

This Product Highlights Sheet is an important document.

Prepared on: 29 October 2012

- It highlights the key terms and risks of this investment product and complements the Prospectus¹.
- It is important to read the Prospectus before deciding whether to purchase units in the product. If you do not have a copy, please contact us to ask for one.
- You should not invest in the product if you do not understand it or are not comfortable with the accompanying risks.
- If you wish to purchase the product, you will need to make an application in the manner set out in the Prospectus.

Phillip Singapore Real Estate Income Fund

| | | | |
|---------------------------|--|--|--|
| Product Type | Unit Trust | Launch Date | 19 September 2011 |
| Manager | Phillip Capital Management (S) Ltd | Custodian | BNP Paribas Securities Services Singapore Branch |
| Trustee | BNP Paribas Trust Services Singapore Limited | Dealing Frequency | Every Business Day |
| Capital Guaranteed | No | Expense Ratio for Financial Year 2011 | Not Applicable |

PRODUCT SUITABILITY

WHO IS THE PRODUCT SUITABLE FOR?

This fund is only suitable for investors who:

- seek medium to long term capital appreciation.
- also seek regular income through quarterly distributions.
- understand that they may lose some or all of the principal amount invested.
- are comfortable with the volatility and risk of a fund which invests mainly in Singapore listed Real Estate Investment Trusts.

Refer to Section 7 on Page 4 and Appendix 1 of the Prospectus for further information on product suitability

KEY PRODUCT FEATURES

WHAT ARE YOU INVESTING IN?

- You are investing in a sub-fund (“Fund”) of Phillip Select Funds, an umbrella unit trust fund constituted in Singapore and currently with 2 sub-funds established under it. The Fund aims to invest its assets as stated in the Investment Strategy.
- The Fund intends to distribute dividends quarterly, payable within three months after the end of March, June, September and December, subject to the sole discretion of the Managers.

Refer to Section 7 on Page 4, Section 20.3 on Page 22 and Appendix 1 of the Prospectus for further information on product suitability.

Investment Strategy

- The Fund will primarily invest in Real Estate Investment Trusts (REITs) listed in Singapore, including warrants, bonds, convertible bonds issued by the REITs.
- The Fund may invest up to 10% of its Net Asset Value (“NAV”) into REITs listed outside Singapore.
- The Fund may invest in financial derivative instruments for the purposes of hedging and/or efficient portfolio management.
- The Fund may participate in securities lending and repurchase transactions for the purpose of efficient portfolio management.

Refer to Section 7 on Page 4, Section 9.2.11 on Page 8 and Appendix 1 of the Prospectus for further information on investment objective, focus and approach of the product.

The Prospectus is available for collection at Phillip Capital Management (S) Ltd (250 North Bridge Road, #06-00 Raffles City Tower, Singapore 179101) during business hours or from our website www.phillipfunds.com

Parties Involved

- The Manager is Phillip Capital Management (S) Ltd.
- The Trustee and Registrar is BNP Paribas Trust Services Singapore Limited.
- The Custodian is BNP Paribas Securities Services Singapore Branch.

Refer to Page iv, Sections 2 and 3 of the Prospectus for further information on the parties involved.

KEY RISKS

WHAT ARE THE KEY RISKS OF THIS INVESTMENT?

The value of the product and its dividends may rise or fall. Factors that may cause you to lose some or all of your investment include without limitation, market movements, fluctuation in interest rates and activities in securities lending and repurchase transactions. Some of the key risks associated with the Fund are described below.

Refer to Section 9 on Page 5 of the Prospectus for further information on risks of the product.

Market and Credit Risks

• You are exposed to market risks.

The prices of the listed REITs may be adversely affected by changes in the economic conditions, interest rates and the market perception of the REITS which in turn affect the price of the Fund.

• You are exposed to credit risks.

Adverse changes in the financial condition of the issuer of the debt securities which the Fund is invested in, or in general economic conditions, or both, or an unanticipated rise in interest rate, may increase the potential for default and investors may suffer a substantial loss as a result.

Refer to Section 9.3 on Page 10 of the Prospectus for further information on risks relating to the Fund.

Liquidity Risks

- **The Fund is not listed and you can redeem only on dealing days.**
- There is no secondary market for the Fund. All redemption request should be made to the Managers.
- The Managers, with the approval of the Trustee may suspend the issue, cancellation and realisation of units during certain circumstances specified in the Prospectus and Trust Deed.

Refer to Sections 12 to 15 of the Prospectus for further information on liquidity risks of the product.

Product Specific Risks

- **You are exposed to concentration risk**

The Fund focuses on REITs listed in Singapore and may be less diversified and the performance may be more adversely affected in negative market conditions compared to a regional equity fund or REITs which have properties spread over different countries or have a more diverse range of investment. Investments in REITs and other issuers that invest, deal or otherwise engage in transactions in or hold real estate or interests therein expose the Sub-Fund to risks similar to investing directly in real estate.

- **You are exposed to securities lending or repurchase transactions risk**

This involve counterparty risk/credit risk, liquidity risk, sufficiency of collateral risk, collateral investment risk and delivery risk.

- **You are exposed to derivative risks**

The usage of derivatives may negatively impact the value of the Fund and it may suffer greater losses than if it had not used derivatives. At the worst case, you may lose all your funds invested if the Fund is fully exposed to derivative positions that move against the Managers' judgment.

- **You are exposed to currency risk**

Investments by the Fund are made in SGD and may be made in a variety of other currencies, whereas the NAV of the Fund will be computed in its SGD base currency. The value of the Fund may be affected favorably or unfavorably by currency exchange rates.

Refer to Section 9.3 on Page 10 of the Prospectus for further information on risks relating to the Fund.

FEES AND CHARGES

WHAT ARE THE FEES AND CHARGES OF THIS INVESTMENTS?

Investors will need to pay the following fees and charges as a percentage of the gross investment sum:

| Charges and Fees Payable by Holder | |
|------------------------------------|--|
| Subscription Fee | Currently 0.50%. Maximum 3% |
| Realisation Fee | Currently nil. Maximum 3% |
| Switching Fee | Currently nil. Maximum 1%, subject to a minimum of SGD25 |

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

| Charges and fees payable by the Fund from invested proceeds | |
|--|---|
| Annual management fee | <u>Class A SGD and Class A USD Units</u> Currently 0.80%. Maximum 1.20%. <u>Class I SGD and Class I USD Units</u> Currently 0.50%. Maximum 0.75% |
| Annual trustee fee, transfer agency and fund administration fees | Currently 0.09%. Maximum 0.12%, subject to a minimum of SGD32,000. |

Refer to Appendix 1 of the prospectus for further information on fees and charges of the Fund.

Investors should note that subscriptions for units through any Distributor appointed by the Manager may incur additional fees and charges.

VALUATIONS AND EXITING FROM THIS INVESTMENT

HOW OFTEN ARE VALUATIONS AVAILABLE?

The Fund is valued every business day with pricing available on The Straits Times, The Business Times, Lianhe Zaobao, Bloomberg, Reuters and selected major wire services.

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

- You may realise your units on any dealing day subject to any applicable realisation fee.
- If the redemption form is received and accepted by the Managers by 3.30 p.m. Singapore time on a dealing day, your unit is valued at the net asset value per unit of such class (Singapore dollar or US dollar) of the Fund as at the close of the dealing day less any realisation fee.
- You will normally receive the sale proceeds within 6 business days of receipt and acceptance of the realisation form by the Managers unless the realisation of units has been suspended in accordance to paragraph 15 of the Prospectus.
- Numerical example of how the amount paid to an investor is calculated based on the sale of 1,000 Units and based on a notional realization price of SGD1.00:
 $1000 \text{ Units} \times \text{SGD}1.00 = \text{SGD}1,000 - \text{SGD} 0 = \text{SGD} 1,000$
Your realisation request \times realisation price = Your gross realisation proceeds - realisation fee = Your net realisation fee
- You may switch your units of the Fund with Units of any other Collective Investment Scheme managed by the Manager.
- You have the right to cancel your initial purchase of units in the Fund within 7 calendar days from the date of initial subscription or purchase of units, without incurring the sales charge and fees stated in the FEE AND CHARGES disclosure, by providing notice in writing to the Managers or an authorised agent or distributor.

Refer to Section 12, 13, 14 and 15 of the Prospectus for further information on valuations and exiting from your investment.

Refer to Section 10.6 of the Prospectus and the terms and conditions for cancellation of units attached to the application form for the subscription of units in the Fund.

CONTACT INFORMATION

HOW DO YOU CONTACT US?

You may contact us at the following address:

Phillip Capital Management (S) Ltd
250 North Bridge Road
#06-00 Raffles City Tower
Singapore 179101
Tel: +65 6538 3638
Fax: +65 6538 3066
Email: pcm@phillip.com.sg

APPENDIX: GLOSSARY OF TERMS

“Business Day” (1) in relation to the Phillip Singapore Real Estate Income Fund, means a day on which banks in (a) Singapore are normally open for business (except Saturdays, Sundays and gazetted public holidays).

“Dealing Day”, in connection with the issuance and realisation of Units of a particular Fund, means every Business Day or such other Business Day or Business Days or such other day or days at such intervals as the Managers may from time to time determine 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 in relation to Units of any particular Fund the Recognised Stock Exchange or over the counter market on which Investments or other property comprised in, and having in aggregate values amounting to at least 50 per cent. of the Net Asset Value (as at the immediately preceding Valuation Point) of the Fund to which Units of that Fund relate are quoted, listed or dealt in is not open for normal trading, the Managers may determine that that day shall not be a Dealing Day in relation to Units of that Fund.

PRODUCT HIGHLIGHTS SHEET