

31 October 2014

Dear Unitholder

## **UNITED EUROPEAN SMALL AND MID CAP FUND – CONVERSION TO FEEDER FUND**

Thank you for investing in the United European Small and Mid Cap Fund (the "**Fund**"). We, UOB Asset Management Ltd (the "**Managers**"), the managers of the Fund, are writing to inform you of certain changes to the Fund.

### **Background information**

The investment objective of the Fund is to achieve long term capital growth mainly through investing in small and medium capitalisation securities of corporations listed, domiciled or having substantial operations in Europe. The current investment focus and approach of the Fund involves the selection of stocks mainly based on growth expectation, quality of management and profitability. The main focus will be on long term growth and the Fund will invest in small and medium capitalisation companies where valuation levels can be justified.

As a continuous effort to rationalise the Managers' resources, the Managers have decided to convert the Fund from investing directly into investments to investing through the Underlying Fund (as defined below). The Managers have selected the Underlying Fund following a rigorous due diligence process, during which the Managers have considered various factors such as the Underlying Fund's track record and the experience and capability of its management.

### **Change in investment focus and approach - conversion to feeder fund**

With effect from 1 December 2014 (the "**Effective Date**"), the Fund will change its investment focus and approach to investing all or substantially all of its assets in units of Pioneer Funds - European Potential (the "**Underlying Fund**"), a sub-fund of Pioneer Funds.<sup>1</sup>

The Fund may also hold liquid assets such as cash deposits and/or cash equivalents (including money market instruments, short term commercial paper, certificates of deposit, treasury bills, floating rate notes and fixed or variable rate commercial paper) for liquidity purposes.

For clarity, please note that there will be no change to the investment objective of the Fund.

### **About the Underlying Fund**

The Underlying Fund is a sub-fund of Pioneer Funds, which was created on 2 March 1998 as an undertaking for collective investment governed by the laws of the Grand Duchy of Luxembourg. It is organised under Part I of the Luxembourg Law of 17 December 2010 on undertakings for collective investment (the "**Law of 17 December 2010**") in the form of an open-ended mutual investment fund (*fonds commun de placement*), as an unincorporated co-ownership of transferable securities and other assets permitted by law. Pioneer Funds is an umbrella fund which consists of different sub-funds, including the Underlying Fund.

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<sup>1</sup> For clarity, the Fund will continue to hold direct investments over such period of time after the Effective Date as determined by the Managers during which such direct investments will be sold down and the proceeds invested in units of the Underlying Fund. The Managers expect the transition to be completed by end-December 2014.

Information on the management, investment objective and policies and fees and charges of the Underlying Fund are set out in the Annex of this notice.

It is intended that the Fund will invest in Class X EUR Non-Distributing units of the Underlying Fund, although the Fund may invest in other classes of the Underlying Fund in the future. No sales charge or redemption fee will be levied on the Fund's investments in such class of units of the Underlying Fund and the management fee applicable to the Fund's investments in the Underlying Fund will be borne by the Managers.

### Other changes

Also with effect from the Effective Date:

- (i) the benchmark of the Fund will be changed from MSCI Europe Mid Cap Index to MSCI Europe Small Companies Index to reflect the benchmark of the Underlying Fund following the change in the investment focus and approach of the Fund; and
- (ii) a "Dealing Day"<sup>2</sup> of the Fund shall exclude Business Days<sup>3</sup> on which banks and the stock exchange are not open for business in Luxembourg.

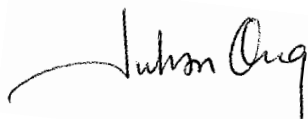
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The above changes (together with consequential and other amendments) as well as further information on the Pioneer Funds and the Underlying Fund will be reflected in the updated prospectus of the Fund registered by the Monetary Authority of Singapore on or around the date of this notice. You may obtain a copy of the updated prospectus of the Fund from us or any of our authorised agents or distributors or from our website at [uobam.com.sg](http://uobam.com.sg).

**This notice is for your information only and no action is required of you. These changes have no effect on your current holding of units in the Fund.**

We look forward to your continued support. Should you have any queries, please call our hotline number at 1800 222 2228 from 8 a.m. to 8 p.m. daily (Singapore time) or email us at [uobam@uobgroup.com](mailto:uobam@uobgroup.com).

Yours sincerely



Julian Ong  
Head of Product Development & Marketing Communications

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<sup>2</sup> As of the date of this notice, "**Dealing Day**" means in connection with the issuance, cancellation, valuation and realisation of Units, every Business Day or such other day or days at such intervals as the Managers may from time to time determine with the prior consultation of the Trustee provided that reasonable notice of any such determination shall be given by the Managers to all Holders at such time and in such manner as the Trustee may approve. If on any day which would otherwise be a Dealing Day, the recognised stock exchange or the over-the counter market or over-the-telephone market on which investments of the Fund having in aggregate values amounting to at least 50% of the value of the deposited property (as at the relevant valuation point) are quoted, listed or dealt in is not open for normal trading, the Managers may determine with the prior consultation of the Trustee that that day shall not be a Dealing Day.

<sup>3</sup> "**Business Day**" means a day (other than Saturday or Sunday or a gazetted public holiday) on which commercial banks are open for business in Singapore or any other day as the Managers and the Trustee may agree in writing.

## ANNEX

### Information on Pioneer Funds - European Potential

#### Management

Management Company	Pioneer Asset Management S.A. (a company incorporated in the Grand Duchy of Luxembourg belonging to the UniCredit Banking Group, regulated by Commission de Surveillance du Secteur Financier (CSSF) of Luxembourg)
Investment Manager	Pioneer Investment Management Limited (an asset management company domiciled in Dublin (Ireland), regulated by the Central Bank of Ireland)
Sub-Investment Manager	Pioneer Investment Management SGRpA (an asset management company domiciled in Milan, Italy, regulated by the Banca d'Italia and the Commissione Nazionale per le Società e la Borsa)

#### Investment objective

The Underlying Fund seeks to achieve capital appreciation over the medium to long-term by investing primarily in a diversified portfolio of equities and equity-linked instruments issued by small cap companies incorporated, headquartered or having their principal business activities in Europe.

The Underlying Fund defines small cap companies as those which, at the time of purchase, are within the market capitalization range of the MSCI Europe Small Companies Index.

The Underlying Fund seeks to add value by investing in a diversified range of opportunities identified as attractive based on company fundamentals.

#### Investment policies of the Underlying Fund

The Underlying Fund will invest at least 75% in equities and equity-linked instruments issued by companies having their head office in the European Union in order to ensure the compliance of the Underlying Fund with the French Plan d'Epargne en Actions (PEA).

The assets of the Underlying Fund will be invested mainly in Transferable Securities and Money Market Instruments as referred to in the Management Regulations of Pioneer Funds (the "**Management Regulations**"). The Underlying Fund is further authorised to invest in other permitted financial liquid assets in accordance with the authorised investments set out in the Management Regulations. The Underlying Fund will also be authorised, within the limits set forth in the Management Regulations and taking into account the exposure relating to derivatives referred to therein, to achieve their objective through investment in financial derivative instruments or use of certain techniques and Instruments for hedging and/or for other purposes to the fullest extent permitted in the Management Regulations including options, forward foreign exchange contracts, futures, including international equity and bond indices and/or swaps (such as credit default swaps, credit default swap indices, currency swaps, inflation linked swaps, interest rate swaps, swaptions and equity/total return swaps) on Transferable Securities and/or any financial Instruments and currencies.

The Underlying Fund may invest in warrants on Transferable Securities and may hold cash within the limits set forth in the Management Regulations.

The Underlying Fund may invest in volatility futures and options as well as in exchange-traded funds. However, such investments may not cause the Underlying Fund to diverge from its investment objectives.

Volatility futures refer to the volatility implied in option pricing and the main rationale for investing in such futures is that the volatility can be viewed as an asset class on its own. The Underlying Fund will only invest in volatility futures traded on regulated markets and the stock indices underlying the volatility indices will comply with article 44(1) of the Law of 17 December 2010.

Unless otherwise stated in the investment policy of the Underlying Fund, the Underlying Fund may not invest in aggregate more than 10% of its assets in shares or units of other UCIs<sup>4</sup> or UCITS<sup>5</sup>.

As a result of the registration or proposed registration for sale in Taiwan of the Underlying Fund, the total amount (i.e. total amount of commitments taken and premiums paid in respect of such transactions) invested in derivatives (with the exception that amounts invested in currency forwards and currency swaps for hedging are excluded from such calculation) may not at any time exceed 40% of their net asset value. This restriction will only apply to the Underlying Fund for so long as imposed by the Taiwanese regulatory authorities.

### Fees and charges of the Underlying Fund

<b>Fees payable by the Fund</b>	
Sales charge	Class X: No sales charge.
Redemption fee	Class X: No redemption fee.
Conversion fee	Class X: No conversion fee.
<b>Fees payable by the Underlying Fund</b>	
Management fee <sup>(1)</sup>	Class X: The management fee will be charged and collected by the Management Company directly from the unitholder of the Underlying Fund and will not be charged to the Underlying Fund or reflected in its net asset value. The management fee may be calculated according to such methodology and payment terms as may be agreed between the Management Company and the relevant investor of the Underlying Fund.
Fees of the depositary and paying agent and of the administrator	The Underlying Fund's depositary and paying agent and the administrator are entitled to receive a fee out of the assets of the Underlying Fund (or the relevant class of units, if applicable), which will range, depending on the country where the assets of the Underlying Fund are held, from 0.003% to 0.5% of the asset values underlying the Underlying Fund or class of units of the Underlying Fund, payable monthly in arrears.
Distribution Fee	Class X: No distribution fee.
Registrar and transfer agent fee	The Underlying Fund's registrar and transfer agent is entitled to such fees as will be determined from time to time by agreement between the Management Company and the registrar and transfer agent. Such fee will be calculated in accordance with customary practice in Luxembourg and payable monthly in arrears out of the assets of the Underlying Fund. Such fee may exceed 0.1% p.a. of the average net asset value of the Underlying Fund.
Performance Fee <sup>(2)</sup>	Class X: Any performance fee will be charged and collected by the Management Company directly from the unitholders of the Underlying Fund and will not, therefore, be reflected in its net asset value.

#### Notes:

- (1) Such management fee will be borne by the Managers.
- (2) Currently, no performance fee will be charged in respect of units of the Underlying Fund to be held by the Fund.

<sup>4</sup> Undertakings for collective investment.

<sup>5</sup> Undertakings for collective investment in transferable securities governed by the European Parliament and Council Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities, as may be amended from time to time.