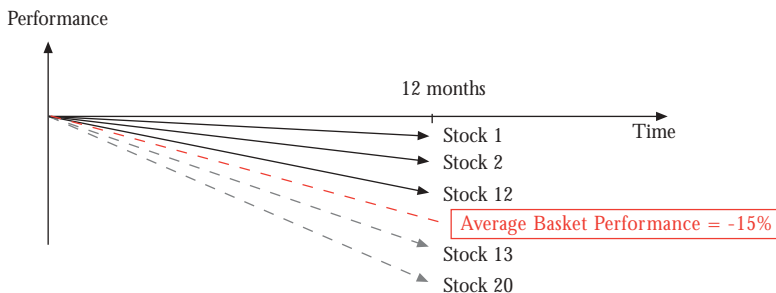


The payout on Anniversary Date 1 provided to Holders is the higher of 2.8% or $\{P \times \text{Positive Dispersion Payoff } 1\}$.

Scenario 2 - Downtrend Market

All Stocks in the Basket of Stocks on Anniversary Date 1 are below their respective Initial Levels.

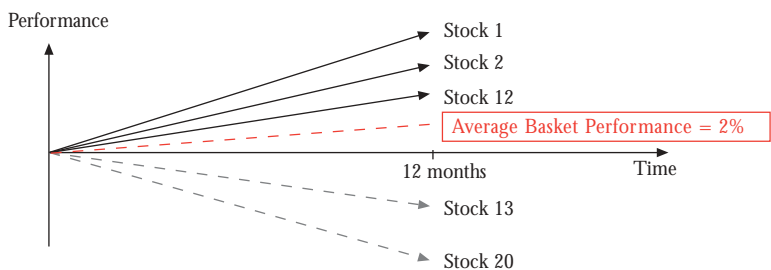
- 4 Based on current market conditions, the participation rate for the calculation of the potential bonus payout for DiversiGrowth US\$ Fund on Maturity Date is approximately 200 to 350%. The exact participation rate may change depending on market conditions and will be determined approximately ten Business Days after the close of the Offer Period. Investors will be notified of the exact participation rate. They may also get the participation rate by logging onto the Managers' website at www.uobam.com.sg, or by checking with the relevant distributor.



Holders can still expect to receive a payout given by the higher of 2.8% or $\{P \times \text{Positive Dispersion Payoff } 1\}$.

Scenario 3 - Mixed Market

All Stocks in the Basket of Stocks have moved in different directions such that there is a range of Stocks above or below their respective Initial Levels on Anniversary Date 1.



As long as any Stock is above the Average Basket Performance, it will be included in the calculation of the Positive Dispersion Payoff. Again, the amount of payout provided to Holders on Anniversary Date 1 is the higher of 2.8% or $\{P \times \text{Positive Dispersion Payoff } 1\}$.

A numerical example

	Column A Performance of Stock (%)	Column B Deviation from Average Basket Performance (Column A - Average Basket Performance)	Column C Outperforming Portion of Outperforming Stocks (only positive results from Column B are considered)
Stock 1	10%	-2%	0%
Stock 2	5%	-7%	0%
Stock 3	-20%	-32%	0%
Stock 4	45%	33%	33%
Stock 5	-60%	-72%	0%
Stock 6	32%	20%	20%

Stock 7	6%	55%	55%
Stock 8	56%	44%	44%
Stock 9	-45%	-57%	0%
Stock 10	5%	-7%	0%
Stock 11	-10%	-22%	0%
Stock 12	67%	55%	55%
Stock 13	25%	13%	13%
Stock 14	3%	-9%	0%
Stock 15	-2%	-14%	0%
Stock 16	4%	-8%	0%
Stock 17	55%	43%	43%
Stock 18	-50%	-62%	0%
Stock 19	45%	33%	33%
Stock 20	4%	-8%	0%
	Average Basket Performance = 12%		Sum of Outperforming Portions= 298% Positive Dispersion Payoff = 298%/20 = 15%

Assuming the performance of the Stocks in a particular year are as shown above and the participation rate is 11%, payout for this particular year
= Higher of 2.8% or {P x Positive Dispersion Payoff}
= Higher of 2.8% or {11% x 15%}
= 2.8%

Investors should note that DiversiGrowth USS Fund is not a guaranteed fund as the capital protection for Units held until the Maturity Date and the annual payouts for Units held until the Anniversary Dates is provided by CDOs, CLNs, debt securities and/or deposits and not by a guarantee. No guarantee is given, express or implied, that investors will receive the annual payouts on the Anniversary Dates, the potential bonus payout or the Capital Protected Value on the Maturity Date.

For example, in the event that there is a default by the issuer(s) of the CDOs, CLNs, debt securities or deposits, or a default by the underlying reference credits of the CDOs or reference entities of the CLNs, Holders will only be able to realise their Units on the Maturity Date at the net asset value per Unit, which may be lower than the Capital Protected Value per Unit.

Investors should also note that only those who hold all their Units until the Maturity Date will be entitled to receive the Capital Protected Value on that date. If investors choose to realise their Units before the Maturity Date, the realisation price will be based on the prevailing net asset value per Unit which can vary according to market fluctuations and be less than the Capital Protected Value.

7.3 Authorised Investments

The authorised investments of the Fund (“**Authorised Investments**”) include the following:

- (i) any Quoted Investment;
- (ii) any Unquoted Investment;
- (iii) any Investment in any currency;

- (iv) any Investment which is a unit, share, interest or participation in an underlying entity;

- (v) any Investment which is a futures, option, forward, swap, collar, floor or other derivative;

- (vi) the currency of any country or any contract for the spot purchase or sale of any such currency or for hedging purposes, any foreign exchange transaction or any forward contract of such currency;

- (vii) in the case of any Sub-Fund included under the CPF Investment Scheme, any investment for the time being permitted under the CPF Investment Guidelines to be invested in by collective investment schemes included under the CPF Investment Scheme; or

- (viii) any other Investment not covered by paragraphs (i) to (vii) of this definition but selected by the Managers for investment of the deposited property of the relevant Sub-Fund and approved by the Trustee.

An “**Investment**” means any share, stock, warrant, option or other stock purchase right, interest-bearing instrument, bond, discount bond, note, discount note, exchange fund note, debenture, debenture stock, banker’s acceptance, debt security, loan, loan convertible into security, loan stock, money market instrument, certificate of deposit, currency deposit, commercial paper, promissory note, unit or sub-unit in any unit trust scheme, share or participation in a mutual fund, share or other interest in a real estate investment trust company, share or unit or sub-unit or participation or other interest in any collective investment scheme, treasury bill, trade bill, bill of exchange, fixed or floating rate debt instrument, futures, forward, swap, floor, cap, collar or other derivative or derivative transactions, index and forward currency exchange contract, futures contract, contract for derivatives or other derivative or financial transaction or any other instrument or security (all the foregoing denominated in any currency) which may be selected by the Managers for the purpose of investment of the deposited property of any Sub-Fund or which may for the time being form part thereof.

“**OTC Market**” means any over-the-counter market or over-the-telephone market in any country in any part of the world, and in relation to any particular Authorised Investment shall be deemed to include any responsible firm, corporation or association in any country in any part of the world dealing in the Authorised Investment which the Managers may from time to time elect.

A “**Quoted Investment**” means any Investment which is listed, quoted or dealt with on any Recognised Stock Exchange or OTC Market.

“**Recognised Stock Exchange**” means any stock exchange, futures exchange and organised securities exchange on which securities are regularly invested in any part of the world and in relation to any particular Authorised Investment, shall be deemed to include any responsible firm, corporation or association in any part of the world dealing in the Authorised Investment which the Managers may from time to time elect.

An “**Unquoted Investment**” means any Investment which is not quoted, listed or dealt with on any Recognised Stock Exchange or OTC Market.

8. FEES AND CHARGES

The fees and charges of DiversiGrowth S\$ Fund and DiversiGrowth US\$ Fund are the same and are set out in the tables below.

Fees and charges payable by Holders	
Preliminary charge	Currently up to 5.0%. Maximum 5.0%.
Realisation charge	Nil.
Fees and charges payable by each Sub-Fund	
Management fee (payable to Managers)	Currently 0.1% p.a.. Maximum 0.2% p.a. (Total of 0.6% of Capital Raised, to be charged upfront in respect of the Maturity Period).
Trustee fee (payable to Trustee)	Currently up to 0.05% p.a.. Maximum 0.1% p.a.
Annual valuation fee (payable to the Managers)	0.125% p.a. for valuation and accounting services.
Annual registrar fee	S\$15,000 p.a.
Custodian fee	Up to 0.3% p.a.

“**Capital Raised**” in relation to DiversiGrowth S\$ Fund or DiversiGrowth US\$ Fund, means the total amount of monies received by the Managers for the subscription of Units in that Sub-Fund at the close of the Offer Period, excluding any preliminary charge.

Investors should note that the management fee for the Maturity Period of each of DiversiGrowth S\$ Fund and DiversiGrowth US\$ Fund will be charged upfront as soon as practicable after the close of the Offer Period. Holders of DiversiGrowth S\$ Fund or DiversiGrowth US\$ Fund, as the case may be, will have to bear such fees for the entire Maturity Period, even if they redeem their Units before the Maturity Date.

As required by the Code on Collective Investment Schemes issued by the Authority (the “**Code**”), all marketing, promotional and advertising expenses in relation to DiversiGrowth S\$ Fund and DiversiGrowth US\$ Fund will be borne by the Managers

and not charged to the deposited property of DiversiGrowth S\$ Fund and DiversiGrowth US\$ Fund.

9. RISKS

9.1 General risks

As an investment in DiversiGrowth S\$ Fund and DiversiGrowth US\$ 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 from them, may fall or rise. Investors should note that they may not get back their original investment.

No guarantee is given, express or implied, that investors will receive back their original investment.

9.2 Specific risks

Investors in DiversiGrowth S\$ Fund and DiversiGrowth US\$ Fund should carefully consider the following risks:

9.2.1 Basket risks

An investment in DiversiGrowth S\$ Fund and DiversiGrowth US\$ Fund is subject to the volatility of the constituent Stocks in the Basket of Stocks. Investors should note that the annual payout on every Anniversary Date or the potential bonus payout on Maturity Date will be linked to the performance of the constituent Stocks in the Basket of Stocks.

The occurrence of an Extraordinary Event of any constituent Stock during the life of DiversiGrowth S\$ Fund and DiversiGrowth US\$ Fund may result in the affected constituent Stock being adjusted, removed from the Basket of Stocks or replaced with other stock(s), which may cause the payouts to be affected.

9.2.2 Market risks

As DiversiGrowth S\$ Fund and DiversiGrowth US\$ Fund participate in a selective manner in the performance of the constituent Stocks in the Basket of Stocks, the usual risks of investing and participating in listed and unlisted securities apply. Prices of securities may go up or down in response to changes in economic conditions, interest rates and the market's perception of securities. These may cause the price of Units in DiversiGrowth S\$ Fund and DiversiGrowth US\$ Fund to go up or down as the price of Units is based on the current market value of the investments of the DiversiGrowth S\$ Fund and DiversiGrowth US\$ Fund.

There are usual risks of investing in bonds and other fixed income securities. Bond prices may go up or down in response to interest rates with increases in interest rates leading to falling bond prices.

The market prices of bonds and other fixed income securities are also affected by credit risks, such as risk of default by issuers and liquidity risk.

In the case of CDOs and CLNs, CDOs are affected by default risks of the underlying reference credits and CLNs are affected by default risks of the reference entities. Please see Paragraph 9.2.7 below for more details on such risks.

9.2.3 Derivatives risks

DiversiGrowth S\$ Fund and DiversiGrowth US\$ Fund will invest in derivatives, which are financial contracts whose value depends on, or is derived from, the value of an underlying asset, reference rate or index. Such assets, rates and indices may include bonds, shares, interest rates, currency exchange rates, bond indices and stock indices.

While the judicious use of derivatives by professional investment managers can be beneficial, derivatives involve risks different from, and, in some cases, greater than, the risks presented by more traditional securities investments. Some of the risks associated with derivatives are market risk, management risk, credit risk, liquidity risk and leverage risk.

The Managers will not (unless otherwise permitted by the Authority) use derivatives transactions for speculation or leverage but may use them for efficient portfolio management provided that derivatives are not used to gear the overall portfolio. The Managers will attempt to minimise the risks through careful selection of reputable counterparties and constant monitoring of the derivatives positions of DiversiGrowth S\$ Fund and DiversiGrowth US\$ Fund. The Managers however, have the requisite expertise, experience and quantitative tools to manage and contain such investment risks.

9.2.4 Political risks

The political situation in countries may have an effect on the value of the constituent Stocks in the Basket of Stocks, which may in turn impact on the value of the Units of DiversiGrowth S\$ Fund and DiversiGrowth US\$ Fund.

9.2.5 Capital protected and not guaranteed

DiversiGrowth S\$ Fund and DiversiGrowth US\$ Fund are capital protected funds and not guaranteed funds as the capital protection for Units held until the Maturity Date and the annual payouts for Units held until the respective Anniversary Dates are provided by CDOs, CLNs, debt securities and/or deposits, and not by guarantees. No guarantee is given, express or implied, that investors will receive the annual payouts on the relevant Anniversary Dates, the potential bonus payout or the Capital Protected Value on the Maturity Date.

For example, in the event that there is a default by the issuer(s) of the CDOs, CLNs, debt securities or deposits, or a default by the underlying reference

credits of the CDOs or reference entities of the CLNs, Holders will only be able to realise their Units on the Maturity Date at the net asset value per Unit, which may be lower than the Capital Protected Value per Unit.

Investors should also note that only those who hold all their Units in DiversiGrowth S\$ Fund and DiversiGrowth US\$ Fund until the Maturity Date will be entitled to receive the Capital Protected Value on that date. If investors choose to realise their Units before the Maturity Date, the realisation price will be based on the prevailing net asset value per Unit which can vary according to market fluctuations and be less than the Capital Protected Value.

9.2.6 Lack of Diversification

As an exception to the 10% single party limit under Appendix 1 of the Code, both DiversiGrowth S\$ Fund and DiversiGrowth US\$ Fund may invest up to one-third of its net asset value in debt securities which are structured products (including CDOs and CLNs) issued by a corporation, government, government agency or supranational with a minimum long-term rating of "A" by Fitch Inc, Moody's or Standard and Poor's (including such sub-categories or gradations therein) and/or placed in deposits which are structured products with financial institutions with a minimum individual rating of "B" by Fitch Inc or a financial strength rating of "B" by Moody's, provided that not more than one-third of the value of each of DiversiGrowth S\$ Fund and DiversiGrowth US\$ Fund will be invested in or placed with the same entity. DiversiGrowth S\$ Fund and DiversiGrowth US\$ Fund may also invest above one-third and up to 100% of its net asset value in debt instruments which are structured products issued or guaranteed by a government, government agency or supranational that has a minimum long-term issuer rating of AA by Fitch Inc, Aa by Moody's or AA by Standard and Poor's (including such sub-categories and gradations therein).

Therefore, DiversiGrowth S\$ Fund and DiversiGrowth US\$ Fund will be subject to a higher level of risk than a portfolio diversifying its holdings across different issuers.

9.2.7 Risks associated with investments in debt securities:

(i) Default risks

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 rates, which may impair the ability of the issuer to make payments of interest 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.

For example, a default in payment by an issuer of debt securities held by DiversiGrowth S\$ Fund or DiversiGrowth US\$ Fund will affect the Managers' ability to ensure payment of the Capital Protected Value of that Sub-Fund on the Maturity Date.

(ii) **Interest-rate risks**

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

(iii) **Credit risk of underlying reference credits of CDOs**

A CDO provides for a payout linked to an underlying portfolio of reference credits. If there is a credit event in the underlying portfolio of reference credits, the principal and interest from the CDO may be reduced, such that it may affect the Managers' ability to ensure the payment of the Capital Protected Value of DiversiGrowth S\$ Fund and/or DiversiGrowth US\$ Fund on the Maturity Date.

A “**credit event**” includes bankruptcy, failure to pay, obligation default/acceleration, repudiation/moratorium or any analogous event.

(iv) **Credit risk of reference entities of CLNs**

The principal and interest from a CLN are linked to the credit of its underlying reference entity. A credit event of the underlying reference entity of a CLN may affect the principal and interest from the CLN, such that it may reduce the Managers' ability to ensure payment of the Capital Protected Value of each Sub-Fund on the Maturity Date.

9.2.8 Currency risks

In the event that any Investments of DiversiGrowth S\$ Fund are denominated in currencies other than the currency in which it is denominated (i.e., Singapore dollars), fluctuations of the exchange rates of other currencies against the Singapore dollar may affect the value of Units in DiversiGrowth S\$ Fund.

In the event that any Investments of DiversiGrowth US\$ Fund are denominated in currencies other than the currency in which it is denominated (i.e., US dollars), fluctuations of the exchange rates of other currencies against the US dollar may affect the value of Units in DiversiGrowth US\$ Fund.

The Managers will actively monitor and manage the exposure of the portfolio of each Sub-Fund to adverse foreign exchange risks by hedging through the forwards or futures markets or other derivatives.

9.2.9 Counterparty Credit Risks

DiversiGrowth S\$ Fund and DiversiGrowth US\$ Fund will enter into Instruments, which exposes each of them to the credit risk of the counterparties of the Instruments and their ability to satisfy the terms of such Instruments. Each Sub-Fund is exposed to the risk that the counterparty

may default on its obligations to perform under the relevant contract. In the event of a bankruptcy or insolvency of a counterparty, a Sub-Fund could experience delays in liquidating the position and thereby incur significant losses, including declines in the value of its investment during the period in which the Sub-Fund seeks to enforce its rights, inability to realise any gains on its investment during such period and fees and expenses incurred in enforcing its rights. There is also a possibility that the contracts may be terminated due to, for instance, bankruptcy, supervening illegality or change in the tax or accounting laws relative to those laws existing at the time the agreement was entered into.

10. SUBSCRIPTION OF UNITS

10.1 Subscription procedure

Applications for Units may be made during the Offer Period by submitting the application form attached to this Prospectus to the Managers or any agent or distributor appointed by the Managers or through any other applicable sales channel.

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 which contains the investor’s instructions to the SRS operator bank to withdraw from the investor’s SRS account the subscription monies in respect of the Units applied for.

Units will only be issued on a cleared funds basis.

10.2 Minimum initial and subsequent subscription amount

The minimum initial and subsequent subscription amount in DiversiGrowth S\$ Fund during the Offer Period is S\$1,000.

The minimum initial and subsequent subscription amount in and DiversiGrowth US\$ Fund during the Offer Period is US\$1,000.

10.3 Offer Price and Offer Period

Units in DiversiGrowth S\$ Fund and DiversiGrowth US\$ Fund will only be offered during the Offer Period at the offer price (the “**Offer Price**”) of S\$1.00 per Unit and US\$1.00 per Unit respectively.

No Units will be offered and no subscriptions for Units will be accepted after the Offer Period.

10.4 Numerical example of how Units are allotted

10.4.1 DiversiGrowth S\$ Fund

Based on an investment amount of S\$1,000 at the Offer Price of S\$1.00 per Unit, the number of Units allotted in DiversiGrowth S\$ Fund will be calculated as follows:

$$\begin{array}{rclcl} \text{S\$1,000} & \div & \text{S\$1.00} & = & 1,000 \text{ Units} \\ \text{Investment} & & \text{Offer Price*} & & \text{Number of Units of} \\ \text{amount} & & & & \text{DiversiGrowth S\$ Fund allotted} \end{array}$$

* Includes preliminary charge of 5.0%.

10.4.2 DiversiGrowth US\$ Fund

Based on an investment amount of US\$1,000 at the Offer Price of US\$1.00 per Unit, the number of Units allotted in DiversiGrowth US\$ Fund will be calculated as follows:

$$\begin{array}{rclcl} \text{US\$1,000} & \div & \text{US\$1.00} & = & 1,000 \text{ Units} \\ \text{Investment} & & \text{Offer Price*} & & \text{Number of Units of} \\ \text{amount} & & & & \text{DiversiGrowth US\$ Fund allotted} \end{array}$$

* Includes preliminary charge of 5.0%.

10.5 Confirmation of purchase

A confirmation note detailing the investment amount and the number of Units allotted will be sent to Holders within seven Business Days following receipt by the Managers of cleared funds.

10.6 Minimum Sub-Fund size

The commencement of DiversiGrowth S\$ Fund or DiversiGrowth US\$ Fund after the Offer Period is subject to the Sub-Fund receiving a minimum amount of subscription monies of S\$50 million or US\$50 million respectively (or such other amounts as the Managers deem sufficient to operate the relevant Sub-Fund) (the “**Minimum Sub-Fund Size**”), upon the close of the Offer Period.

The Managers reserve the right not to issue Units and to return any subscription monies received (without interest) to investors as soon as practicable but no less than 30 Business Days after the close of the Offer Period in the event that the Minimum Sub-Fund Size is not reached or if the Managers are of the view that it is not in the interest of investors to proceed with the launch and in such event that the relevant Sub-Fund shall be deemed not to have commenced and Units will be deemed not to have been issued.

10.7 Cancellation of initial subscription

Subject to the relevant cancellation provisions in the Deed and to the cancellation terms and conditions in the cancellation form provided together with the application form for Units, every first time individual investor shall have the right to cancel his subscription for Units in DiversiGrowth S\$ Fund and DiversiGrowth US\$ Fund within 7 calendar days (or such other period as may be prescribed or permitted by the Authority from the date of his initial subscription) by submitting the cancellation form or a written cancellation request to the Managers or any agent or distributor appointed by the Managers. Investors should refer to the cancellation terms and conditions attached to the cancellation form for the full details relating to the cancellation of subscription.

11. REALISATION OF UNITS

11.1 Realisation procedure prior to the Maturity Date

Holders may realise their Units in full or partially by making a request in writing for the realisation of Units (“**Realisation Request**”) via realisation forms which may be obtained from the Managers or any agent or distributor appointed by the Managers. The Realisation Request must specify the number of Units of the relevant Sub-Fund to be realised. In the case of partial realisation, the balance after realisation must satisfy the minimum holding requirement (see Paragraph 11.2 below).

11.2 Minimum holding and minimum realisation amount

Holders may realise their Units in full or partially. Partial realisation of Units must be for at least 1,000 Units, subject to the Holder maintaining a minimum holding of at least 1,000 Units (or such other number of Units or amount as may from time to time be determined by the Managers).

The Managers will not impose a realisation charge on Units redeemed on or prior to the Maturity Date.

11.3 Dealing deadline and pricing basis

11.3.1 A “**Dealing Day**” in connection with the 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.

Prior to the Maturity Date, Holders may realise their Units on any Dealing Day. Units in respect of Realisation Requests received and accepted by the Managers on or before 3 p.m. Singapore time (the “**Dealing Deadline**”) on a Dealing Day shall be realised at that Dealing Day’s realisation price (calculated in accordance with realisation provisions in the Deed).

Realisation Requests received after the Dealing Deadline on a Dealing Day or at any time on a day that is not a Dealing Day will be treated as having been received on the next Dealing Day.

For example, if a Holder sells Units on or before 3 p.m. Singapore time on a Dealing Day, the Holder will be paid a price based on the realisation price of the relevant Sub-Fund at the close of that Dealing day. If the Holder sells after 3 p.m. Singapore time, the Holder will be paid a price based on the realisation price at the close of the next Dealing Day.

The realisation price per Unit of a Sub-Fund shall be determined in accordance with Clause 11.6.1 of the Trust Deed and shall be the price per Unit ascertained by the Managers by calculating the net asset value per Unit of such Sub-Fund as at the Valuation Point in relation to the Dealing Day on

which the Realisation Request is received (or the Maturity Date or such other date determined by the Managers on which Units are to be automatically redeemed, as the case may be) of the proportion of the Authorised Investments and cash which on such Dealing Day (or such Maturity Date or such other date determined by the Managers on which Units are to be automatically redeemed, as the case may be) formed or were deemed to form part of the deposited property of such Sub-Fund equal to the proportion of the deposited property of such Sub-Fund then represented by one Unit of such Sub-Fund; by deducting therefrom the realisation charge (if any) and by calculating the resultant total to four decimal places and rounding down to the nearest S\$0.005 in the case of DiversiGrowth S\$ Fund or US\$0.005 in the case of DiversiGrowth US\$ Fund (or such other method of rounding or number of decimal places as may be determined by the Managers with the approval of the Trustee). The amount of the rounding adjustment aforesaid shall be retained by the relevant Sub-Fund (unless and to the extent that the Authority permits the Managers to retain the adjustment for their own benefit). The Managers may, subject to the prior approval of the Trustee, change the method of determining the Realisation Price as provided, and the Trustee shall determine if the Holders should be informed of such changes.

“**Valuation Day**” in relation to any particular Dealing Day of any Sub-Fund means either such Dealing Day or the day immediately following such Dealing Day, or such other day or days as the Managers with the prior approval of the Trustee may from time to time determine, and the Trustee shall determine if notice should be given to Holders of such change.

- 11.3.2** Holders who hold their Units until the Maturity Date shall be deemed to have submitted their Realisation Requests for all Units held on the Maturity Date.

Investors should also note that only those who hold all their Units in DiversiGrowth S\$ Fund and DiversiGrowth US\$ Fund until the Maturity Date will be entitled to receive the Capital Protected Value on that date. If investors choose to realise their Units before the Maturity Date, the realisation price will be based on the prevailing net asset value per Unit which can vary according to market fluctuations and be less than the Capital Protected Value.

11.4 Numerical example of calculation of realisation proceeds:

11.4.1 DiversiGrowth S\$ Fund

Based on the realisation of 1,000 Units at a notional realisation price of S\$0.85 per Unit and no realisation charge, the realisation proceeds payable to a Holder will be calculated as follows:

$$\begin{array}{rclcl}
 1,000 \text{ Units} & \times & \text{S\$0.85} & = & \text{S\$850.00} \\
 \text{Realisation request} & & \text{Realisation Price*} & & \text{Realisation proceeds}
 \end{array}$$

* No realisation charge is imposed.

11.4.2 DiversiGrowth US\$ Fund

Based on the realisation of 1,000 Units at a notional realisation price of US\$0.85 per Unit and no realisation charge, the realisation proceeds payable to a Holder will be calculated as follows:

$$\begin{array}{rclcl} 1,000 \text{ Units} & \times & \text{US\$0.85} & = & \text{US\$850.00} \\ \text{Realisation request} & & \text{Realisation Price*} & & \text{Realisation proceeds} \end{array}$$

* No realisation charge is imposed.

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

11.5 Payment of realisation proceeds

Payment of realisation proceeds before the Maturity Date

Realisation proceeds shall normally be paid by cheque or credited to the Holder's SRS account, as applicable, within six Business Days in Singapore of the Dealing Day following the receipt and acceptance of the realisation form by the Managers or their duly authorised agent unless the realisation of Units has been suspended in accordance with Paragraph 13 of this Prospectus.

Payment of realisation proceeds on the Maturity Date

Realisation proceeds shall be paid by cheque or credited to the Holder's SRS account, as applicable, within 14 Business Days in Singapore (or such other period as may be permitted by the Authority) following the Maturity Date, unless the realisation of Units has been suspended in accordance with Paragraph 13 of this Prospectus.

12. OBTAINING PRICES OF UNITS

The Offer Price of Units of DiversiGrowth S\$ Fund and DiversiGrowth US\$ Fund can be found in Paragraph 10.3 of this Prospectus and the indicative realisation prices of Units can be obtained from The Straits Times, The Business Times, Lianhe Zaobao, Today, Teletext or the Managers' website at www.uobam.com.sg or any other website or publication or medium designated by the Managers, if applicable, or by calling the Managers' 24-hour hotline at telephone number 1800 222 2228.

The actual prices will generally be published two Business Days after the relevant Dealing Day in Singapore dollars or US dollars, as applicable.

Investors should note that the frequency of the publication of the prices is dependent on the publication policies of the newspaper publisher concerned. The Managers do not accept any responsibility for any errors of the prices published in the newspapers or for any non-publication or late publication of prices.

13. SUSPENSION OF DEALING AND VALUATION

The Managers or the Trustee may, subject to the provisions of the Deed, suspend the realisation and calculation of the Value (as defined in the Deed) of Units during:

13.1.1 any period when the Recognised Stock Exchange or the OTC Market on which any Authorised Investments forming part of the deposited property (whether of the Sub-Funds or of the Fund) for the time being are dealt in is closed (otherwise than for ordinary holidays) or during which dealings are restricted or suspended;

13.1.2 any period when dealings in any underlying entity in which a Sub-Fund is invested in is suspended or restricted;

13.1.3 the existence of any state of affairs which, in the opinion of the Managers, might seriously prejudice the interests of the Holders as a whole or of the deposited property of a Sub-Fund;

13.1.4 any breakdown in the means of communication normally employed in determining the price of any of such Authorised Investments or the current price thereof on that Recognised Stock Exchange or that OTC Market or when for any reason the prices of any of such Authorised Investments cannot be promptly and accurately ascertained;

13.1.5 any period when remittance of money which will or may be involved in the realisation of such Authorised Investments or in the payment for such Authorised Investments cannot, in the opinion of the Managers, be carried out at normal rates of exchange;

13.1.6 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);

13.1.7 any period when the dealing of Units is suspended pursuant to any order or direction issued by the Authority; or

13.1.8 any period when the business operations of the Managers or the Trustee in relation to the operation of the Fund or a Sub-Fund are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God.

13.2 Such suspension shall take effect forthwith upon the declaration in writing thereof to the Trustee by the Managers (or, as the case may be, to the Managers by the Trustee) and shall terminate on the day following the 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 13 shall exist upon the declaration in writing thereof by the Managers (or, as the case may be, by the Trustee).

14. BENCHMARK

As DiversiGrowth S\$ Fund and DiversiGrowth US\$ Fund are newly established schemes, a track record of at least one year is not available at the date of registration of this Prospectus.

The benchmark against which the performance of DiversiGrowth S\$ Fund will be measured is 12-month Singapore Dollar Fixed Deposit Rate.

The benchmark against which the performance of DiversiGrowth US\$ Fund will be measured is 12-month United States Dollar Fixed Deposit Rate.

15. SOFT DOLLAR COMMISSIONS / ARRANGEMENTS

15.1 The Managers may receive or enter into soft-dollar commissions/arrangements. The Managers will comply with applicable regulatory and industry standards on soft-dollars. The soft-dollar commissions which the Managers may receive include specific advice as to the advisability of dealing in, or 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, computer hardware and software or any other information facilities to the extent that they are used to support the investment decision making process, the giving of advice or the conduct of research or analysis and custodial service in relation to the investments managed for clients.

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

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

16. CONFLICTS OF INTEREST

The Managers are of the view that they see no conflict of interest in managing their other funds and DiversiGrowth S\$ Fund and DiversiGrowth US\$ Fund because of the following structures in place:

16.1 Investment decisions for each fund are made impartially. There are no preferred customers or funds and all accounts are treated equally.

16.2 The Managers subscribe to the Code of Ethics and The Standards of Professional Conduct as prescribed by the CFA Institute in U.S.A. CFA Institute is the primary professional organisation for security analysts, investments managers and others who are related to the investment decision-making process. All Chartered Financial Analyst

charter holders of CFA Institute and candidates who are in pursuit of the charter, including those from Singapore, are expected to comply with standards prescribed by the CFA Institute. 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 investment public.

- 16.3** In addition, despite the possible overlap in the scope of investments, DiversiGrowth S\$ Fund and DiversiGrowth US\$ Fund are not identical to any of the other funds managed by the Managers and investment decisions are made according to the individual risk return characteristics of DiversiGrowth S\$ Fund and DiversiGrowth US\$ Fund. If the same orders for investments are made simultaneously by the various funds managed by the Managers, the Managers will endeavour to allocate such investments fairly among the funds on a pro rata basis.
- 16.4** The Managers and the Trustee shall conduct all transactions with or for the Fund or DiversiGrowth S\$ Fund and DiversiGrowth US\$ Fund on an arm's length basis.

17. REPORTS

Financial year-end and distribution of reports

The financial year-end for the Fund is 31 December. The annual reports, 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 Authority). 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. within two months of 30 June (or such other period as may be permitted by the Authority).

18. QUERIES AND COMPLAINTS

All enquiries about DiversiGrowth S\$ Fund, DiversiGrowth US\$ Fund or the Fund should be directed to the Managers.

24 hour Hotline No: 1800 222 2228
Fax No: 6534 3909
Email: uobam@uobgroup.com

19. OTHER MATERIAL INFORMATION

19.1 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 are any transaction(s) within a particular month, Holders will receive an additional statement at the end of that month.

19.2 Distribution of income and capital

When the Managers have determined that a distribution of income and/or capital is to be made for any payouts for DiversiGrowth S\$ Fund and DiversiGrowth US\$ Fund, the Managers may by notice in writing direct the Trustee to distribute such

part or all of the income of DiversiGrowth S\$ Fund and DiversiGrowth US\$ Fund and if the Managers deem fit such part of the capital or such part or all of the net capital gains realised on the sale of Authorised Investments in relation to the DiversiGrowth S\$ Fund and DiversiGrowth US\$ Fund in respect of the amount available for distribution for such period as the Managers may in their absolute discretion determine and at such time and in accordance with such method of calculations as the Trustee and the Managers may agree having regard to the provisions of the Deed.

19.3 Taxation

Investors should seek advice from their tax consultants to determine the possible tax consequences of an investment in DiversiGrowth S\$ Fund and DiversiGrowth US\$ Fund. Specifically, the payouts (if any) and the realisation proceeds at the Maturity Date of DiversiGrowth S\$ Fund and DiversiGrowth US\$ Fund may be reduced if any tax, duty or levy fee or any other cost is payable by DiversiGrowth S\$ Fund and DiversiGrowth US\$ Fund as a result of any action taken by the relevant taxing authority or court of competent jurisdiction.

19.4 Investment restrictions and borrowing limits

As DiversiGrowth S\$ Fund and DiversiGrowth US\$ Fund are structured product funds, they are subject (unless otherwise permitted by the Authority) to the investment restrictions and borrowing limits set out in Appendix 1 of the Code relating to Non-Specialised Funds (as defined in the Deed) and Annex 1a of the Code relating to Exceptions to Single Party Rule for Investments in Structured Products (reproduced together as the Appendix), as the same may be amended, restated, supplemented or replaced from time to time.

The investment restrictions relate in general to investments in unlisted securities, the single party limit for structured products, securities lending, investments in derivatives, prohibited investments and activities and borrowings. Please see the Appendix for further details.

19.5 Holders' right to vote

19.5.1 A meeting of the Holders of all the Sub-Funds of the Fund duly convened and held in accordance with the provisions of the Schedule of the Deed shall be competent by Extraordinary Resolution:

- (i) to sanction any modification, alteration or addition to the provisions of the Deed which shall be agreed by the Trustee and the Managers;
- (ii) to sanction a supplemental deed increasing the maximum permitted percentage of the management fee, the trustee fee or the distribution fee;
- (iii) to terminate the Fund;
- (iv) to remove the Auditors;
- (v) to remove the Trustee; and
- (vi) to remove the Managers,

but shall not have any further or other powers.

An “**Extraordinary Resolution**” means a resolution proposed and passed as such by a majority consisting of seventy-five percent. or more of the total number of votes cast for and against such resolution.

19.5.2 A meeting of the Holders of a Sub-Fund duly convened and held in accordance with the provisions of the Schedule of the Deed shall be competent by Extraordinary Resolution:

- (i) to sanction any modification, alteration or addition to the provisions of the Deed which shall be agreed by the Trustee and the Managers to the extent that such modification, alteration or addition affects the Holders of the relevant Sub-Fund;
- (ii) to sanction a supplemental deed increasing the maximum permitted percentage of the management fee, the trustee fee or the distribution fee in relation to the relevant Sub-Fund; and
- (iii) to terminate the relevant Sub-Fund,

but shall not have any further or other powers.

19.6 Exemption from liability

19.6.1 The Trustee and the Managers 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.

19.6.2 The Trustee and the Managers shall incur no liability to the Holders or to any other person 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 therefore or thereby.

19.6.3 Neither the Trustee nor the Managers shall be responsible for any authenticity of any signature or of any seal affixed to any transfer or form of application, endorsement or other document affecting the title to or transmission of Units or be in any way liable for any forged or unauthorised signature on or any seal affixed to such endorsement, transfer or other document or for

acting upon or giving effect to any such forged or unauthorised signature or seal. The Trustee and the Managers respectively shall nevertheless be entitled but not bound to require that the signature of any such person to any document required to be signed by him under or in connection with the Deed shall be verified to its or their reasonable satisfaction.

19.6.4 Any indemnity expressly given to the Trustee or the Managers in the Deed is in addition to and without prejudice to any indemnity allowed by law; provided nevertheless that any provision of the Deed shall be void insofar as it would have the effect of exempting the Trustee or the Managers from or indemnifying them against any liability for breach of trust or any liability which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default, breach of duty or trust of which they may be guilty in relation to their duties where they fail to show the degrees of diligence and care required of them having regard to the provisions of the Deed.

19.6.5 Nothing herein contained shall be construed so as to prevent the Managers and the Trustee in conjunction or the Managers or the Trustee separately from acting as managers or trustee of trusts separate and distinct from the Fund and neither of them shall in any way be liable to account to the Fund or any other person for any profit or benefit made or derived hereby or in connection therewith.

19.6.6 Neither the Trustee nor the Managers shall be responsible for acting upon any resolution purported to have been passed at any meeting of the Holders in respect whereof minutes shall have been made and signed even though it may be subsequently found that there was some defect in the constitution of the meeting or the passing of the resolution or that for any reason the resolution was not binding upon all the Holders.

19.7 Valuation

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

19.7.1 a Quoted Investment, shall be calculated by reference to the last known transacted price or the last transacted price (or, with the approval of the Trustee, the last bid price) as at the last official close on such Recognised Stock Exchange or 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); where such Quoted Investment is listed, dealt or traded in more than one Recognised Stock Exchange or OTC Market, the Managers (or such person as the Managers shall appoint for the purpose) may in their absolute discretion select any one of such Recognised Stock Exchange or OTC Market for the foregoing purposes and, if there be no such last known transacted price or transacted price, the value shall be calculated by reference to the last bid prices 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);

- 19.7.2** an Unquoted Investment, shall be calculated by reference to, where applicable, the initial value thereof being the amount expended in the acquisition thereof or the last bid prices quoted by responsible firms, corporation 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) as may be determined by the Managers to represent the fair value of such Authorised Investment;
- 19.7.3** cash, deposits and similar assets shall be valued at their face value (together with accrued interest) unless, in the opinion of the Managers (after consultation with the Trustee), any adjustment should be made to reflect the value thereof; and
- 19.7.4** a unit or share in a unit trust or mutual fund or collective investment scheme shall be value at the latest published or available net asset value per unit or share, or if no net asset value per unit or share is published or available, then at their latest available realisation price; and
- 19.7.5** an Investment other than as described above, shall be valued in such manner and at such time as the Managers after consultation with the Trustee shall from time to time determine.

PROVIDED THAT, if the quotations referred to in Paragraphs 19.7.1 to 19.7.5 above are not available, or if the value of the Authorised Investment determined in the manner described in Paragraphs 19.7.1 to 19.7.5 above, in the opinion of the Managers, do not represent a fair value of such Authorised Investment, then the value shall be such value as the Managers may consider in the circumstance to be fair and is approved by the Trustee and the Managers shall notify the Holders of such change if required by the Trustee. For the purposes of this proviso, the “**fair value**” shall be determined by the Managers in consultation with an approved stockbroker or an approved valuer and with the approval of the Trustee.

19.8 Termination of Fund or Sub-Fund

- 19.8.1** Either the Trustee or the Managers may in their absolute discretion terminate the Fund by not less than six months' notice in writing to the other. Either the Trustee or the Managers shall be entitled by notice in writing as aforesaid to make the continuation of the Fund beyond any such date conditional on the revision to its or their satisfaction at least three months before the relevant date of its or their remuneration hereunder. In the event that the Fund is to be terminated or discontinued the Managers shall give notice thereof to all Holders not less than three months in advance. Subject as aforesaid the Fund shall continue until terminated in the manner hereinafter provided.

19.8.2 Subject to Section 295 of the SFA, the Fund may be terminated by the Trustee by notice in writing as hereinafter provided in any of the following events, namely:

- (i) if the Managers shall go into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or if a receiver is appointed over any of their assets or if a judicial manager is appointed in respect of the Managers or if any encumbrancer shall take possession of any of their assets or if they shall cease business;
- (ii) if any law shall be passed, any authorisation withdrawn or revoked or any direction issued by the Authority which renders it illegal or in the opinion of the Trustee impracticable or inadvisable to continue the Fund or any Sub-Fund;
- (iii) if within the period of three months from the date of the Trustee expressing in writing to the Managers the desire to retire the Managers shall have failed to appoint a new trustee within the terms of the Deed; and
- (iv) if within the period of three months from the date of the Trustee removing the Managers, the Trustee shall have failed to appoint new managers within the terms of the Deed.

The decision of the Trustee in any of the events specified in this Paragraph 19.8.2 shall be final and binding upon all the parties concerned but the Trustee shall be under no liability on account of any failure to terminate the Fund pursuant to this Paragraph 19.8.2 or otherwise. The Managers shall accept the decision of the Trustee and relieve the Trustee of any liability to them therefore and hold it harmless from any claims whatsoever on their part for damages or for any other relief.

19.8.3 Any Sub-Fund may be terminated by the Managers in their absolute discretion by notice in writing as hereinafter provided (i) if the aggregate net asset value of the deposited property of that Sub-Fund shall be less than S\$5,000,000 (or US\$5,000,000 in the case of a Sub-Fund denominated in US Dollars) at any time, (ii) if any law shall be passed, any authorisation withdrawn or revoked or any direction issued by the Authority which renders it illegal or in the opinion of the Managers impracticable or inadvisable to continue that Sub-Fund or (iii) at any time after the maturity date of that Sub-Fund or such date of early termination as determined by the Managers at the establishment of that Sub-Fund.

19.8.4 The Fund may be terminated by the Managers in their absolute discretion by notice hereinafter provided (i) on the first anniversary of the date of this Deed or on any date thereafter if on such date the aggregate net asset value

of the deposited property of the Fund shall be less than S\$5,000,000, (ii) if any law shall be passed, any authorisation withdrawn or revoked or any direction issued by the Authority which renders it illegal or in the opinion of the Managers impracticable or inadvisable to continue the Fund or (iii) at any time if all Sub-Funds of the Fund have been terminated.

19.8.5 Save in the cases of sub-Paragraphs 19.8.3(iii) and 19.8.4(iii), the party terminating the Fund or the relevant Sub-Fund shall give notice thereof to the Holders fixing the date at which such termination is to take effect which date shall not be less than one month after the service of such notice. The Managers shall give written notice thereof to the Authority not less than seven days before such termination.

19.8.6 The Fund may be terminated by Extraordinary Resolution of a meeting of the Holders of all the Sub-Funds duly convened and held in accordance with the provisions contained in the Schedule hereto as hereinafter provided:

- (i) at any time after one year from the date of the Deed; and
- (ii) at any time in accordance with Section 295 of the SFA.

19.8.7 Any Sub-Fund may be terminated by Extraordinary Resolution of a meeting of the Holders of that Sub-Fund duly convened and held in accordance with the provisions contained in the Schedule to the Deed:

- (i) at any time after one year from the date of commencement of that Sub-Fund; and
- (ii) at any time in accordance with Sections 295 of the SFA.

19.8.8 The termination of the Fund or a Sub-Fund shall take effect from the date on which the relevant Extraordinary Resolution is passed or such later date (if any) as that Extraordinary Resolution may provide.

APPENDIX - NON-SPECIALISED FUNDS INVESTMENT GUIDELINES

1. Unlisted Securities

- 1.1 Investments in unlisted securities including unlisted derivatives should not exceed 10% of the deposited property of the Sub-Fund. This 10% limit does not apply to shares offered through an initial public offering which have been approved for listing and unlisted debt securities that are traded on an organised over-the-counter market which is of good repute and open to the public.
- 1.2 Up to an additional 10% of the deposited property of the Sub-Fund may be invested in unlisted debt securities which are of investment grade (i.e. rated at least Baa by Moody's, BBB by Standard and Poor's or BBB by Fitch Inc) but for which there is no ready secondary market.
- 1.3 Exceptions to the 10% unlisted securities rule are also allowed for structured products subject to the criteria set out in paragraph 8 below.

2. Single Party Limit

- 2.1 Up to 10% of the deposited property of the Sub-Fund may consist of securities issued by and deposits placed with the same entity (a company, its subsidiaries, fellow subsidiaries and holding company are regarded as one entity). The issuer of securities held as collateral by the Sub-Fund should be included in computing the Sub-Fund's exposure to that issuer. For the avoidance of doubt, as securities lent remain the property of the Sub-Fund, these should continue to be included in the computation of the single party limit. If the Sub-Fund tracks a benchmark which is widely accepted and constructed by an independent party, the single party limit will be the higher of 10% or the benchmark weighting of the issuer.
- 2.2 The single party limit in paragraph 2.1 does not apply where:
 - 2.2.1 the issuer is, or the issue has the benefit of a guarantee from, either a government, government agency or supranational that has a minimum long-term issuer rating of AA by Fitch Inc, Aa by Moody's or AA by Standard & Poor's (including such sub-categories or gradations therein); and
 - 2.2.2 except if the Sub-Fund has a fixed maturity, not more than 20% of the deposited property of the Sub-Fund may be invested in any single issue of securities by the same issuer.
- 2.3 Exceptions to the single party limit are allowed for structured products tailor made for the Sub-Fund such that the issuer(s) of the securities and/or instruments, or an entity other than the issuer(s) (the "**Third Party**"), stands ready to unwind the product(s) at prevailing market prices so as to enable the Sub-Fund to meet redemptions on each Dealing Day ("**Structured Products**"), subject to the criteria set out in paragraph 8 below.

- 2.4** For the avoidance of doubt, the single party limit does not apply to placement of short-term deposits arising from:
- 2.4.1** subscription monies received at the Sub-Fund's inception pending the commencement of investment by the Sub-Fund;
 - 2.4.2** liquidation of investments pending reinvestment; or
 - 2.4.3** liquidation of investments maturing shortly before the maturity of the Sub-Fund if it has a fixed duration and where the placing of these monies with various institutions would not be in the interests of Holders.
- 2.5** The Sub-Fund may not hold more than 10% of any single issue of securities by the same issuer.

3. Securities Lending

- 3.1** Up to 50% of the deposited property of the Sub-Fund may be lent provided adequate collateral, in the form of instruments consistent with the investment objective and character of the Sub-Fund and with a remaining term to maturity of not more than 366 days, is taken. If cash received as collateral is invested, these should be invested in the form of instruments described above.
- 3.2** In addition, securities lending is subject to the following conditions:
- 3.2.1** the collateral is marked to market daily; and
 - 3.2.2** the Trustee or its representative takes delivery of the collateral immediately.
- 3.3** Where the Sub-Fund is also entitled at all times to immediately recall the securities lent without penalty, up to 100% of the deposited property of the Sub-Fund may be lent.

4. Derivatives

- 4.1** The Sub-Fund may only invest in financial derivatives for the purpose of:
- 4.1.1** hedging existing positions in a portfolio; or
 - 4.1.2** efficient portfolio management, provided that derivatives are not used to gear the overall portfolio.
- 4.2** The restriction in paragraph 4.1 does not apply where the Sub-Fund receives a free distribution of warrants arising from corporate actions of entities in which it is already invested.

5. Prohibited Investments and Activities

5.1 The Sub-Fund should not invest in:

5.1.1 metals including gold, commodities and their derivatives; or

5.1.2 infrastructure projects and real estate.

5.2 The Sub-Fund should not engage in:

5.2.1 direct lending of monies or the granting of guarantees;

5.2.2 underwriting; or

5.2.3 short selling except where this arises from derivative transactions which are used for hedging or efficient portfolio management.

6. Borrowings

The Sub-Fund may borrow only for the purposes of meeting redemptions and short-term (not more than four weeks) bridging requirements. Aggregate borrowings for such purposes should not exceed 10% of the deposited property of the Sub-Fund at the time the borrowing is incurred.

7. Breach of Limits

7.1 The unlisted securities, single party, securities lending and borrowing limits in paragraphs 1, 2, 3 and 6 are applicable at the time the transactions are entered into. Where any of these limits is breached as a result of:

7.1.1 the appreciation or depreciation of the deposited property of the Sub-Fund;

7.1.2 any redemption of units or payments made from the Sub-Fund;

7.1.3 any changes in the total issued nominal amount of securities of a company arising for example from rights, bonuses or benefits which are capital in nature; or

7.1.4 the reduction in the weight of a security in the benchmark being tracked by the Sub-Fund,

the Managers should not enter into any transaction that would increase the extent to which the relevant limit is breached. In addition, the Managers should within a reasonable period of time but no later than three months from the date of the breach, take action as is necessary to rectify the breach. This period may be extended if the Managers satisfy the Trustee that it is in the best interest of the Holders. Such extension should be subject to monthly review by the Trustee.

8. Exceptions to Single Party Rule for Investments in Structured Products

8.1 Issuer and Counter-party Requirements

8.1.1 The unlisted securities limit may be increased to one-third of the deposited property of the Sub-Fund only for investing in unlisted derivatives that form part of a Structured Product and only if the counterparty and, where applicable, the Third Party in the transaction meet the minimum ratings set out in paragraph 8.1.2 below.

8.1.2 For the single party limit to be **increased to** one-third of the deposited property of the Sub-Fund:

- (a) in the case where the issuer of the security is a corporation government, government agency or supranational, it should have a minimum long-term issuer rating of A by Fitch Inc, A by Moody's or A by Standard and Poor's (including such sub-categories or gradations therein); and
- (b) in the case where a deposit is placed with a financial institution ("FI"), the FI should have a minimum individual rating of B by Fitch Inc or a financial strength rating of B by Moody's.

Where there is a Third Party to the Structured Product, it should also have the aforementioned ratings.

8.1.3 For the single party limit to be **entirely waived**, the issuer should be, or the issue should have the benefit of a guarantee from, either a government, government agency, or supranational that has a minimum long-term issuer rating of AA by Fitch Inc, Aa by Moody's or AA by Standard and Poor's (including such sub-categories or gradations therein). Where there is a Third Party to the Structured Product, it should have the ratings specified in paragraph 8.1.2 above.

8.2 Approval by the Authority

8.2.1 The term to maturity of the Structured Product will be taken into account in considering if the single party limit should be relaxed to one-third or entirely waived.

8.2.2 Approval should be sought where the issuer or the Third Party that stands ready to unwind the Structured Product is also the issuer of an equity or derivative component which is designed to enhance the return of the Sub-Fund. The Authority will assess each application to determine if additional requirements need to be imposed.

8.3 Revisions in Ratings of Issuer or Counter-party

8.3.1 Where the rating of the issuer referred to in paragraph 8.1.2(a) or of the Third Party:

- (a) falls to BBB by Fitch Inc, Baa by Moody's or BBB by Standard and Poor's (including such sub-categories or gradations therein), no action need to be taken; or
- (b) falls below those specified in (a) above or if the issuer or Third Party ceases to be rated, the Managers should within three months from the occurrence of such event take action to comply with the 10% single party limit. The three-month period may be extended if the Managers satisfy the Trustee that it is in the best interest of the Holders. Such extension should be subject to monthly review by the Trustee.

8.3.2 Where the rating of the FI referred to in paragraph 8.1.2(b) or of the Third Party:

- (a) falls to an individual rating of C by Fitch Inc or a financial strength rating of C by Moody's (including such sub-categories or gradations therein), no action need to be taken; or
- (b) falls below those specified in (a) above or if the issuer or Third Party ceases to be rated, the Managers should within three months from the occurrence of such event take action to comply with the 10% single party limit. The three-month period may be extended if the Managers satisfy the Trustee that it is in the best interest of the Holders. Such extension should be subject to monthly review by the Trustee.

8.3.3 Where the rating of the issuer referred to in paragraph 8.1.3:

- (a) falls to A by Fitch Inc, A by Moody's or A by Standard and Poor's (including such sub-categories or gradations therein), no action need to be taken; or
- (b) falls below those specified in (a) above or if the issuer ceases to be rated, the Managers should within three months from the occurrence of such event take action to comply with the 10% single party limit. The period may be extended if the Managers satisfy the Trustee that it is in the best interest of the Holders. Such extension should be subject to monthly review by the Trustee.