

26 September 2018

## ANNOUNCEMENT

### UNITED SSE 50 CHINA ETF

- Change of investment strategy to a full replication strategy and change to fees and charges
- Change of designated market maker to Phillip Securities Pte Ltd
- Change in minimum creation and redemption size to 100,000 Units

We, UOB Asset Management Ltd (“**UOBAM**”) as managers of the **UNITED SSE 50 CHINA ETF** (the “**Sub-Fund**”), a sub-fund of UETF, hereby announce the following changes to the Sub-Fund which will take effect from 8 November 2018 (the “**Effective Date**”).

#### Change of investment strategy and change to fees and charges

The investment objective of the Sub-Fund is to provide investment results that, before fees, costs and expenses (including any taxes and withholding taxes), closely correspond to the performance of the SSE 50 Index (the “**SSE 50**”).

**There is no change to the investment objective of the Sub-Fund. Fees and charges associated with the old investment strategy (namely, the maintenance fee, the P-Notes transaction fee and the arrangement fee as described in the current prospectus of the Sub-Fund) will not apply from the Effective Date.**

**There will be a change to certain fees and charges from the Effective Date (as set out in the Annex).**

#### Old investment strategy

The current prospectus of the Sub-Fund discloses that we adopt a synthetic replication strategy in respect of the Sub-Fund where index performance (of the SSE 50) is replicated through the use of derivatives. The Sub-Fund invests in a type of market access product known as P-Notes, which are linked to a composite portfolio comprising of a notional underlying basket of A-Shares designed to track as closely as possible, before fees, costs and expenses (including any taxes and withholding taxes), the performance of the SSE 50. The Sub-Fund is currently invested in P-Notes issued by BNP Paribas Issuance B.V. (the “**BNP P-Notes**”).

#### New investment strategy

With effect from the Effective Date, the investment strategy of the Sub-Fund will be changed and the Sub-Fund will no longer invest in the BNP P-Notes.

We will adopt a full replication strategy in respect of the Sub-Fund whereby all, or substantially all, of the Sub-Fund’s assets will be invested in constituent securities of the SSE 50 (the “**SSE 50 Securities**”) in substantially the same weightings as reflected in the SSE 50.



The Sub-Fund may make direct investments into A-Shares through the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and/or through such other schemes which allow direct investments into A-Shares.

We may in our absolute discretion also invest the Sub-Fund's assets in non-SSE 50 Securities in order to achieve the Sub-Fund's investment objective.

At any time, the Sub-Fund will consist of as many of the SSE 50 Securities as is practicable. We will review the investment portfolio of the Sub-Fund regularly. We will adjust or rebalance the investment portfolio, when necessary, to reflect changes in the composition of, or to the weightings of securities in, the SSE 50 or to be more in line with the performance and characteristics of the SSE 50. This is done with a view to minimising the Sub-Fund's tracking error (i.e. the difference between the performance of the Sub-Fund's investment portfolio and that of the SSE 50). Such adjustment or rebalancing may be in the form of investments in non-SSE 50 Securities.

In addition, given that securities may be and are added to or removed from the SSE 50 from time to time, we may sell SSE 50 Securities or purchase securities that are not yet represented in the SSE 50 in anticipation of their removal from or addition to the SSE 50.

Various circumstances may make it impossible or impractical for the Sub-Fund to purchase each SSE 50 Security in the same weighting of such security as reflected in the SSE 50 and the Sub-Fund may not own certain SSE 50 Securities at any particular time.

In those circumstances, we may employ a combination of one or more investment techniques in seeking to closely track the SSE 50 as may be permitted under the Code on Collective Investment Schemes or as may be permitted by the Monetary Authority of Singapore. This may encompass the investment in non-SSE 50 Securities or the use of derivatives such as stock futures contracts. In those circumstances, if an optimisation and/or sampling approach is used where certain investments of the Sub-Fund are non-SSE 50 Securities, we may only use such approaches if the resultant fund characteristics closely match or correspond to the characteristics of the SSE 50 (unless otherwise permitted under the Code on Collective Investment Schemes or by the Monetary Authority of Singapore).

The Sub-Fund may also use and invest in derivatives.

#### Transition period

In order to implement the new investment strategy, the Sub-Fund's investment in the BNP P-Notes will be redeemed from 25 October 2018 in the lead up to the Effective Date. During this period, the Sub-Fund will hold a significantly higher than usual level of cash and cash equivalents.

Investments in line with the new investment strategy will be made on and from the Effective Date.

**Therefore, it is likely that there will be an adverse impact on the Sub-Fund's tracking error against the SSE 50 during this transition period.** The Sub-Fund may, from 1 November 2018, invest in derivatives such as stock futures contracts during this transition period to minimise the tracking error.

#### **Change of designated market maker**

The current designated market maker of the Sub-Fund is BNP Paribas Arbitrage SNC. With effect from the Effective Date, designated market maker will be changed to Phillip Securities Pte Ltd.

### **Change of minimum creation and redemption size**

With effect from the Effective Date, the minimum creation and redemption size will be reduced from 500,000 Units to 100,000 Units. This minimum creation and redemption size applies to participating dealers and market makers for the Sub-Fund. This may apply to you if you are subscribing or redeeming Units through a participating dealer for the Sub-Fund as the participating dealer will reject any application for less than the minimum creation and redemption size.

### **Updated prospectus and product highlights sheet**

The updated prospectus and updated product highlights sheet reflecting the above changes may be obtained through our website at [uobam.com.sg](http://uobam.com.sg) or during normal business hours at our operating office at 80 Raffles Place, 3rd Storey, UOB Plaza 2, Singapore 048624 or through our authorised agents, distributors and participating dealers for the Sub-Fund. The list of our authorised agents, distributors and participating dealers for the Sub-Fund is available through our website at [uobam.com.sg](http://uobam.com.sg). Unless otherwise defined in this announcement, terms and expressions used in this announcement shall have the same meanings ascribed to them under the prospectus for the ETF.

### **Further information**

For further information, investors can contact UOBAM at our hotline number 1800 22 22 228 from 8 am to 8 pm daily (Singapore time) or email us at [uobam@uobgroup.com](mailto:uobam@uobgroup.com) or contact their stockbrokers.

### **UOB Asset Management Ltd**

(Singapore Company Registration No. 198600120Z)

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### **Important Notice and Disclaimers**

This announcement is for general information only. It does not constitute an offer or solicitation to deal in units in the ETF.

The SGX-ST assumes no responsibility for the correctness of any of the statements or opinions expressed in this announcement. If you are in any doubt about this announcement, you should consult your stockbroker, bank manager, solicitor, professional accounting or other professional adviser.

The ETF is not in any way endorsed, sold, sponsored or promoted by the Shanghai Stock Exchange or China Securities Index Co., Ltd.. The Shanghai Stock Exchange and China Securities Index Co., Ltd. make no warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of the SSE 50 Index (the "SSE 50"), and/or the figure at which the said index stands at any particular time on any particular day or otherwise. The SSE 50 is calculated by China Securities Index Co., Ltd., and on behalf of Shanghai Stock Exchange which will adopt all necessary measures to ensure the accuracy of the SSE 50. However, the Shanghai Stock Exchange and China Securities Index Co., Ltd. shall not be liable (whether in negligence or otherwise) to any person for any error in the SSE 50 and shall not be under any obligation to advise any person of any error therein. The SSE 50 is owned by the Shanghai Stock Exchange.

## ANNEX

The following fees and charges will change with effect from the Effective Date.

### Fees and Charges Payable by an investor

<i>If the investor subscribes / redeems through Participating Dealers (either directly or through stockbrokers)</i>		
	<b>Current</b>	<b>From the Effective Date</b>
Participating Dealer fee	0.3% of the transaction value, subject to a minimum of S\$3,000*	0.3% of the transaction value, subject to a minimum of S\$600*

\*Payable by an investor if the investor submits a subscription or redemption application directly to a Participating Dealer. If the investor submits a subscription or redemption application through his/her stockbroker (who will in turn submit the subscription or redemption application to a Participating Dealer), the Participating Dealer will charge the stockbroker a Participating Dealer fee which will likely be ultimately passed to the investor. Investors should therefore contact the relevant stockbroker for the applicable terms and conditions for assisting him/her with his/her applications to us through a Participating Dealer.

### Fees and Charges Payable by Participating Dealers / Designated Market Makers

<b>Creation of Units:</b>		
	<b>Current</b>	<b>From the Effective Date</b>
Transaction Fee (applicable for each Creation Application)	S\$3,000 per Application subject to a maximum of S\$3,000 <sup>^</sup>	S\$600 per Application (in cash) <sup>^</sup> S\$2,000 per Application (in-kind) <sup>^</sup>
Application Cancellation Fee (only if applicable)	S\$3,000 per Application and subject to Cancellation Compensation (if applicable)	S\$2,000 per Application

Extension Fee <sup>1</sup>	-	S\$2,000 per Application
Partial Delivery Request Fee (only if applicable)	S\$3,000 per Application	S\$2,000 per Application

<b>Redemption of Units:</b>		
	<b>Current</b>	<b>From the Effective Date</b>
Transaction Fee (applicable for each Redemption Application)	S\$3,000 per Application and subject to a maximum of S\$3,000 <sup>^</sup>	S\$600 per Application (in cash) <sup>^</sup> S\$2,000 per Application (in-kind) <sup>^</sup>
Application Cancellation Fee (only if applicable)	S\$3,000 per Application and subject to Cancellation Compensation	S\$2,000 per Application
Extension Fee <sup>1</sup>	-	S\$2,000 per Application

<sup>^</sup> We may also charge Participating Dealers and the Designated Market Makers a sum which we consider represents the appropriate provision for the Duties and Charges payable in respect of the Creation Application or Redemption Application (as the case may be).

<sup>1</sup> An Extension Fee is payable by the Participating Dealer to the Trustee for its own benefit on each occasion that we grant the Participating Dealer's request for extending the settlement period.