

# PROSPECTUS

## United SSE 50 China ETF



UETF

 **UOB** Asset Management  
大華資產管理

## **UNITED SSE 50 CHINA ETF**

### **Directory**

### **Managers**

UOB Asset Management Ltd  
(Company Registration Number: 198600120Z)  
Registered Address: 80 Raffles Place, UOB Plaza, Singapore 048624  
Operating Address: 80 Raffles Place, 6th Storey, UOB Plaza 2, Singapore 048624

### **Directors of the Managers**

Terence Ong Sea Eng  
Yeo Eng Cheong  
Thio Boon Kiat

### **Trustee**

HSBC Institutional Trust Services (Singapore) Limited  
(Company Registration Number: 194900022R)  
Registered Address: 21 Collyer Quay, #10-02 HSBC Building, Singapore 049320  
Operating Address: 20 Pasir Panjang Road (East Lobby) #12-21 Mapletree Business City, Singapore 117439

### **Custodian**

The Hongkong and Shanghai Banking Corporation Limited  
1 Queen's Road Central, Hong Kong

### **Auditors**

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

### **Solicitors to the Managers**

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

### **Solicitors to the Trustee**

Clifford Chance Pte. Ltd.  
One George Street, 19th Floor, Singapore 049145

## UNITED SSE 50 CHINA ETF IMPORTANT INFORMATION

The managers of **UNITED SSE 50 CHINA ETF** (the “**Sub-Fund**”), a sub-fund under the **UETF** (the “**Fund**”), UOB Asset Management Ltd (the “**Managers**”), and their directors (the “**Directors**”), individually and collectively, accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable enquiries that, to the best of their knowledge and belief, this Prospectus constitutes full and true disclosure of all information with respect to the Fund and the Sub-Fund which is material in the context of the offer of units in the Sub-Fund (“**Units**”) and the statements contained in this Prospectus are, in every material respect, fair and accurate as at the date of this Prospectus and not misleading the Managers and the Directors are not aware of any facts the omission of which would make any statement in this Prospectus misleading. Where information in the prospectus has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Managers and Directors have been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Prospectus in its proper form and context. 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**”).

Investors should consult the relevant provisions of the Deed and obtain independent professional advice in any event of any doubt or ambiguity relating thereto.

**An application was made to the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 26 June 2009 for permission to deal in and for quotation of the Units which may be issued from time to time. Such permission has been granted by the SGX-ST and the Units have been admitted to the Official List of the SGX-ST. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Fund, the Sub-Fund, the Units or of the Managers and the SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed in this Prospectus.** Units deposited with The Central Depository (Pte) Limited (“**CDP**”) will be traded on the SGX-ST at market prices throughout the trading day. Market prices for Units may, however, be different from their net asset value (the “**Net Asset Value**” or “**NAV**”) (as calculated in accordance with the Deed). Any listing and quotation of Units on the SGX-ST does not guarantee a liquid market for the Units.

Investors should note that the Sub-Fund is not like a conventional unit trust offered to the retail public in Singapore in that the issue and redemption of Units with the Managers may only be made by Designated Market Makers or through Participating Dealers. As Participating Dealers must apply to the Managers for the creation and redemption of Units in an Application Unit size (currently 100,000 Units) or whole number multiples thereof subject to a minimum of 500,000 Units per Creation or Redemption Application or such other minimum number of Units as the Managers may determine from time to time with the approval of the Trustee, a subscription or redemption application for less than the current minimum of 500,000 Units from investors (whether directly or through their stockbrokers) to a Participating Dealer will be rejected by that Participating Dealer. Accordingly, investors who do not hold at least 500,000 Units will only be able to realise the value of their Units by selling their Units on the SGX-ST and investors who do not intend to subscribe for at least 500,000 Units will only be able to buy Units on the SGX-ST. This would differ from conventional unit trusts where units can be purchased and realised by investors directly from the managers in comparatively smaller amounts than the current minimum of 500,000 Units.

The distribution of this Prospectus and the offering, subscription, purchase, sale or transfer of the Units in certain jurisdictions may be restricted by law. The Managers require persons into whose possession this Prospectus comes to inform themselves about and to observe any such restrictions at their own expense and without liability to the Managers. This Prospectus does not constitute an offer of, or an invitation to subscribe for or purchase, any of the Units in any jurisdiction in which such offer or invitation would be unlawful. Persons to whom a copy of this Prospectus has been issued shall not circulate to any other person, reproduce or otherwise distribute this Prospectus or any information herein for any purpose whatsoever nor permit or cause the same to occur.

Potential investors should seek professional advice to ascertain (a) the possible tax consequences, (b) the legal requirements, (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 and (d) should inform themselves of and observe all such laws and regulations in any relevant jurisdiction that may be applicable to them.

Investors should also consider the risks of investing in the Sub-Fund which are summarised in paragraph 9 of this

Prospectus. Investors should consider these risks carefully before making an investment decision. Investors should note that because investments of the Sub-Fund can be volatile and may be subject to abnormal risks and that the value of the Units may decline as well as appreciate, there can be no assurance that the Sub-Fund will be able to attain its objectives. The price of the Units as well as income from them may go up as well as down to reflect changes in the value of the Sub-Fund. Investors should also satisfy themselves of the suitability to them of an investment in the Sub-Fund based on their personal circumstances.

The Sub-Fund 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.

No person has been authorised to give any information or to make any representation in connection with the offering of Units other than those contained in this Prospectus, and the reports referred to in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by the Managers. To reflect material changes, this Prospectus may be updated from time to time and investors should investigate whether any more recent version of this Prospectus is available.

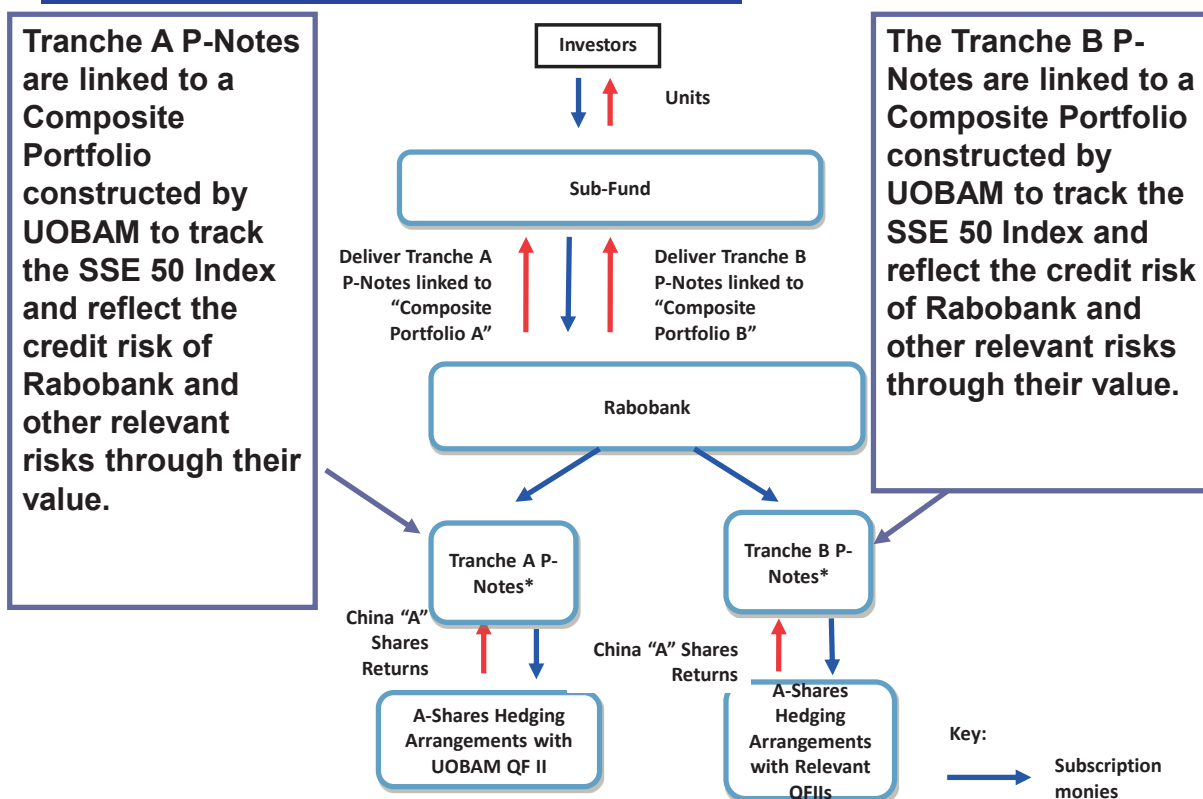
All enquiries in relation to the Fund or the Sub-Fund should be directed to the Managers, UOB Asset Management Ltd, or any agent or distributor or Participating Dealer appointed by the Managers.

**UNITED SSE 50 CHINA ETF**  
**Important Information**

The table below sets out key features of the United SSE 50 China ETF (the “**Sub-Fund**”), a sub-fund of the UETF. Investors should refer to the main body of this Prospectus for full details on the Sub-Fund.

<b>Key Features of the Sub-Fund</b>
<p><b>Who are you investing with?</b></p> <p>UOB Asset Management Ltd (the “<b>Managers</b>”) who are the managers of the Sub-Fund.</p>
<p><b>What are you investing in?</b></p> <p>Units in the Sub-Fund. The Sub-Fund aims 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 “<b>SSE 50</b>”).</p> <p>The SSE 50 is an index consisting of 50 constituent stocks which are the 50 largest stocks of good liquidity listed on the Shanghai Stock Exchange.</p> <p>Exchange traded funds may seek to track the performance of an index by either investing directly into the securities comprised in that index or by indirect means. Due to restrictions on foreign ownership of A-Shares i.e. shares in Chinese companies issued in People’s Republic of China (“<b>PRC</b>”) under Chinese law and listed on the Shanghai or Shenzhen stock exchanges (A-Shares may not be directly invested into by a non-PRC person unless the person is a Qualified Foreign Institutional Investor or “<b>QFII</b>”), the Sub-Fund cannot invest directly into A-Shares. Therefore, instead of investing directly into A-Shares, the Sub-Fund will invest into a type of market access product known as participatory notes (the “<b>P-Notes</b>”).</p> <p>The value of a P-Note will be linked to that of a composite portfolio (the “<b>Composite Portfolio</b>”) comprising an underlying basket of A-Shares held by a QFII and is designed to track as closely as possible, before fees, costs and expenses (including any taxes and withholding taxes), the performance of the SSE 50.</p> <p>The first P-Notes issuer is Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (“<b>Rabobank</b>”) and the Sub-Fund invests into 2 tranches of P-Notes (Tranches A and B) issued by Rabobank.</p> <p>The Tranche A P-Notes are linked to a Composite Portfolio comprising an underlying basket of A-Shares held by the Managers under their QFII quota while Tranche B P-Notes are linked to a Composite Portfolio comprising an underlying basket of A-Shares provided via relevant A-Shares hedging arrangements entered into by Rabobank or Rabobank (acting through its Hong Kong Branch)(“<b>Rabobank Hong Kong</b>”).</p> <p>The investment strategy of the Sub-Fund (with Rabobank as the only P-Notes issuer to the Sub-Fund) is illustrated in the diagram below:</p>

## Typical Flow of the Sub-Fund



\*Tranche A P-Notes and Tranche B P-Notes issued by Rabobank.

### Are the Sub-Fund, Managers, Trustee and relevant counterparties in Singapore and governed by Singapore law?

The Sub-Fund is established under the Singapore-domiciled umbrella fund, UETF, and is authorised under section 286 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA").

The Managers and the Trustee (HSBC Institutional Trust Services (Singapore) Limited) are incorporated in Singapore. The Managers hold a capital markets services licence under the SFA while the Trustee is an approved trustee under the SFA. Both entities are governed by Singapore law.

Rabobank is a cooperative with limited liability established under the laws of the Netherlands and is governed by Dutch laws.

### Is your investment in the Sub-Fund secured by assets in Singapore?

No. However, please refer to the question below for details of the securities to be given to the Trustee as trustee for the Sub-Fund.

### Is any aspect of the investments of the Sub-Fund that has a material impact on you governed by foreign law?

Yes.

The P-Notes issued by Rabobank are issued under Rabobank's existing Structured Medium Term Note Programme governed by the laws of the Netherlands. The enforceability of the P-Notes will be dependent on, amongst other considerations, their validity under Dutch law.

Rabobank intends to post collateral to reduce the Sub-Fund's exposure to Rabobank to not more than 10% of the Sub-Fund's Net Asset Value. Such collateral will be placed into a trust or custodial account in Hong Kong (or in any sub-accounts or cash accounts linked to the main account in Hong Kong).

To mitigate (amongst other things) the impact of winding-up or liquidation of Rabobank on the Sub-Fund, Rabobank Hong Kong will charge and assign the collateral posted by Rabobank Hong Kong to the Trustee as trustee for the Sub-Fund. The enforceability of such securities against Rabobank may be governed by, *inter alia*, Dutch law (the law of the jurisdiction in which Rabobank is established) and Hong Kong law (as the main trust or custodial account is maintained in Hong Kong).

The Net Asset Value of the Sub-Fund will be adversely affected to the extent that such securities are not effectively enforced.

**What are the key risks of an investment in the Sub-Fund?**

**Risk of over-concentration** – Exposure of the Sub-Fund is concentrated in a particular market (i.e. A-Shares comprising the SSE 50). In addition, as the Sub-Fund will initially have one P-Notes issuer (being Rabobank), the Sub-Fund may be subject to over-concentration risks of having a single counterparty and be exposed to a higher level of risk than portfolios diversifying their holdings across different issuers.

**Counterparty Risks** – Save as described in the question above, as the P-Notes will be unsecured obligations of the P-Notes issuer, the Sub-Fund will be exposed to the credit risk of the P-Notes issuer.

**Market Risk/Volatility of Underlying Securities** - Market volatility, lack of a liquid trading market and settlement difficulties in the A-Share markets may result in significant fluctuations in the price of A-Shares which may in turn adversely affect the price of the P-Notes and the Net Asset Value of the Sub-Fund.

**Possible Limited duration of the Sub-Fund** – The P-Notes are of limited duration (the maturity date of the P-Notes issued at the launch of the Sub-Fund is scheduled to be 9 November 2012) and the duration of the Sub-Fund depends on, amongst other things, the ability of the Sub-Fund to renew the term of the P-Notes held by it. In addition, the P-Notes may be redeemed early upon the occurrence of certain events under the terms and conditions of the P-Notes (for instance, an insolvency filing against the issuer of any of the securities comprising the Composite Portfolio – please refer to Appendix 4 for a further details on the risks and considerations associated with the P-Notes issued by Rabobank). In the event the Sub-Fund is terminated as a result, the final redemption amount of the P-Notes will be determined based on the Singapore dollar equivalent of the fair market value of the underlying basket of A-Shares and taking into account accrued but unpaid dividends (after deduction of applicable costs, expenses, charges, taxes and duties) subject to the relevant adjustments and deductions in accordance with the terms and conditions of the P-Notes. The Sub-Fund may suffer a substantial loss on its investment in the P-Notes in such an event. Investors should therefore note that they may not get back their original investments in the Sub-Fund. Investors can contact the Managers (please refer to paragraph 27 for the contact details of the Managers) to obtain information on the terms and conditions of the P-Notes.

**Risks relating to the QFII investment quota** – The investment quota of a QFII may be restricted, suspended or halted. Where insufficient investment quota is available, the supply of P-Notes will be affected and may result in the Sub-Fund being unable to create further units (because it is unable to purchase more P-Notes) and/or cause the units to trade at a premium to its Net Asset Value.

**Foreign exchange risks** – The Sub-Fund is denominated and traded in SGD, its P-Notes are denominated in SGD and the A-Shares are denominated in CNY. The Net Asset Value of the Units will therefore fluctuate with changes in the market value of the Sub-Fund's investments and changes in the exchange rate between the (i) SGD and USD; (ii) USD and CNY; and (iii) CNY and SGD. Investors may lose money if the CNY or USD were to depreciate against the SGD even if the market value of the relevant A-Shares actually goes up.

**Tracking error risk** – Tracking errors occur when funds are unable to track exactly the performance of their underlying indices. Due to its investment structure, the Sub-Fund may experience greater tracking error than typical exchange traded index funds.

**Trading risks** – The market prices of Units on the SGX-ST may trade above or below the Net Asset Value of Units and there is a risk that investors may not be able to buy or sell Units at a price close to the Net Asset Value of Units.

**Liquidity risks** – Investors who wish to redeem Units in the primary market must approach a Participating Dealer (whether directly or through a stockbroker) to assist them with their applications to the Managers. The minimum amount for redemptions with the Managers is 500,000 Units. Investors who do not hold at least 500,000 Units may only be able to realise the value of their Units by selling their Units on the SGX-ST. Investors may sell their Units on the SGX-ST. However, the listing of Units on the SGX-ST does not guarantee a liquid market for the Units and investors may not be able to find a buyer on the SGX-ST when they wish to sell their Units. While the Sub-Fund intends to appoint at least one market maker to assist in creating liquidity for investors, liquidity is not guaranteed and the trading of Units on the SGX-ST may be suspended in various situations.

# UNITED SSE 50 CHINA ETF

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## UNITED SSE 50 CHINA ETF

The **UNITED SSE 50 CHINA ETF** (the “**Sub-Fund**”), a sub-fund under the **UETF** (the “**Fund**”), offered in this Prospectus is an authorised scheme under the Securities and Futures Act, Chapter 289 of Singapore (“**SFA**”). A copy of this Prospectus has been lodged with and registered by the Monetary Authority of Singapore (the “**MAS**”). The MAS assumes no responsibility for the contents of this Prospectus. The registration of this Prospectus by the MAS does not imply that the SFA or any other legal or regulatory requirements have been complied with. The MAS has not, in any way, considered the investment merits of the Sub-Fund. Unless otherwise stated, all terms not defined in this Prospectus have the same meanings as used in the Deed.

### 1. BASIC INFORMATION

#### 1.1 UNITED SSE 50 CHINA ETF

The Fund is an open-ended umbrella fund constituted in Singapore on 8 October 2009. As at the date of this Prospectus, the Sub-Fund is the only sub-fund established under the Fund and the Fund is presently offering units in the Sub-Fund (“**Units**”). The Sub-Fund was listed on the SGX-ST in Singapore dollars on 26 November 2009 as an exchange-traded fund. The SGX counter name of the Sub-Fund is “UETF SSE50China100X@” and the SGX stock code of the Sub-Fund is JK8.

#### 1.2 Date of Prospectus and Expiry Date of Prospectus

The date of registration of this Prospectus with the MAS is 2 October 2012. This Prospectus shall be valid for 12 months after the date of registration (i.e. up to and including 1 October 2013) and shall expire on 2 October 2013.

#### 1.3 Trust Deed

**1.3.1** The Fund and the Sub-Fund are established pursuant to a deed of trust dated 8 October 2009 (the “**Principal Deed**”) as amended by the First Amending and Restating Deed dated 17 November 2009 (the “**First Amending and Restating Deed**”), the Second Amending and Restating Deed dated 23 November 2009 (the “**Second Amending and Restating Deed**”), the Third Amending and Restating Deed dated 7 October 2011 (the “**Third Amending and Restating Deed**”) and the Fourth Amending and Restating Deed dated 30 March 2012 (the “**Fourth Amending and Restating Deed**”), and the parties to the Principal Deed, the First Amending and Restating Deed, the Second Amending and Restating Deed, the Third Amending and Restating Deed and the Fourth Amending and Restating Deed are UOB Asset Management Ltd as the managers (“**UOBAM**” or the “**Managers**”) and HSBC Institutional Trust Services (Singapore) Limited as the trustee (the “**Trustee**”). The Principal Deed as amended by the First Amending and Restating Deed, the Second Amending and Restating Deed, the Third Amending and Restating Deed and the Fourth Amending and Restating Deed shall be referred to as the “**Deed**”.

**1.3.2** The terms and conditions of the Deed shall be binding on each unitholder of the Sub-Fund (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.

**1.3.3** Copies of the Deed shall be made available for inspection free of charge, at all times during usual business hours at the operating address of the Managers at 80 Raffles Place, 6th Storey, UOB Plaza 2, Singapore 048624 and shall be supplied by the Managers to any person on application at a charge of S\$25 (exclusive of Singapore’s prevailing GST) per copy of the document (or such other amount as the Trustee and the Managers may from time to time agree in writing), such charge being payable to the Managers.

#### 1.4 Accounts and reports

A copy of the latest annual and semi-annual accounts, the auditor’s report on the annual accounts and the annual and semi-annual reports relating to the Sub-Fund, when available, may be obtained from the Managers upon request at 80 Raffles Place, 6th Storey, UOB Plaza 2, Singapore 048624.

## 2. MANAGEMENT

The Managers of the Fund are UOB Asset Management Ltd, whose registered office is at 80 Raffles Place, UOB Plaza, Singapore 048624. The Managers will remain as the managers of the Fund until they retire or are removed or replaced in accordance with the provisions of the Deed.

### 2.1 The Managers

UOBAM is a wholly-owned subsidiary of UOB Group. Established in 1986, UOBAM has a paid-up share capital of S\$63 million as at 31 January 2012 and has been managing collective investment schemes and discretionary funds in Singapore for 26 years and as of 31 July 2012 manages about S\$24.01 billion in clients' assets. UOBAM also has investment operations in Malaysia and Thailand.

UOBAM offers global investment management expertise to institutions, corporations and individuals, through customised portfolio management services and unit trusts. As at 31 July 2012, UOBAM manages 55 unit trusts in Singapore, with total assets of about S\$3.52 billion under management. UOBAM is one of the largest unit trust managers in Singapore in terms of assets under management.

In terms of market coverage, UOBAM has acquired specialist skills in equity investment in Asian, Australian, European and US markets and in major global sectors. In the bond markets, UOBAM covers the Organisation of Economic Co-operation and Development (**OECD**) countries to emerging markets. UOBAM's investment philosophy is to emphasise on securities selection using a bottom-up approach. UOBAM makes regular company visits and supplements its fundamental investment approach with quantitative tools to control risks and to aid in the portfolio construction process. UOBAM has also established itself as one of the leading players in structured credits and investment solutions, managing third party investments in global emerging market securities as well as global investment grade, non-investment grade and multi-sector credits.

In addition, UOBAM is committed to achieving consistently good performance. Since 1996, UOBAM has won 125 awards for investments in local, regional and global markets, and across global sectors such as Banking and Finance, Technology, Healthcare, as well as Gold and Mining.

As at 31 July 2012, UOBAM and its subsidiaries in the region have a staff strength of over 230 including about 60 investment professionals in Singapore.

**Past performance of the Managers is not necessarily indicative of their future performance.**

**A list of other collective investment schemes that are currently managed by the Managers is set out in Appendix 1 of this Prospectus.**

### 2.2 Directors of the Managers

#### **Terence Ong Sea Eng**

**Mr Terence Ong Sea Eng** of 16 Toh Avenue, Singapore 508042 is the Chairman and Executive Director of UOBAM. Mr Ong, who joined UOB Ltd in 1982, has overall responsibility for the management and growth of UOB Ltd's global treasury and fund management businesses. He holds a Bachelor of Accountancy from the then University of Singapore and has 30 years of experience in treasury services and operations.

#### **Yeo Eng Cheong**

**Mr Yeo Eng Cheong** of 44 Shelford Road, #01-03, Singapore 288437 is a Director of UOBAM. He joined UOB Ltd in 1986. He leads and manages the UOB Ltd's Group Credit for Middle Market and Structured Trade & Commodity Finance. Mr Yeo holds a Bachelor of Business Administration (Honours) from the University of Singapore. He is a career banker with more than 30 years of experience in credit and marketing, including 10 years with Chase Manhattan Bank (now known as JP Morgan Chase & Co).

#### **Thio Boon Kiat**

**Mr Thio Boon Kiat** of 16 Goldhill View, Singapore 308837 is the Chief Executive Officer of UOBAM. He is a Chartered Financial Analyst charter holder, graduated with a Bachelor of Business Administration (First Class Honours) degree from the National University of Singapore. In 2004, he attended the Investment Management

Program at Harvard Business School. In 2006, he also attended the Mastering Alternative Investments programme by Insead University.

Mr Thio has over 18 years of investment management experience. He joined UOBAM in 1994 from the Government of Singapore Investment Corporation (GIC), as a portfolio manager managing Singapore, and subsequently Asia Pacific and Global equity portfolios. Over the years, he also headed the International equities and Global Technology teams. In 2004, Mr Thio was appointed as Chief Investment Officer of UOBAM, a position he held till 2011 when he was promoted to his current appointment of Chief Executive Officer.

**A list of the directorships of the Directors of the Managers is set out in Appendix 1A of this Prospectus.**

### **2.3 Portfolio Manager**

The principal portfolio manager of the Managers who has been appointed to perform the investment management functions for the Fund is Chong Jiun Yeh.

Jiun Yeh joined UOBAM in March 2008; he is currently the Chief Investment Officer for Fixed Income and Structured Investments. Jiun Yeh was formerly the Managing Director (Fund Management) and Co-Head of Portfolio Management for ST Asset Management (“STAM”). Prior to joining STAM, he was Head of Fixed Income and Currencies at OUB Asset Management, and has also spent part of his career with Newton Investment Management. Jiun Yeh has over 17 years of experience in managing equities, fixed income and structured finance portfolios, including emerging market sovereign and investment grade credits (cash and synthetic), G-7 bonds and currencies, as well as Asian equities. He has worked with rating agencies, insurers, investment partners and banks in structuring investment products and customizing solutions for investors. Jiun Yeh graduated with a Bachelor of Science (Estate Management), Honours degree from the National University of Singapore.

### **3. THE TRUSTEE AND CUSTODIAN**

The trustee of the Fund is HSBC Institutional Trust Services (Singapore) Limited (Company Registration No.: 194900022R)(the “**Trustee**”) whose registered address is at 21 Collyer Quay #10-02 HSBC Building Singapore 049320 and operating address is at 20 Pasir Panjang Road (East Lobby) #12-21 Mapletree Business City, Singapore 117439.

HSBC Institutional Trust Services (Singapore) Limited was incorporated on 24 February 1949 in Singapore and is licensed as a trust company under the Trust Companies Act, Chapter 336 of Singapore and presently has a paid up capital of S\$5.15 million out of an issued capital of S\$10.30 million consisting of 1,030,000 ordinary shares of S\$10.00 each.

The Trustee will remain as the trustee of the Fund until it retires or is removed or replaced in accordance with the provisions of the Deed.

The custodian of the Fund is The Hongkong and Shanghai Banking Corporation Limited (the “**Custodian**”) whose registered address is at 1 Queen’s Road Central, Hong Kong.

The Hongkong and Shanghai Banking Corporation Limited was incorporated on 6 October 1989 in Hong Kong and has a paid up capital of USD11,733,500,000 out of an issued capital of USD11,733,500,000.

The Hongkong and Shanghai Banking Corporation Limited will remain as the custodian of the Fund until such appointment is terminated in accordance with the terms of its appointment.

### **4. REGISTRAR AND FUND ADMINISTRATOR**

The registrar of the Fund is the Trustee (the “**Registrar**”) and the register of Holders (the “**Register**”) maintained by the Registrar can be inspected at 20, Pasir Panjang Road (East Lobby), #12-21, Mapletree Business City, Singapore 117439 during normal business hours (subject to such reasonable restrictions as the Trustee may impose).

HSBC Institutional Trust Services (Singapore) Limited is appointed as the fund administrator for the Fund.

**For so long as the Units are listed, quoted and traded on the SGX-ST, the Managers shall appoint The Central Depository (Pte) Limited (Company Registration No.: 198003912M) (the “CDP”) as the unit depository for**

**the Sub-Fund, and all Units issued and available for trading will be represented by entries in the Register of Holders kept by the Registrar in the name of, and deposited with, CDP as the registered Holder of such Units. The Managers or the Registrar shall issue to CDP not less than five (5) Business Days after the issue of Units a confirmation note confirming the date of issue and the number of Units so issued, and if applicable, also stating that the Units are issued under a moratorium and the expiry of such moratorium.**

## **5. OTHER PARTIES**

### **5.1 Auditors**

The auditors of the Fund are PricewaterhouseCoopers LLP, whose office is at 8 Cross Street, #17-00, PWC Building, Singapore 048424.

### **5.2 Market Maker**

A market maker is an entity registered by the SGX-ST as a designated market maker to act as such by making a market for the Units in the secondary market on the SGX-ST. A market maker's obligations include quoting bid prices to potential sellers and offer prices to potential buyers when there is a wide spread between the prevailing bid prices and offer prices for Units on the SGX-ST. Market makers accordingly aim to facilitate the efficient trading of Units by providing liquidity in the secondary market when it is required in accordance with the market making requirements of the SGX-ST. Subject to applicable regulatory requirements, for so long as the Sub-Fund is listed on the SGX-ST, the Managers will ensure that at least one market maker is appointed at all times to facilitate efficient trading in the secondary market and provide for an adequately liquid market.

As at the date of this Prospectus, the market maker for the Sub-Fund is Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (a cooperative with limited liability established under the laws of the Netherlands) (hereinafter known as "**Rabobank**") acting through its Hong Kong branch (hereinafter known as "**Rabobank Hong Kong**"). Any change to the market maker will be announced on the SGXNET and on the Managers' website. In addition, an announcement will be released via the SGXNET as soon as practicable in the event the market maker is unable to fulfill its duties of providing an adequately liquid market.

### **5.3 Participating Dealers**

The role of a Participating Dealer is to facilitate the issue, realisation and cancellation of Units in the Sub-Fund from time to time. It is intended that other than Designated Market Makers, the Participating Dealers shall be the only persons allowed to subscribe for and realise Units directly with the Managers. Therefore any subscription or realisation of Units by Holders must be made through a Participating Dealer (whether directly or through stockbrokers), unless otherwise allowed by the Managers.

A list of current Participating Dealers may be obtained from the Managers' website at [uobam.com.sg](http://uobam.com.sg).

### **5.4 Index Provider**

The index provider is China Securities Index Co., Ltd.. The China Securities Index Co., Ltd. is a joint venture company between the Shenzhen Stock Exchange and the Shanghai Stock Exchange which has been appointed by the Shanghai Stock Exchange to manage the SSE 50. China Securities Index Co., Ltd. is not related to the Managers and is independent of the Managers. The China Securities Index Co., Ltd. has granted to the Managers, by way of license and subject to the terms of an index license agreement between them, the non-exclusive right to use the SSE 50 Index (the "**SSE 50**") in connection with operation, marketing and promotion of the Sub-Fund.

#### *SSE 50 Index*

The SSE 50 comprises the 50 largest stocks of good liquidity listed on the Shanghai Stock Exchange and was formally launched on 2 January 2004. It is a free-float market capitalisation weighted index. The SSE 50 is denominated in Chinese Yuan (CNY) and published real time every 6 seconds until the end of each trading day. The SSE 50 operates under clearly defined rules published by the Index Provider and is a tradable index with liquidity.

### *Index Construction*

Securities eligible for inclusion in the SSE 50 include equity securities issued by companies incorporated in China, and listed on the Shanghai Stock Exchange in the form of A-Shares and are denominated in CNY. The stocks are ranked by two indicators (a) total market capitalization and (b) trading value. Stocks are selected and weighted as described in Appendix 3

Please see Appendix 2 for a list of all of the constituent stocks in the SSE 50 as at 3 September 2012 and Appendix 3 for more information on the SSE 50. Please refer to Appendix 3 for details on obtaining published figures for the value of the SSE 50.

### *Calculation Times*

The SSE 50 opens at 9.30 a.m. (Singapore time) and closes at 3.00 p.m. (Singapore time) each day on which the Shanghai Stock Exchange is open. After each day's centralised competitive pricing, the resulting opening prices, or the closed price of previous trading day for non trading stocks, are used to calculate the opening prices for the SSE 50. The SSE 50 is recalculated every 2 seconds and is published real time every 6 seconds until the end of the trading day. The SSE 50 is published as end of day values in CNY. The composition of the SSE 50 is reviewed once every six months in June and December each year.

The Shanghai Stock Exchange is open from Monday to Friday each week. The morning session is 9.15 a.m. (Singapore time) to 9.25 a.m. (Singapore time) being the time for centralised competitive pricing and 9.30 a.m. (Singapore time) to 11.30 a.m. (Singapore time) being the time for consecutive bidding. The afternoon session is 1.00 p.m. (Singapore time) to 3.00 p.m. (Singapore time) being the time for consecutive bidding. The markets are closed on Saturdays and Sundays and other holidays announced by each exchange respectively. For further information concerning the Shanghai Stock Exchange, investors may visit <http://www.sse.com.cn>.

The table below sets out the various commencement and closing times of the SGX-ST, the Shanghai Stock Exchange and the SSE 50:

	<b>Trading of Units of the Sub-Fund on the SGX-ST</b>	<b>Operating times of the SSE 50</b>	<b>Shanghai Stock Exchange</b>
<b>Opening Time</b>	9:00 a.m. (Singapore time)	9:30 a.m. (Singapore time)	9:30 a.m. (Singapore time)
<b>Closing Time</b>	5:00 p.m. (Singapore time)	3:00 p.m. (Singapore time)	3:00 p.m. (Singapore time)

## **6. STRUCTURE OF THE SUB-FUND**

The Sub-Fund offered in this Prospectus is a Singapore-dollar denominated open-ended unit trust established under the umbrella structure of the Fund which is constituted in Singapore.

## **7. INVESTMENT OBJECTIVE, FOCUS AND APPROACH AND PRODUCT SUITABILITY**

### **7.1 Investment Objective**

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.

The investment objective of the Sub-Fund will be adhered to for at least three (3) years following the first registration of this Prospectus (i.e. 15 October 2009), unless otherwise agreed by the Holders by way of a special resolution at a general meeting (or unless otherwise waived or exempted by the SGX-ST or such other relevant authority).

Investors should note that there is no guarantee that the Sub-Fund's investment objective will be achieved.

## 7.2 Investment Focus and Approach

The Managers currently adopts a synthetic replication strategy in respect of the Sub-Fund where index performance is replicated through the use of financial derivatives.

Currently, the underlying securities to which the SSE 50 relates, may not be directly invested by a non People's Republic of China (“PRC” or “China” or “Chinese”, as the context may require) person, such as the Sub-Fund, unless the person is a Qualified Foreign Institutional Investor (“QFII”) approved by the China Securities Regulatory Commission.

Therefore, in order to meet the investment objective, the Sub-Fund will invest in a type of market access product known as participatory notes (the “P-Notes”) to be issued by suitably rated P-Notes issuer(s), which will be linked to a composite portfolio (the “Composite Portfolio”) comprising of an underlying basket of the A-Shares held by the relevant QFII and 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 does not currently intend to invest in options, warrants, commodities, futures contracts and precious metals. Investors should note however that the Sub-Fund uses and invests in financial derivatives. Further information is set out in paragraph 9.2.4 of this Prospectus.

**The net asset value of the Sub-Fund is likely to have a high volatility due to its investment policies or portfolio management techniques.**

### 7.2.1 Description of the Composite Portfolio

The Composite Portfolio will be constructed by the Managers such that the performance of the Composite Portfolio will closely correspond, before fees, costs and expenses (including any taxes and withholding taxes), to the performance of the underlying basket of A-Shares held by the relevant QFII as well as the SSE 50.

If the Managers are of the view that constructing the Composite Portfolio in the manner described above to replicate the SSE 50 is not the most efficient means to track the SSE 50, having regard to *inter alia* the number of securities constituting the SSE 50, the liquidity of such securities, any restrictions on the ownership of securities, high transaction expenses and other trading costs, and tax and other regulatory restrictions, the Managers may decide to construct the Composite Portfolio in such a manner that, in the aggregate, the fundamental investment characteristics of the Composite Portfolio are consistent with those of the SSE 50. Over time, the Managers may alter (or “rebalance”) the Composite Portfolio to reflect changes (if any) in or to be more in line with the performance and characteristics of the SSE 50. The Managers will review the Composite Portfolio regularly and will adjust it, when necessary, to conform to changes in the composition of the SSE 50.

### 7.2.2 Description of the P-Notes

In summary, the P-Notes are financial derivative instruments the value of which is derived from the prices or values of the underlying securities to which the P-Notes are linked (in this case the underlying securities are the constituent securities comprising the Composite Portfolio, being the underlying basket of A-Shares constructed by the Managers).

Typically, the value of the P-Notes will correspond with the value of the Composite Portfolio to which the P-Notes are linked, such that the value of the P-Notes will rise and fall proportionately with that of the Composite Portfolio in normal market conditions. The Managers will monitor the value of the P-Notes in this connection.

In the case of the Sub-Fund, the P-Notes issued to the Sub-Fund will provide the Sub-Fund with the economic performance which is approximately equivalent to holding the constituent securities comprising the Composite Portfolio held by the relevant QFII. The P-Notes represent the obligations of the P-Notes issuer and do not provide any legal, beneficial or equitable entitlement or interest in the constituent securities comprising the Composite Portfolio to which the P-Notes are linked or the SSE 50 itself.

Essentially, for so long as the P-Notes issuer(s) honour their obligations under the P-Notes held by the Sub-

Fund, (unless the P-Notes are limited recourse obligations, in which case, depending on the performance of the rights or assets recourse is limited to) the commercial terms of the P-Notes should deliver substantially the same economic performance to the Sub-Fund as holding the constituent securities comprising the Composite Portfolio, before deduction of fees, costs and expenses charged by the relevant P-Notes issuer as well as the withholding taxes as described in paragraph 8.2. The duration of the P-Notes is for such period as may be agreed by the Managers with the respective P-Notes issuers. Upon maturity or early redemption of the P-Notes, the P-Notes may only be redeemed in cash and the amount payable by the P-Notes issuer at redemption will be determined in accordance with the terms and conditions of the P-Notes<sup>1</sup>.

Typically, the valuation of the P-Notes will be made by the party appointed by the relevant P-Notes issuer. Currently, the party who will value the P-Notes issued by Rabobank is Rabobank Hong Kong.

After becoming aware of the occurrence of an Event of Default, the Managers shall promptly notify the Trustee of such occurrence.

### 7.2.3 First P-Notes Issuer and collateral arrangements

The first P-Notes issuer is Rabobank which has a credit rating of “AA” by Standard and Poor’s, “Aa2” by Moody’s Investors Service and “AA” by Fitch as at the date of this Prospectus. The Sub-Fund will therefore be exposed to the concentration risk of having a single counterparty at the early stage of the Sub-Fund (please refer to paragraph 9.2.3 for more details). However, the Managers intend to diversify the number of and the relative exposure of the Sub-Fund to, various suitably rated P-Notes issuers in future when it is economically viable for the Sub-Fund to do so.

The P-Notes issued by Rabobank are issued under Rabobank’s Structured Medium Term Note Programme (the “**MTN Programme**”) governed by the laws of the Netherlands. A base prospectus in respect of the MTN Programme has been approved by the Netherlands Authority for the Financial Markets (Autoriteit Financiële Markten) in its capacity as competent authority under the Dutch securities laws, in accordance with the provisions of the prospectus directive (Article 5.4 of Directive 2003/71/EC) and the applicable Dutch securities laws. The enforceability of the P-Notes will therefore be dependent on, amongst other considerations, their validity under Dutch law.

The P-Notes issued by Rabobank will initially have a tenor of three (3) years (maturity date scheduled to be 9 November 2012) and it is intended that the parties will endeavour to renew the term of the P-Notes for an additional three (3) year term, subject to *inter alia*, limits imposed on QFIIs in relation to the holding of A-Shares and any material changes to PRC laws and regulations relating to investment in PRC securities.

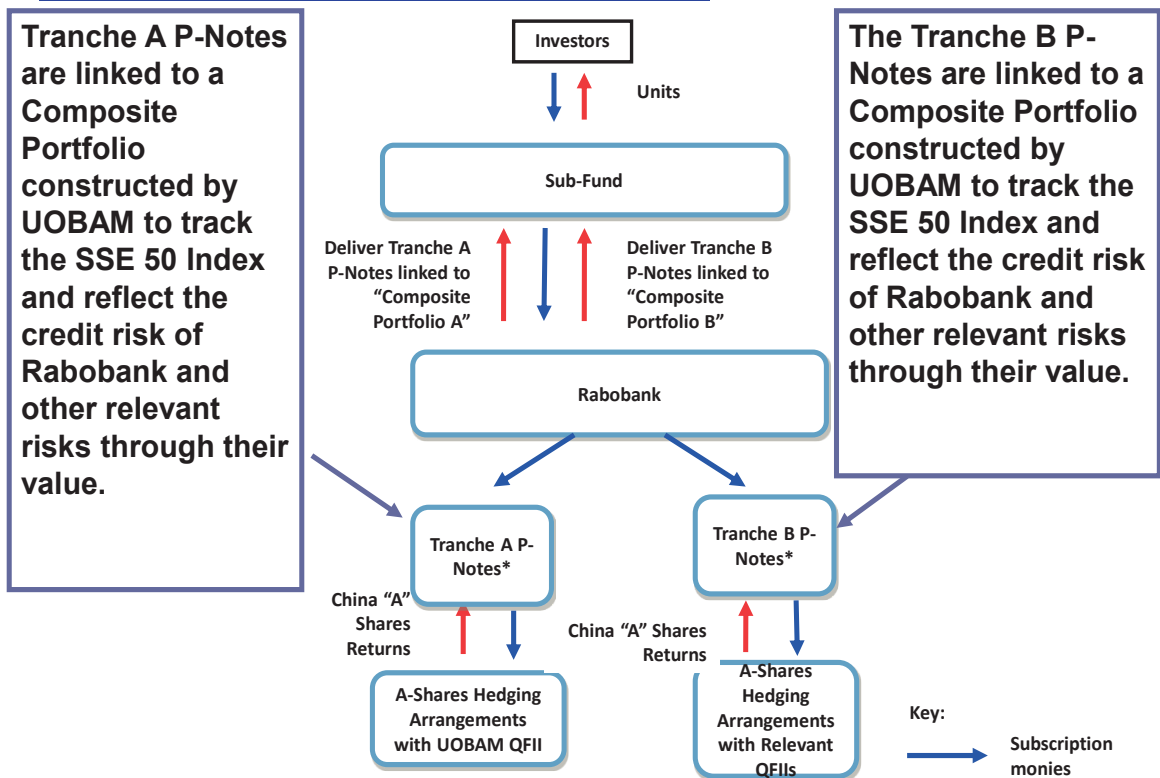
Two tranches of P-Notes were issued by Rabobank. One tranche is in respect of the Composite Portfolio the value of which closely corresponds to the performance of the underlying basket of A-Shares held via the QFII quota accorded to UOBAM provided via relevant A-Shares hedging arrangements entered into by Rabobank or Rabobank Hong Kong (the “**Tranche A P-Notes**”). Hedging arrangements entered into by Rabobank or Rabobank Hong Kong in relation to the Tranche A P-Notes may include swap agreements (including total return swaps) and such other arrangements as may be determined by Rabobank or Rabobank Hong Kong. The other tranche is in respect of the Composite Portfolio the value of which closely corresponds to the performance of the underlying basket of A-Shares provided via relevant A-Shares hedging arrangements entered into by Rabobank or Rabobank Hong Kong (the “**Tranche B P-Notes**”). Hedging arrangements entered into by Rabobank or Rabobank Hong Kong in relation to the Tranche B P-Notes are conducted at the full discretion of Rabobank and the Managers are not aware of, or involved in, such hedging arrangements.

For the purpose of illustration, please see below a diagram showing the investment strategy of the Sub-Fund with Rabobank as the only P-Notes issuer to the Sub-Fund:

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<sup>1</sup> Investors can contact the Managers (please refer to paragraph 27 for the contact details of the Managers) to obtain information on the terms and conditions of the P-Notes.

## Typical Flow of the Sub-Fund



\*Tranche A P-Notes and Tranche B P-Notes issued by Rabobank.

In addition, to mitigate (amongst other things) the impact of winding-up or liquidation of Rabobank (as the only P-Notes issuer to the Sub-Fund currently) on the Sub-Fund, Rabobank Hong Kong will post collateral in order to reduce the Sub-Fund's exposure to Rabobank to not more than 10% of the Net Asset Value of the Sub-Fund.

The collateral posted shall consist of instruments as allowed under the applicable provisions of the Code which are currently either money market instruments or bonds which are issued by, or have the benefit of a guarantee from, a government, government agency or supranational, that has a long-term rating of AAA by Fitch, Aaa by Moody's or AAA by Standard and Poor's (including sub-categories or gradations therein) or cash. It is currently intended that Rabobank Hong Kong will post mainly Singapore government treasury bills as collateral. Investors may obtain from the Managers' website at [uobam.com.sg](http://uobam.com.sg) information on collateral tendered to the Sub-Fund (updated on a monthly basis or as may be required or allowed by the relevant authorities).

The value of the collateral will be determined on each Singapore business day by Rabobank Hong Kong and will be topped up by Rabobank Hong Kong on an ongoing basis, as and when required (by the close of the next Hong Kong business day), to ensure that the counterparty exposure to Rabobank (net of the collateral) is not more than 10% of the Net Asset Value of the Sub-Fund. The marked-to-market values of the collateral will be actively monitored by the Managers and Rabobank.

It is intended that the collateral, which can be fully enforced by the Trustee at any time, will be placed in a trust or custodial account in Hong Kong (or in any sub-accounts or cash accounts linked to the main account in Hong Kong) charged and assigned by Rabobank Hong Kong to the Trustee as trustee for the Sub-Fund. The enforceability of such securities against Rabobank may be governed by, inter alia, Dutch law (the law of the jurisdiction in which Rabobank is established) and Hong Kong law (as the main trust or custodial account is maintained in Hong Kong). Investors should also note the conditions upon which the Trustee may act to enforce such securities as described in paragraph 21.1.23 below.

The Managers intend to diversify the number of, and the relative exposure of the Sub-Fund to, various other suitably rated P-Notes issuers. However, investors should note that the evaluation process that the

Managers will have to conduct on such potential P-Notes issuers will mean that it may take time before new suitably rated P-Notes issuers are identified and signed on. In the event this diversification does not occur, the Sub-Fund will remain subject to over-concentration risks as further described in paragraph 9.2.3 below.

#### 7.2.4 Future Changes

Should it become possible under PRC laws and practicable for the Sub-Fund to hold the underlying A-Shares comprised in the SSE 50 directly, through a segregated sub-account or in some other manner without restriction, the Managers may, with the agreement of all relevant parties to the Sub-Fund (including each Participating Dealer and the Trustee), take such steps as would enable the Sub-Fund to hold or have an equitable interest directly in the A-Shares constituting the SSE 50 instead of, or in addition to, the P-Notes. Where the Managers, the other relevant parties to the Sub-Fund and, where necessary, the relevant authorities consider such conversion feasible, the Managers will notify the Holders and announce on the SGXNET and take such necessary action as required in accordance with the Deed.

### 7.3 Product Suitability

The Sub-Fund is suitable for investors who:

- seek investment results that, before fees, costs and expenses (including any taxes and withholding taxes), closely correspond to the performance of the SSE 50; and
- are comfortable with the volatility and risk of a fund where index performance is replicated through the use of financial derivatives.

**The NAV of the Sub-Fund is likely to be highly volatile due to investment policies of the Sub-Fund and/or the portfolio management techniques adopted by the Managers.**

**Investors should consult their financial advisers if in doubt whether the Sub-Fund is suitable for them.**

## 8. FEES, CHARGES AND EXPENSES

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

#### Fees and Charges Payable by Investors

The fees and charges payable by investors dealing or trading in the Units on the SGX-ST or subscribing or redeeming Units through the Participating Dealers (either directly or through stockbrokers) are summarised as follows:

<b><i>Dealing or trading in the Units on the SGX-ST</i></b>	
Subscription/Redemption fee	Nil
Clearing fee	SGX-ST clearing fee of 0.04% of the transaction value, up to a maximum of S\$600 and subject to GST <sup>2</sup>
Trading fee	SGX-ST trading fee of 0.0075% of the transaction value, subject to GST
Brokerage fees and charges	<i>Market rates - investors will have to pay the applicable brokerage fees and charges of the relevant stockbroker.</i>

<b><i>Subscriptions / redemptions through Participating Dealers (either directly or through stockbrokers)</i></b>	
Participating Dealer fee	0.3% of the transaction value, subject to a minimum of S\$3,000*
Fees and charges (including brokerage fees and charges)	<i>Market rates - investors will have to pay the applicable fees and charges (including any applicable brokerage fees and charges) of the relevant Participating Dealer and/or stockbroker.</i>

<sup>2</sup> Singapore's current prevailing GST rate is 7.0%

\*Payable to a Participating Dealer by investors submitting a subscription or redemption application directly to a Participating Dealer. Where a subscription or redemption application is made by an investor through his 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 them with their applications to the Managers through a Participating Dealer.

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

The fees and charges payable by Participating Dealers and Designated Market Makers to subscribe for or redeem Units are summarised as follows:

<b>Creation of Units:</b>	
Transaction Fee <sup>3</sup> (applicable for each Creation Application)	S\$2,000 per Application for the first 12 months after Sub-Fund is launched and S\$3,000 thereafter subject to a maximum of S\$3,000*
Application Cancellation Fee <sup>4</sup> (only if applicable)	S\$2,000 per Application for the first 12 months after Sub-Fund is launched and S\$3,000 thereafter, and subject to Cancellation Compensation <sup>5</sup> (if applicable)
Partial Delivery Request Fee <sup>6</sup> (only if applicable)	S\$2,000 per Application for the first 12 months after Sub-Fund is launched and S\$3,000 thereafter

<b>Redemption of Units:</b>	
Transaction Fee <sup>2</sup> (applicable for each Redemption Application)	S\$2,000 per Application for the first 12 months after Sub-Fund is launched and S\$3,000 thereafter and subject to a maximum of S\$3,000*
Application Cancellation Fee <sup>4</sup> (only if applicable)	S\$2,000 per Application for the first 12 months after Sub-Fund is launched and S\$3,000 thereafter and subject to Cancellation Compensation <sup>7</sup>

\* A sum which the Managers 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) may also be charged to the Participating Dealers and the Designated Market Makers.

***Investors who wish to subscribe for or redeem their Units in the primary market should approach a Participating Dealer (either directly or through a stockbroker) to assist them with their applications to the Managers.***

***Please note that the abovementioned fees payable by Participating Dealers in the creation of Units and redemption of Units may ultimately be passed on to and borne by the investors.***

***Investors should also note that there may be brokerage fees and other charges in addition to the abovementioned fees that may be imposed by Participating Dealers and/or stockbrokers on the investors for assisting them with their applications and (depending on the specific nature of services provided) there may also be other fees and charges imposed by Participating Dealers and/or stockbrokers that are not disclosed in this Prospectus. Thus, investors should consult the relevant Participating Dealer for the applicable terms and conditions for assisting them with their applications to the Managers or the relevant stockbroker for the applicable terms and conditions for assisting them with their applications to the Managers through a Participating Dealer, as the***

<sup>3</sup> A Transaction Fee (which excludes any applicable Duties and Charges and out-of-pocket expenses) is payable by the Participating Dealer to the Trustee for its own benefit.

<sup>4</sup> An Application Cancellation Fee is payable by the Participating Dealer to the Trustee for its own benefit pursuant to paragraph 10.3.2(iii)(a) and paragraph 11.2.3(ii) below.

<sup>5</sup> "Cancellation Compensation" is described in paragraph 10.3.2(iii)(b) below.

<sup>6</sup> A Partial Delivery Request Fee is payable by the Participating Dealer to the Trustee for its own benefit, pursuant to paragraph 10.3.2(i) below. Such fee is payable by the Participating Dealer on each occasion that the Managers grant the Participating Dealer's request for partial delivery of the P-Notes and/or partial payment of the cash amounts in respect of a Creation Application for the benefit of the Trustee.

<sup>7</sup> "Cancellation Compensation" is described in paragraph 11.2.3(iii) below.

*case may be, including whether any additional fees and charges are imposed. The Participating Dealers are under no obligation to accept any instructions to create or redeem Units on behalf of any investors.*

## 8.2 Fees and Charges Payable by the Sub-Fund

The fees and charges payable by the Sub-Fund are summarised as follows:

Managers' fee <sup>Note 1</sup>	Currently 0.45% p.a. of the NAV of the Sub-Fund Maximum 1.50% p.a. of the NAV of the Sub-Fund
Trustee fee <sup>Note 2</sup>	Currently up to 0.10% p.a. of the NAV of the Sub-Fund, subject to a minimum monthly fee of S\$3,500 Maximum 0.25% p.a. of the NAV of the Sub-Fund, subject to a minimum monthly fee of S\$3,500
Maintenance fee <sup>Note 3</sup>	Currently 0.30% p.a. of the average net asset value of the Composite Portfolio
P-Notes transaction fee <sup>Note 4</sup>	Currently 0.40% per transaction
Audit fees, transaction fee for posting of the collateral and other fees and charges (including Index Provider fee) <sup>Note 5</sup>	Subject to agreement with the relevant parties. Each of the fees or charges may amount to or exceed 0.1% p.a. of the NAV of the Sub-Fund, depending on the proportion that each fee or charge bears to the NAV of the Sub-Fund
Cost of Establishment <sup>Note 6</sup>	1.05% of the NAV of the Sub-Fund

In addition, as the investment structure of the Sub-Fund had to be changed to comply with changes to the applicable investment guidelines under the revised Code on Collective Investment Schemes issued by the MAS on 30 September 2011, fees and charges incurred in connection with the restructuring of the Sub-Fund will be charged to the Sub-Fund. The Managers currently expect that such fees and charges may amount to or exceed 0.1% of the NAV of the Sub-Fund, depending on the proportion that the fees and charges bears to the NAV of the Sub-Fund (based on the next audited accounts).

### Notes:

#### 1. *Managers' fee*

The Managers are entitled to receive a management fee, currently at the rate of 0.45% p.a. of the NAV of the Sub-Fund.

Under the terms of the Deed, the Managers may, on giving not less than one month's notice to the Trustee and the Holders, increase the rate of the management fee payable up to or towards the maximum rate of 1.50% p.a. of the NAV of the Sub-Fund.

The management fee is accrued daily and calculated as at each Dealing Day and payable quarterly in arrears.

#### 2. *Trustee fee*

The Trustee is entitled to receive a Trustee fee of up to 0.10% p.a. of the NAV of the Sub-Fund, subject to a minimum monthly fee of S\$3,500. Currently, the Trustee fee includes the fees and charges payable to the Trustee for keeping and maintaining the Register and for the provision of fund valuation and accounting services in relation to or in connection with the Sub-Fund. Investors should note however that under the terms of the Deed, such registrar and valuation and accounting fees and charges may in future be separately payable out of the Deposited Property of the Sub-Fund.

The Trustee fee is accrued daily and calculated as at each Dealing Day and payable quarterly in arrears.

#### 3. *Maintenance fee*

As QFII holders are governed by a set of strict regulations imposed by PRC regulators, expenses are incurred by QFII holders in maintaining their QFII quota (for example, resources used to monitor their QFII investments, file mandatory reports on a regular basis and to hire additional staff to ensure daily compliance with the QFII

rules and regulations). Therefore, in return for the use of the QFII holders' QFII quota (which the QFII holders could otherwise utilize for their own purpose), the Managers will charge the Sub-Fund a maintenance fee for the purpose of covering the expenses incurred by the QFII holders in maintaining their QFII quota. The maintenance fee currently amounts to 0.30% p.a. of the average net asset value of the Composite Portfolio, accrued daily and calculated as at each Dealing Day and payable quarterly in arrears. Based on the audited accounts as at 30 June 2011, the total maintenance fee is approximately 0.23% of the NAV of the Sub-Fund for the financial year ended 30 June 2011. Assuming the NAV of the Sub-Fund and the level of the maintenance fee remain the same, the maintenance fee is expected to be more than 0.1% of the NAV of the Sub-Fund.

#### *4. P-Notes transaction fee*

The P-Notes issuer is entitled to charge a 0.40% transaction fee on the aggregate principal amount of the P-Note for each purchase and redemption of each P-Note acquired for the Sub-Fund.

In addition, investors should note that the terms of the P-Notes allow for certain costs and expenses to be deducted from the redemption amount of the P-Notes.

Based on the audited accounts as at 30 June 2011, the total P-Notes transaction fee is approximately 0.30% of the NAV of the Sub-Fund for the financial year ended 30 June 2011. Assuming the NAV of the Sub-Fund and the level of the P-Notes transaction fee remain the same, the P-Notes transaction fee is expected to be more than 0.1% of the NAV of the Sub-Fund.

Please refer to Appendix 4 under the heading "Costs and expenses will be deducted from the redemption value of the P-Notes" for further information.

#### *5. Audit fees, transaction fee for posting of the collateral and other fees and charges (including Index Provider fee)*

Based on the audited accounts and the average net asset value of the Sub-Fund for the financial year ended 30 June 2011, the audit fee, custodian fee and Index Provider fee did not amount to or exceed 0.1% of the NAV of the Sub-Fund in that financial year.

Transaction costs related to the posting of collateral into the trust or custodial account (as described in paragraph 7.2.3) could amount from 0.05% to 0.25% per quarter (equivalent to 0.20% to 1.00% per annum) of the value of the posted collateral. Based on the audited accounts and the average net asset value of the Sub-Fund for the financial year ended 30 June 2011, the transaction fee for posting of the collateral amounted to 0.29% of the NAV of the Sub-Fund in that financial year.

Other fees and charges include printing costs, professional fees, goods and services tax, administrator fee and other out-of-pocket expenses. Based on the audited accounts and the average net asset value of the Sub-Fund for the financial year ended 30 June 2011, the aggregate of such fees and charges amounted to 0.17% of the NAV of the Sub-Fund in that financial year.

#### *6. Cost of Establishment*

Based on the audited accounts as at 30 June 2010. Please note however that this amount is to be amortised over a period of three (3) years from the date when the initial Units are issued.

Please refer to paragraph 8.3 for further details on the Cost of Establishment of the Sub-Fund.

#### *Withholding for potential capital gains tax*

Investors should also note that Rabobank will deduct a provisional capital gains tax amount in SGD equal to 10% of the aggregate of any realised or unrealised gains on each security constituting the Composite Portfolio per transaction directly or indirectly related to the hedging of the P-Notes from the redemption amount on maturity or early redemption or repurchase of the P-Notes and withhold such amount to account for any potential capital gains tax paid or payable in the PRC in respect of gains on the securities constituting the Composite Portfolio (which will be returned to the Sub-Fund on the date falling on the fifth year after the issue date of the relevant P-Notes to the extent such capital gains tax are not paid, payable, announced, required or determined to be payable to any PRC tax or other relevant authorities in accordance with applicable PRC laws, rules and regulations). All amounts of capital gains tax actually levied by the taxing authority of the PRC before the date falling on the fifth year after the

issue date of the relevant P-Notes which is in excess of the provisional capital gains amount withheld shall be paid to Rabobank out of the assets of the Sub-Fund (and only to the extent available), and provided that the Sub-Fund is still in existence as at the date of the Trustee's receipt of Rabobank's request for payment of such excess amount.

Please refer to paragraph 2 of Appendix 4 under the sub-heading "Capital gains tax" for further details.

#### *General Expenses*

Any promotional expenses incurred by any marketing agents and any fees imposed by such marketing agents on their customers investing in the Sub-Fund will not be paid (either in whole or in part) out of the assets of the Sub-Fund.

All the expenses incurred in connection with the convening of meetings of Holders and all other transactional costs and operating costs (relating to the administration of the Sub-Fund) and other out-of-pocket expenses shall be paid out of the assets of the Sub-Fund in accordance with the Deed.

### **8.3 Cost of Establishment of the Sub-Fund**

Investors should note that the costs of establishing the Sub-Fund (including the Trustee's one time inception fee), the costs of preparation of this Prospectus, the costs of seeking and obtaining authorisation from the MAS as well as the SGX-ST listing and all initial legal fees and expenses and printing costs in respect of the Sub-Fund (including the legal fees and expenses incurred by the Managers and by the Trustee) (the "**Cost of Establishment of the Sub-Fund**") borne by the Sub-Fund have not exceeded S\$750,000. The Cost of Establishment of the Sub-Fund is amortised over a period of three (3) years from the date when the initial Units are issued.

Investors should be aware that amortisation of preliminary expenses is not in compliance with Recommended Accounting Practice 7: Reporting Framework for Unit Trusts issued by the Institute of Certified Public Accountants of Singapore ("**RAP 7**"), which requires such expenses to be written off as incurred.

## **9. RISK FACTORS**

### **9.1 General risks**

Investors should consider and satisfy themselves as to the risks of investing in the Sub-Fund. An investment in the Sub-Fund is meant to produce returns over the long-term. Investors should not expect to obtain short-term gains from such investment. Investors should note that the value of Units, and the income accruing to the Units, may fall or rise and that investors may not get back their original investment. Past performance is not indicative of future performance. The Net Asset Value of the Sub-Fund will change with changes in the market value of the investments it holds. There can be no assurance that the Sub-Fund will achieve its investment objective or that an investor will achieve profits or avoid losses, significant or otherwise. The capital return and income of the Sub-Fund is based on the capital appreciation and income on its investments, less expenses incurred. The Sub-Fund's return may fluctuate in response to changes in such capital appreciation or income. Furthermore, the Sub-Fund may experience volatility and decline in a manner that broadly corresponds with the underlying SSE 50.

### **9.2 Specific risks**

#### **9.2.1 Investment in the Sub-Fund is not the same as direct investment in the A-Shares**

In order that the Sub-Fund may track the SSE 50, the Sub-Fund will acquire, hold and dispose of P-Notes linked to the Composite Portfolio that correspond to the performance of the SSE 50. The A-Shares, the underlying securities that comprise the SSE 50, may not be directly invested by a non PRC person, such as the Sub-Fund, unless the person is a QFII. Accordingly, in order to meet its investment objective, the Sub-Fund will purchase P-Notes from, and sell P-Notes to, the P-Notes issuer(s). The P-Notes do not provide any legal, beneficial or equitable entitlement or interest in constituent securities comprising the Composite Portfolio to which the P-Notes are linked. Investors should therefore note that an investment in the Sub-Fund is not the same as owning the constituent A-Shares of the SSE 50. The Holders will not have any proprietary or beneficial interest in such A-Shares. As the P-Notes are the obligations of the relevant P-Notes issuer, rather than a direct investment in A-Shares, the Sub-Fund may suffer losses potentially equal to the full value of the P-Notes if the P-Notes issuer fails to perform its obligations under the P-Notes.

## 9.2.2 Counterparty risk of the P-Notes Issuers

The P-Notes constitute direct, unsubordinated and unsecured contractual obligations of the issuer of the P-Notes (save as described in paragraph 9.2.3 below). The P-Notes do not provide the Sub-Fund (or the Managers) with any legal or equitable interest of any type in the underlying A-Shares comprising the SSE 50. The value of the Sub-Fund's assets will therefore depend on the credit risk of each of the P-Notes issuer(s) of the P-Notes held by the Sub-Fund. Any insolvency event in relation to, or other failure to perform obligations under the P-Notes or related agreement of, any of the P-Notes issuer(s) will have an adverse impact on the Net Asset Value of the Sub-Fund. The Sub-Fund is subject to counterparty risk associated with each P-Notes issuer and may suffer losses up to the full value of the P-Notes issued by a P-Notes issuer if such P-Notes issuer fails to perform its obligations under the P-Notes. Any loss would result in a reduction in the Net Asset Value of the Sub-Fund and impair the ability of the Sub-Fund to achieve its investment objective to track the SSE 50. In the event of a default by a P-Notes issuer, dealing in Units may be suspended and the Sub-Fund may ultimately be terminated.

## 9.2.3 Over-concentration risk, collateral risk and custody risk

### Over-concentration risk

As 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, exposure of the Sub-Fund is concentrated in a particular market (i.e. A-Shares comprising the SSE 50).

In addition, as a result of having the possibility of a significant proportion of the assets of the Sub-Fund being placed with a single or small number of P-Notes issuer(s), the default or insolvency of such P-Notes issuer(s) would accordingly adversely affect the ability of such P-Notes issuer(s) to meet their payment obligations to the Sub-Fund. The default in payment by such P-Notes issuer(s) in relation to the P-Notes would substantially affect the Sub-Fund's ability to meet payment obligations in relation to any return to its investors.

The Sub-Fund currently invests all or substantially all of its deposited property in the P-Notes issued by Rabobank. It is intended that Rabobank or its related entity will re-purchase the P-Notes upon request by the Sub-Fund at prevailing market prices as determined by Rabobank or its related entity, as the case may be, taking into account all relevant factors.

### Collateral risk

To mitigate (amongst other things) the impact of winding-up or liquidation of Rabobank (as the only P-Notes issuer to the Sub-Fund currently) on the Sub-Fund, Rabobank Hong Kong will post collateral in order to reduce the Sub-Fund's exposure to Rabobank to not more than 10% of the Net Asset Value of the Sub-Fund. The Net Asset Value of the Sub-Fund will be adversely affected to the extent that such securities are not effectively enforced.

Please see paragraph 7.2.3 above for details on the collateral arrangement in place.

Investors should note that there may be a risk of Rabobank Hong Kong failing to top up the collateral in the event of a decline in the value of the collateral. In the event the Trustee acts to enforce the collateral, there may also be a risk that the value of such collateral could decline pending or in the course of such enforcement and accordingly, the Sub-Fund's exposure to Rabobank may be more than 10% of the Net Asset Value of the Sub-Fund.

### Custody risk

Investors should also note that the collateral will be held by a third party custodian and/or sub-custodians. This exposes the Sub-Fund to a custody risk. This means that the Sub-Fund is exposed to the risk of loss of such collateral for instance as a result of negligence and/or fraudulent acts by such custodian and/or sub-custodians.

## 9.2.4 Financial Derivatives

To achieve its investment objective, the Sub-Fund will use or invest in the P-Notes which are financial derivative instruments and essentially provide the Sub-Fund with the performance of the Composite Portfolio. The Sub-Fund may therefore use or invest in financial derivative instruments for purposes of optimising returns. The Sub-Fund may also use or invest in derivatives for the purposes of hedging existing positions in a portfolio or efficient portfolio management or a combination of both purposes. Thus it will be exposed to risks associated with such investments. These derivatives include but are not limited to options, swaps and warrants. Where such instruments are financial derivatives on commodities, such transactions shall be settled in cash at all times. In the event the Sub-Fund nets its OTC financial derivative positions, the Managers will obtain the legal opinions as stipulated in paragraph 5.15 of Appendix 1 of the Code prior to such netting.

Investments in derivatives may require the deposit of initial margin and additional deposit of margin on short notice if the market moves against the investment positions. If no provision is made for the required margin within the prescribed time, the Sub-Fund's investments may be liquidated at a loss. Therefore, it is essential that such investments in derivatives are monitored closely. The Managers have the necessary controls for investments in derivatives and have in place systems to monitor the derivative positions for the Sub-Fund.

### *Risk management procedures of the Managers*

The Managers will ensure that the global exposure of the Sub-Fund to financial derivative instruments or embedded financial derivative instruments will not exceed 100% of the Net Asset Value of the Sub-Fund at all times. Such exposure will be calculated using the commitment approach as described in, and in accordance with the provisions of, the Code. The Sub-Fund may net its over-the-counter financial derivative positions with a counterparty through bilateral contracts for novation or other bilateral agreements with the counterparty, provided that such netting arrangements satisfy the relevant conditions described in the Code, and the Managers obtain the legal opinions as stipulated in the Code.

Description of risk management and compliance procedures and controls adopted by the Managers:-

- (i) *General.* The Managers will implement various procedures and controls to manage the risk of the assets of the Sub-Fund. The decision to invest in any particular security or instrument on behalf of the Sub-Fund will reflect the Managers' judgment of the benefit of such transactions to the Sub-Fund and will be consistent with the Sub-Fund's investment objective in terms of risk and return.
- (ii) *Execution of Trades.* Prior to each trade, the Managers will ensure that the intended trade will comply with the stated investment objective, focus, approach and restrictions of the Sub-Fund, and that best execution and fair allocation of trades are done. The Managers' middle office department will conduct periodic checks to ensure compliance with the investment objective, focus, approach and restrictions (if any) of the Sub-Fund. In the event of any non-compliance, its middle office is empowered to instruct the relevant officers to rectify the same. Any non-compliance will be reported to higher management and monitored for rectification.
- (iii) *Liquidity.* In the event there are unexpectedly large redemptions of Units, there may be a possibility that the assets of the Sub-Fund may be forced to be liquidated at below their fair and expected value, especially in illiquid public exchanges or over-the-counter markets.
- (iv) *Counterparty Exposure.* The Sub-Fund may have credit exposure to counterparties by virtue of positions in financial instruments (including derivatives) held by the Sub-Fund. To the extent that a counterparty defaults on its obligations and the Sub-Fund is delayed or prevented from exercising its rights with respect to the investments in its portfolio, it may experience a decline in the value of its assets, its income stream and incur extra costs associated with the exercise of its financial rights.

In respect of the P-Notes issuers, the Managers intend to adhere from the outset to a minimum long-term rating of A by Fitch Inc, A by Moody's Investors Service or A by Standard and Poor's (including such sub-categories or gradations therein) (or such other minimum rating requirement as may be prescribed under the Code).

In the event of a rating downgrade of a P-Notes issuer below the applicable minimum long-term rating prescribed under the Code, the Managers will take suitable action to comply with the Code.

In addition, the Managers will endeavour to procure Rabobank (as the P-Notes Issuer) to inform them in the event Rabobank suffers a rating downgrade so that the Managers may take appropriate steps to inform the MAS and the SGX-ST as well as Holders as soon as practicable by, inter alia, posting an announcement on the SGXNET and/or on the Managers' website at [uobam.com.sg](http://uobam.com.sg) and by updating this Prospectus.

Subject to the provisions of the Code, the Managers will restrict their dealings with other counterparties to those that have a minimum long-term issuer credit rating of above BB+ by Standard and Poor's, an individual rating of above C by Fitch Inc or a financial strength rating of above C by Moody's Investors Service. If any approved counterparty fails this criterion subsequently, the Managers will take steps to unwind the Sub-Fund's position with that counterparty as soon as practicable.

- (v) *Volatility.* To the extent that the Sub-Fund has exposure to financial derivative instruments that allow a larger amount of exposure to a security for no or a smaller initial payment than the case when the investment is made directly into the underlying security, the value of the Sub-Fund's assets will have a higher degree of volatility. The Sub-Fund may use derivatives for hedging purposes for reducing the overall volatility of the value of its assets. At the same time, the Managers will ensure that the total exposure of the Sub-Fund to derivative positions will not exceed the Net Asset Value of the Sub-Fund.
- (vi) *Valuation.* The Sub-Fund may have exposure to over-the-counter derivatives that are difficult to value accurately, particularly if there are complex positions involved. The Managers will ensure that independent means of verifying the fair value of such instruments are available, and will conduct such verification at an appropriate frequency.

The Managers will ensure that the risk management and compliance procedures and controls adopted are adequate and have been or will be implemented that they have the necessary expertise to control and manage the risks relating to the use of financial derivative instruments. The Managers may modify the risk management and compliance procedures and controls as they deem fit and in the interests of the Sub-Fund.

#### **9.2.5 No obligation for P-Notes issuer(s) or their Connected Person(s) to hedge**

The P-Notes issuer(s) or their Connected Persons will generally hedge their exposure in respect of any P-Notes issuance for risk management purposes, either by purchasing the underlying A-Shares that comprise the SSE 50 or by entering into relevant hedging arrangements. However, neither the P-Notes issuer(s) nor their Connected Persons is under any obligation to perform hedging. In particular, a P-Notes issuer or its Connected Persons may take small overnight risk if for some reason it is not able to completely hedge out its residual positions. In any event, the Sub-Fund will not receive any beneficial interests that may arise from any hedging exercise performed by a P-Notes issuer or its Connected Person.

#### **9.2.6 Possible limited duration of the Sub-Fund**

The P-Notes are of limited duration and those P-Notes issued at the launch of the Sub-Fund may settle automatically three (3) years after their issue (maturity date scheduled to be 9 November 2012). Whilst it is intended that the P-Notes to be acquired by the Sub-Fund from time to time may be "rolled over" for such period as the relevant P-Notes issuer and the Managers may agree, there is no assurance that the relevant P-Notes issuer will agree to continue with this arrangement.

Accordingly, the duration of the Sub-Fund depends on the ability of the Sub-Fund to renew the term of the P-Notes held by it. Although the Managers believe that the P-Notes issuer(s) will be willing to do so, such renewal cannot be guaranteed and such renewal may be uneconomical for the Sub-Fund. In the event that no satisfactory alternative to tracking the SSE 50 through investment in the P-Notes is available, the Managers may terminate the Sub-Fund and investors may not get back their original investment.

#### **9.2.7 Dependence on the P-Notes Issuer(s)**

The Managers' ability to manage the Sub-Fund depends upon the continuing availability of P-Notes. In certain limited circumstances, a P-Notes issuer may no longer be willing or able to issue P-Notes to the

Sub-Fund or the Sub-Fund may no longer be willing or able to acquire or hold the relevant P-Notes. Such circumstances may, for example, include (i) changes to applicable laws, regulations, rules or other relevant circumstances such that it is illegal, impossible or impracticable for a P-Notes issuer to issue P-Notes to the Sub-Fund or for the Sub-Fund to acquire or hold the P-Notes, (ii) where it is no longer economically viable to issue or sell P-Notes, and (iii) where a P-Notes issuer ceases to possess a satisfactory credit rating. In the worst case scenario, the Sub-Fund may be terminated.

#### **9.2.8 Participating Dealers may only deal in certain P-Notes**

Investors should note that the Sub-Fund may face practical limitations that effectively limit it from delivering to a Participating Dealer in respect of a Redemption Application, P-Notes other than those that have been either issued by an affiliate of the Participating Dealer or are otherwise acceptable to the Participating Dealer. This may from time to time limit the flexibility of the Managers in responding to Redemption Applications and prevent the Managers from maintaining the Sub-Fund's credit exposure to P-Notes issuer(s) at desired levels.

#### **9.2.9 Passive Investment**

The Sub-Fund is not actively managed. Accordingly, the Sub-Fund may be affected by a decline in world market segments that affect the SSE 50. Since the Sub-Fund invests in the P-Notes that passively reflect the Composite Portfolio constructed by the Managers to closely correspond to the SSE 50, adverse changes in the financial condition or share performance of any company included in the SSE 50 may not result in the sale of the shares of such company, and such adverse changes will likely adversely affect the Sub-Fund's value and the trading price of the Units. The Managers do not attempt to select stocks individually or to take defensive positions in declining markets. Therefore, the Managers will have limited discretion to remove the shares of such company from the Composite Portfolio and may lack discretion to adapt to market changes. The performance of the P-Notes and thus that of the Sub-Fund may be adversely affected in such declining markets and a fall in the SSE 50 may result in a corresponding fall in the Net Asset Value of the Sub-Fund.

#### **9.2.10 Tracking Error Risk**

There is no assurance that the Sub-Fund will be able to fully track the performance of the SSE 50. "Tracking error" is the difference between the performance of a fund's portfolio and that of its underlying index. The Net Asset Value of the Sub-Fund may not correlate exactly with the SSE 50 and changes in the Net Asset Value of the Sub-Fund are unlikely to replicate exactly changes in the SSE 50. Factors such as the fees, costs and expenses of the Sub-Fund, imperfect correlation between the Sub-Fund's assets and the securities constituting the Composite Portfolio or SSE 50, rounding of share prices, changes to the Composite Portfolio or SSE 50, regulatory policies, investment and regulatory constraints, foreign currency valuation, unexpected financing costs in the event of severe market movements, inability to rebalance in response to changes in the SSE 50 and the existence of a cash position held by the Sub-Fund may affect the Managers' ability to achieve close correlation with the performance of the SSE 50. The Sub-Fund's returns may therefore deviate from the SSE 50 resulting in a tracking error. Further, it is possible that the Sub-Fund may experience greater tracking error than typical exchange traded index funds, and possible causes of such tracking error include foreign ownership restrictions on the A-Shares (for example, loss of QFII status or insufficient QFII investment quota restricting the issuance of P-Notes). In addition, the tracking error of the Sub-Fund may be increased by the overall costs of maintaining the P-Notes, and such costs may include the P-Notes transaction fee, the P-Notes maintenance fee as disclosed in paragraph 8.2, any cost of credit support as well as any taxes and duties (including the deduction of a provisional capital gains tax from the redemption amount of the P-Notes as described in paragraph 8.2) and the spread and foreign exchange costs to the Sub-Fund from investing in the P-Notes. These factors may lead to tracking errors that may cause the Net Asset Value of the Sub-Fund to not correlate exactly with the SSE 50. However, such tracking errors are not expected to be significant. As far as possible, the Managers will seek to minimise tracking errors by minimising the cash holdings of the Sub-Fund.

#### **9.2.11 Operating cost**

There is no assurance that the performance of the Sub-Fund will achieve its investment objective. The level of fees and expenses payable by the Sub-Fund will fluctuate in relation to the Net Asset Value. Although the amounts of certain ordinary expenses of the Sub-Fund can be estimated, the growth rate of the Sub-Fund,

and hence its Net Asset Value, cannot be anticipated. Investors should also note that the Managers and the Trustee have the discretion to increase the Managers' fee and Trustee fee up to the maximum level as provided in paragraph 8.2 above and the Managers have the discretion to increase the Maintenance Fee as set out in paragraph 8.2 above from time to time in line with market conditions. Accordingly, no assurance can be given as to the performance of the Sub-Fund or the actual level of its expenses.

#### **9.2.12 Trading Risk**

The Sub-Fund is structured as an index fund and the Net Asset Value of the Units of the Sub-Fund will fluctuate with changes in the market value of the Sub-Fund's investments and changes in the exchange rate between the (i) SGD and USD; (ii) USD and CNY; and (iii) CNY and SGD. The market prices of Units will fluctuate in accordance with changes in the Net Asset Value of the Units and supply and demand on any exchange on which the Units are listed. Although the Net Asset Value of the Units represents the fair price for buying or selling Units, as with any listed fund, the secondary market price of Units may sometimes trade above or below this Net Asset Value and the Managers cannot predict whether Units will trade below, at or above their Net Asset Value. Therefore, there is a risk that investors may not be able to buy or sell at a price close to this Net Asset Value. The deviation from the Net Asset Value is dependent on a number of factors, but will be accentuated when there is a large imbalance between market supply and demand for Units on the SGX-ST. Given, however, that Units must be created and redeemed in Application Unit aggregations (unlike shares of many closed-end funds, which frequently trade at appreciable discounts from, and sometimes at premiums to, their Net Asset Value), the Managers believe that ordinarily large discounts or premiums to the Net Asset Value of Units should not be sustained. In the event that the Managers suspend creations and/or redemptions of Units of the Sub-Fund, the Managers expect larger discounts or premiums.

#### **9.2.13 Trading in Units on the SGX-ST may be suspended**

Investors will not be able to purchase or sell Units on the SGX-ST during any period when trading in the Units is suspended by the SGX-ST. The SGX-ST may suspend the trading of Units whenever the SGX-ST determines that it is appropriate in the interests of a fair and orderly market to protect investors. The creation and redemption of Units will also be suspended in the event that the trading of Units on the SGX-ST is suspended. The SGX-ST imposes certain requirements for the continued listing of securities, including the Units, on the SGX-ST. Investors cannot be assured that the Sub-Fund will continue to meet the requirements necessary to maintain the listing of Units on the SGX-ST or that the SGX-ST will not change the listing requirements. The Sub-Fund may be terminated if the Units are delisted from the SGX-ST. Dealings of Units on the SGX-ST may not necessarily be suspended in the event that the creation and redemption of Units is temporarily suspended by the Managers in accordance with the terms of the Deed. If the creation and redemption of Units is temporarily suspended, the trading price of the Units may be adversely affected and differ from the Net Asset Value of the Sub-Fund.

#### **9.2.14 Absence of prior active market**

Although the Units have been listed for trading on the SGX-ST, there can be no assurance that an active trading market will be developed or be maintained. There is no certain basis for predicting the actual price levels at, or sizes in, which Units may trade. Further, there can be no assurance that investors in the Units will experience trading or pricing patterns similar to those of market-traded shares which are issued by investment companies in other jurisdictions or which are based upon indices other than the SSE 50.

#### **9.2.15 Dealing risk**

Should the Units not be widely held following listing on the SGX-ST, any investor holding Units in small numbers may not necessarily be able to find other buyers on the SGX-ST should that investor wish to sell. In order to address such dealing risk, a market maker has been appointed to improve liquidity in trading of the Units. The listing of Units on the SGX-ST does not guarantee a liquid market for the Units and there can be no assurance that a liquid secondary market on the SGX-ST will exist for the Units. It is the intention of the Managers to assist in the creation of liquidity for investors by appointing at least one market maker to maintain a market for the Units on the SGX-ST (please refer to paragraph 5.2 above). However, there is no guarantee or assurance as to the price at which a market will be made. The market makers may realise profits or sustain losses in the amount of any differences between the prices at which they buy Units and the prices at which they sell Units. Any profit made by the market makers may be retained by them for their absolute benefit and they are not liable to account to the Sub-Fund in respect of such profits.

### **9.2.16 Creation and Redemption by Designated Market Makers or through Participating Dealers only**

Investors should note that the Sub-Fund is not like a typical unit trust offered to the public in Singapore. Units may only be created and redeemed by Market Makers or through Participating Dealers. Participating Dealers are under no obligation to agree to do so on behalf of any investor. Therefore, Units may not be subscribed for, or redeemed, directly through the Managers by the investors. Each Participating Dealer may, in its absolute discretion, refuse to accept a creation or redemption order from an investor (whether directly or through the investor's stockbroker) and can charge such fees as it may determine. In addition, the Participating Dealers will not be able to create or redeem Units during any period when, amongst other things, dealings on the SGX-ST are restricted or suspended, settlement or clearing of securities through the CDP is disrupted or the SSE 50 is not compiled or published. The Participating Dealers will also not be able to create or redeem Units if some other event occurs which impedes the calculation of the Net Asset Value of the Sub-Fund or disposal of the Sub-Fund's portfolio securities cannot be effected. Investors trading in smaller lots may generally only realise the value of their Units by selling their Units on the SGX-ST. These features are not usually present in a typical unit trust offered to the public in Singapore, where units can generally be purchased and redeemed by investors directly with the manager of the unit trust.

### **9.2.17 Political Risk and Foreign Security Risk**

The investments in the Sub-Fund may be adversely affected by a wide variety of factors, including without limitation, political instability, exchange controls, changes in taxation, foreign investment policies, restrictions on repatriation of investments and other restrictions and controls which may be imposed by the relevant authorities in the PRC.

An investment in Units of the Sub-Fund involves risks similar to those of investing in a broad-based portfolio of equity securities traded on exchanges in the relevant overseas securities market, including market fluctuations caused by factors such as economic and political developments, changes in interest rates and perceived trends in stock prices. The principal risk factors, which could decrease the value of investments, are listed and described below:

- less liquid and less efficient securities markets;
- greater price volatility;
- exchange rate fluctuations and exchange controls;
- less publicly available information about issuers;
- the imposition of restrictions on the expatriation of funds or other assets of the Sub-Fund;
- higher transaction and custody costs and delays and risks of loss attendant in settlement procedures;
- difficulties in enforcing contractual obligations;
- lesser levels of regulation of the securities markets;
- different accounting, disclosure and reporting requirements;
- more substantial government involvement in the economy;
- higher rates of inflation; and
- greater social, economic, and political uncertainty and the risk of nationalization or expropriation of assets and risk of war or terrorism.

### **9.2.18 Foreign Exchange Risk**

The Sub-Fund is denominated and traded in SGD and its investments are generally invested in the P-Notes which are denominated in SGD and the A-Shares comprising the Composite Portfolio underlying the P-Notes are denominated in CNY. Accordingly the returns of the Sub-Fund and the ability of the Sub-Fund to track the SSE 50 are in part affected by exchange rate fluctuations as between the SGD and the CNY. The

terms of the P-Notes require payment under the P-Notes to be made in SGD, meaning that the Sub-Fund is exposed to exchange rate risks in terms of fluctuations in the relative value between the SGD and the CNY.

As the Sub-Fund's Net Asset Value is determined on the basis of the SGD, investors may lose money if the CNY or USD were to depreciate against the SGD, even if the market value of the relevant A-Shares actually goes up. The Managers currently do not intend to hedge such foreign currency exposure of the Sub-Fund.

#### **9.2.19 Minimum creation and redemption size via the Participating Dealer**

Only Participating Dealers and Market Makers may apply directly to the Managers for the creation or redemption of Units, which must be made in an Application Unit size (currently 100,000 Units) or whole number multiples thereof subject to a minimum of 500,000 Units per Creation or Redemption Application or such other minimum number of Units as the Managers may determine from time to time with the approval of the Trustee. Investors who wish to subscribe for or redeem Units in the primary market must approach a Participating Dealer (whether directly or through a stockbroker) to assist them with their applications to the Managers.

As any subscription or redemption applications for less than the current minimum of 500,000 Units from investors (whether directly or through their stockbrokers) to a Participating Dealer will be rejected by that Participating Dealer, investors who do not hold at least 500,000 Units may only be able to realise the value of their Units by selling their Units on the SGX-ST and investors who do not intend to subscribe for at least 500,000 Units may only be able to buy Units on the SGX-ST.

#### **9.2.20 Minimum Fund Size**

The Sub-Fund is structured as an index fund with a low total expense ratio (including the Managers' fees and the Trustee fees) compared to typical retail unit trusts. As with any fund, in order to remain viable, the size of the Sub-Fund must be sufficient to cover at least its fixed operating costs. Given the relatively low fees charged to and payable by the Sub-Fund, the minimum size of the Sub-Fund needs to be significantly larger than other typical unit trusts. As provided under paragraph 23.3(a), the Managers may terminate the Sub-Fund if after three (3) years from the date of the Principal Deed, the aggregate Net Asset Value of Units outstanding in the Sub-Fund is less than S\$20 million.

#### **9.2.21 Risk of market pricing**

The market price of an exchange traded fund ("ETF") will be affected by supply and demand imbalance in the ETF. In the case of the Sub-Fund, since the supply and demand imbalance can only be addressed by creation of additional Units and the redemption of existing Units, the liquidity of the underlying A-Share market and the nature of the QFII regime will likely result in the Sub-Fund trading at a higher premium or discount to the NAV per Unit than may normally be the case for an ETF.

#### **9.2.22 Risk relating to the P-Notes issued by Rabobank**

As the Sub-Fund will use or invest in the P-Notes issued by Rabobank to achieve its investment objective, investors should note that the Net Asset Value of the Sub-Fund may be adversely affected by the materialisation of any risks pertaining to the P-Notes issued by Rabobank. Please refer to Appendix 4 for details of the principal risks relating to the P-Notes issued by Rabobank, in particular, the sections "Factors which are material for the purpose of assessing the market and country risks associated with the P-Notes are as follows:" and "Risks related to the structure of the P-Notes being notes linked to the Composite Portfolio".

No person other than Rabobank will be obliged to make payments on the P-Notes. The amount payable under the P-Notes will be calculated in accordance with the terms of the P-Notes and the Sub-Fund may lose part or the whole of its investment in the P-Notes.

#### **Risk Factors Relating to the PRC and the QFII System Generally**

#### **9.2.23 QFII system generally**

The QFII system was introduced in 2002. Although the China Securities Regulatory Commission of the PRC (the "CSRC") may relax QFII eligibility requirements and make investment in A-Shares easier and

more widespread in the future (as it had done in 2006 by making certain amendments to the QFII system), this cannot be guaranteed. It is not possible to predict the future development of the QFII system and the CSRC may even impose restrictions on QFII's operations. Such restrictions may adversely affect the issuance of P-Notes and/or cause Units in the Sub-Fund to trade at a discount to its Net Asset Value on the SGX-ST.

#### **9.2.24 PRC tax risk**

Currently, 10% PRC withholding tax has been enforced on payment of dividends and interest to QFIIs from PRC listed companies.

In a circular issued by the Chinese State Administration of Taxation of the PRC dated 23 January 2009, the dividend, bonus and interest income derived from the PRC by QFIIs are subject to 10% withholding tax and shall be withheld by the enterprise that distributes such dividend or bonus or pays the interest. In such event, any tax levied on and payable by the QFII in the PRC in relation to the Composite Portfolio will be reflected in the value of the Composite Portfolio and passed on to and borne by the Sub-Fund.

The PRC Government has implemented a number of tax reform policies in recent years, such as passing a unified enterprise income tax law applicable to both domestic resident enterprises and non-resident foreign enterprises which took effect on 1 January 2008. There can be no assurance that the current tax laws and regulations will not be revised or amended in the future. Any revision or amendment in tax laws and regulations may affect the after-taxation profit of PRC companies.

#### **9.2.25 Repatriation from the PRC**

The P-Notes are issued outside the PRC and restrictions on or suspension of the ability of QFIIs in general to repatriate US dollars should not affect the operation of the Sub-Fund, although restrictions on the repatriation of US dollars might result in the Participating Dealers choosing not to create or redeem Units as a result. Where the P-Notes issuer is also a QFII, the inability to repatriate US dollars may give rise to liquidity problems for that P-Notes issuer, which may impact the Sub-Fund if that P-Notes issuer is unable to perform its obligations under the P-Notes it has issued and are held by the Sub-Fund. However, any further restrictions on or suspension of the ability of QFIIs in general to repatriate US dollars from the PRC, insofar as they affect the P-Notes issuer(s), may cause Units in the Sub-Fund to trade at a discount to its Net Asset Value on the SGX-ST.

#### **9.2.26 QFII investment quota**

Under the QFII system, a QFII must obtain approval from State Administration of Foreign Exchange of the PRC ("SAFE") to increase its investment quota. In the event that any QFII wishes to increase its respective investment quota from time to time, such increase may take time to obtain SAFE's approval. Where insufficient investment quota is available, additional P-Notes may not be available from suitable P-Notes issuer(s) in which case, because the Sub-Fund is unable to purchase more P-Notes, further Units in the Sub-Fund cannot be created.

Although the continued operation of the Sub-Fund should not be affected, where further increases in QFII investment quota is restricted, suspended or halted, the supply of PRC A-Shares access products, such as P-Notes, will be affected and this may cause Units in the Sub-Fund to trade at a premium to its Net Asset Value.

#### **9.2.27 QFII investment restrictions**

Although the Managers do not anticipate that QFII investment restrictions will impact the ability of the Sub-Fund to achieve its investment objective, investors should note that the relevant PRC laws and regulations may limit the ability of the QFII to acquire A-Shares in certain PRC issuers from time to time or to increase its holding of certain A-Shares due to PRC regulatory restrictions in terms of investment concentration ratio, and in addition, a QFII may not be able to acquire A-Shares to either directly or indirectly provide hedging for the P-Notes. In such case, this may accordingly restrict the issuance, and therefore the purchase, of P-Notes linked to these A-Shares by the Sub-Fund.

### **9.2.28 PRC economic, political and social conditions as well as government policies**

The economy of China, which has been in a state of transition from a planned economy to a more market oriented economy, differs from the economies of most developed countries in many respects, including the level of government involvement, its state of development, its growth rate, control of foreign exchange, and allocation of resources.

Although the majority of productive assets in China are still owned by the PRC government at various levels, in recent years, the PRC government has implemented economic reform measures emphasising utilisation of market forces in the development of the economy of China and a high level of management autonomy. The economy of China has experienced significant growth in the past 20 years, but growth has been uneven both geographically and among various sectors of the economy. Economic growth has also been accompanied by periods of high inflation. The PRC government has implemented various measures from time to time to control inflation and restrain the rate of economic growth and carried out economic reforms to achieve decentralisation and utilisation of market forces to develop the economy of the PRC. Any adjustment and modification of those economic policies may have an adverse impact on the securities market in the PRC as well as the underlying securities which are constituents of the Composite Portfolio. Furthermore, the PRC government may from time to time adopt corrective measures to control the growth of the PRC economy which may also have an adverse impact on the capital growth and performance of the Sub-Fund. Political changes, social instability and adverse diplomatic developments in the PRC could result in the imposition of additional government restrictions including expropriation of assets, confiscatory taxes or nationalisation of some or all of the property held by the underlying issuers of the A-Shares in the Composite Portfolio.

### **9.2.29 PRC government control of currency conversion and future movements in exchange rates**

Although the P-Notes are denominated in SGD, the value of the Composite Portfolio and that of the P-Notes will reflect the dividends and distributions received by the relevant QFII in CNY which are converted at the prevailing foreign exchange rate.

The existing PRC foreign exchange regulations have significantly reduced government foreign exchange controls for transactions under the current account, including trade and service related foreign exchange transactions and payment of dividends. However, the Managers cannot predict whether the PRC government will continue its existing foreign exchange policy and when the PRC government will allow free conversion of the CNY to foreign currency.

Foreign exchange transactions under the capital account, including principal payments in respect of foreign currency-denominated obligations, currently continue to be subject to significant foreign exchange controls and require the approval of SAFE.

Since 2006, the conversion of CNY into United States dollars has been based on median exchange rates published by the China Foreign Exchange Trading System, which are set daily based on the quotation obtained from market-makers of the PRC interbank foreign exchange market. The Managers cannot predict nor give any assurance of any future stability of the CNY to United States dollars exchange rate. Fluctuations in exchange rates may adversely affect the Sub-Fund's Net Asset Value and any declared dividends.

### **9.2.30 PRC laws and regulations**

The PRC legal system is based on written statutes and their interpretation by the Supreme People's Court. Prior court decisions may be cited for reference but have no precedent value. Since 1979, the PRC government has been developing a comprehensive system of commercial laws, and considerable progress has been made in introducing laws and regulations dealing with economic matters such as foreign investment, corporate organisation and governance, commerce taxation and trade. Recent examples are the promulgation of the Contract Law of the PRC to unify the various economic contract laws into a single code, which went into effect on 1 October 1999, and the Securities Law of the PRC, which went into effect on 1 July 1999, and the Property Law of the PRC which came into effect on 1 October 2007. However, because these laws and regulations affecting securities markets are relatively new and evolving, and because of the limited volume of published cases and judicial interpretation and their non-binding nature, interpretation and enforcement of these regulations involve significant uncertainties. In addition, as the PRC legal system develops, no assurance can be given that changes in such laws and regulations, their interpretation or their enforcement will not have a material adverse effect on their business operations.

### **9.2.31 Legal System of the PRC**

The legal system of the PRC is based on written laws and regulations. Despite the PRC government's effort in improving the commercial laws and regulations, many of these laws and regulations are still at an experimental stage and the implementation of such laws and regulations remains unclear.

### **9.2.32 Market Risk/Volatility of Underlying Securities**

Investors should note that the Shanghai Stock Exchange and the Shenzhen Stock Exchange on which A-Shares are traded are undergoing development and the market capitalisation of, and trading volumes on those exchanges are lower than those in more developed financial markets. Market volatility, lack of a liquid trading market and settlement difficulties in the A-Share markets may result in significant fluctuations in the prices of securities traded on such markets. Correspondingly, the price at which the P-Notes may be purchased or sold by the Sub-Fund upon any rebalancing activities or otherwise and the Net Asset Value of the Sub-Fund may be adversely affected by the volatility of the underlying A-Shares.

### **9.2.33 Accounting and Reporting Standards**

Accounting, auditing and financial reporting standards and practices applicable to PRC companies may be different to those standards and practices applicable to countries that have more developed financial markets. For example, there are differences in the valuation methods of properties and assets and in the requirements for disclosure of information to investors.

#### **Risk Factors Relating to the SSE 50**

### **9.2.34 Errors, inaccuracies or incompleteness in the SSE 50**

There may be inaccuracies, errors, omissions or mistakes in the compilation or calculation of the SSE 50, which may result in significant deviations between the Net Asset Value of the Units and the SSE 50. No warranty, representation or guarantee is given as to the accuracy or completeness of the SSE 50 and its computation or any information related thereto. The process and the basis of computing and compiling the SSE 50 and any of its related formulae, constituent companies and factors may at any time be changed or altered by the Index Provider without notice. The Managers, the Trustee and the P-Notes issuer(s) are not responsible or involved in the compilation or calculation of the SSE 50, and thus cannot be held responsible or liable for any inaccuracies, errors, omissions or mistakes in such compilation or calculation. More than one risk factor may have simultaneous effects with regard to the Units such that the effect of a particular risk factor may not be predictable. In addition, more than one risk factor may have a compounding effect, which may not be predictable. No assurance can be given as to the effect that any combination of risk factors may have on the value of the Units.

### **9.2.35 The SSE 50 is subject to fluctuations**

The performance of the Units, before expenses, should correspond closely with the performance of the SSE 50. The SSE 50 may experience periods of volatility in the future. If the SSE 50 experiences volatility or declines, the price of the Units will vary or decline accordingly.

### **9.2.36 Composition of and weightings in the SSE 50 may change**

The securities which comprise the SSE 50 are changed by the Index Provider from time to time. The price of the Units may rise or fall as a result of such changes. The composition of the SSE 50 may also change if one of the constituent companies were to delist its securities or if a new eligible company were to list its securities and be added to the SSE 50.

### **9.2.37 Licence to use the Index may be terminated or the SSE 50 may no longer be available for benchmarking**

The Managers have been granted a licence by China Securities Index Co., Ltd. to use the SSE 50 in connection with the operation, marketing and promotion of the Sub-Fund. The Sub-Fund may be terminated if the index licence agreement is terminated or the SSE 50 is no longer available for benchmarking and the Managers are unable to identify or agree with the Index Provider or any other index provider terms for the use of a suitable replacement index that uses, in the opinion of the Managers, the same or substantially

similar formula for the method of calculation as the SSE 50. If the Managers are able to obtain the use of a suitable replacement index for the Sub-Fund, such replacement index will be notified to Unitholders. Accordingly, prospective investors should note that the ability of the Sub-Fund to track the SSE 50 depends on the continuation in force of the index licence agreement in respect of the SSE 50 or a suitable replacement. Save for the foregoing, the Managers are currently not aware of any material licensing condition in relation to the use of the SSE 50 which may prevent the Sub-Fund from achieving its objective.

**More than one risk factor may have simultaneous effects with regard to the Units such that the effect of a particular risk factor may not be predictable. In addition, more than one risk factor may have a compounding effect, which may not be predictable. No assurance can be given as to the effect that any combination of risk factors may have on the value of the Units. The above should not be considered to be an exhaustive list of the risks which investors should consider before investing in the Sub-Fund. Investors should be aware that an investment in the Sub-Fund may be exposed to other risks of an exceptional nature from time to time.**

## 10. SUBSCRIPTION OF UNITS

### Limit on size of Sub-Fund

Investors should note that the size of the Sub-Fund is limited / subject to *inter alia* the ability of the Sub-Fund to buy or acquire the P-Notes linked to the relevant Composite Portfolio. Please refer to paragraph 9.2.7 above for further details. Therefore, the Managers reserve their right to reject or refuse any subscription application if the Managers are of the view that they are not able to or it becomes impossible or impracticable to acquire or buy the P-Notes required by the Sub-Fund in order to achieve its investment objective. The Managers intend to continuously increase the size of the Sub-Fund during its investment tenure if there is demand from investors for the Units of the Sub-Fund. However, this is dependent on, *inter alia*, the continuing availability of P-Notes, various commercial reasons and any legal and regulatory restrictions that may be applicable in respect thereof.

### 10.1 Subscription procedure

#### 10.1.1 Buying of Units through the SGX-ST

Investors who wish to invest in the Sub-Fund may acquire or buy issued Units using cash on the SGX-ST during normal trading hours at market prices throughout the trading day for SGX-ST. Such purchase will be transacted on a willing-buyer-willing-seller basis and will be subject to such applicable market fees or charges and conditions, including but not limited to the brokerage fees and bid-ask condition. An investor who wishes to purchase the Units on the SGX-ST must (if not already done so) open a direct account with CDP or a sub-account with any CDP depository agent which may be a member company of the SGX-ST, bank, merchant bank or trust company. Investors who buy Units on the SGX-ST should note that market prices for Units listed and traded on the SGX-ST may, however, be different from their NAV per Unit.

#### 10.1.2 Creation of Units by Participating Dealers

Only Participating Dealers and Designated Market Makers may apply directly to the Managers for Units.

Investors who wish to subscribe for Units in the primary market must approach a Participating Dealer to assist them with their applications to the Managers or a stockbroker to assist them with their application to the Managers through the Participating Dealer. The Participating Dealers will then apply to the Managers for the creation of Units on behalf of the investors. Therefore, investors should consult the relevant Participating Dealer for the applicable terms and conditions for assisting them with their applications to the Managers or the relevant stockbroker for the applicable terms and conditions for assisting them with their applications to the Managers through a Participating Dealer, as the case may be, including any applicable brokerage fees and other charges. The Participating Dealers are under no obligation to accept any instructions to create Units on behalf of any investors.

Units in the Sub-Fund are continuously offered to the Participating Dealers who may apply for Units in an Application Unit size or whole number multiples thereof subject to a minimum of 500,000 Units per Creation Application, or such other minimum number of Units as the Managers may determine from time to time with the approval of the Trustee, on any Dealing Day for their own account or for the account of their clients in accordance with the Operating Guidelines. The dealing period on any Dealing Day commences at 9 a.m. and ends at the Dealing Deadline at 10 a.m. for cash Creation Applications and for in-specie/in-kind

## Creation Applications.

A Creation Application once given cannot be revoked or withdrawn without the consent of the Managers (save during any period commencing after any suspension of issuance of Units as set out in paragraph 13.1 and before termination of such suspension, in accordance with the Deed).

### (i) **Application Unit Size**

Units in the Sub-Fund are offered and issued at their Net Asset Value only in aggregations of a specified number of Units (each, an “**Application Unit**”) which is currently 100,000 Units subject to a minimum of 500,000 Units per Creation Application or such other minimum number of Units as the Managers may determine from time to time with the approval of the Trustee. Applications submitted by a Participating Dealer to the Managers in respect of Units less than the current minimum of 500,000 Units or other than in an Application Unit size (or whole number multiples thereof) will not be accepted.

Therefore, any subscription application for less than the current minimum of 500,000 Units which is submitted to a Participating Dealer by an investor (whether directly or through a stockbroker) will be rejected by that Participating Dealer.

Participating Dealers also reserve the right to reject any subscription applications from investors (whether in whole or in part) in the event they are unable to apply to the Managers for the creation of Units in an Application Unit size (or whole number multiples thereof) or for at least the current minimum of 500,000 Units.

### (ii) **Procedures for Creation of Application Unit Size**

Upon application by a Participating Dealer, the Managers may instruct the Trustee to effect, for the account of the Sub-Fund, the creation of Units in the Sub-Fund in Application Unit sizes in exchange for the P-Notes linked to the relevant Composite Portfolio acceptable to the Managers or cash or a combination of both in accordance with the Operating Guidelines and the Deed, subject to any terms and conditions as the Managers may impose.

### (iii) **Issue of Units**

Once the Units are created, the Managers shall effect, for the account of the Sub-Fund, the issue of Units to the relevant Participating Dealer in accordance with the Operating Guidelines and the Deed.

Units are denominated in Singapore dollars and no fractions of a Unit shall be created or issued by the Trustee.

The Trustee shall be entitled to refuse to enter (or allow to be entered) Units in the Register if at any time the Trustee is of the opinion that the provisions of the Deed, with regards to the issue of Units, are being infringed.

### (iv) **Issue Price**

The Issue Price of Units shall be based on forward pricing which means that the Issue Price of the Units shall not be ascertainable at the time of application for Units.

Units to be created in respect of a Creation Application received (or deemed received) and accepted in accordance with the Operating Guidelines on a Dealing Day shall be issued at that Dealing Day’s Issue Price but, for valuation purposes only, such Units shall be deemed created and issued after the Valuation Point in relation to the Dealing Day on which the relevant Creation Application was received or deemed received and the Register will be updated one Business Day after the Settlement Day (or on such other day as the Managers and the Trustee may from time to time agree).

The Issue Price per Unit of the Sub-Fund created and issued pursuant to a Creation Application shall be the Net Asset Value of the Sub-Fund as at the Valuation Point of the relevant Dealing Day divided by the total number of Units in issue or deemed to be in issue immediately prior to that Dealing Day then truncated to three (3) decimal places (or such other number of decimal places or method of

rounding as may be determined by the Managers from time to time with the approval of the Trustee).

If a Creation Application is received on a day which is not a Dealing Day or is received after the Dealing Deadline on a Dealing Day, that Creation Application shall be treated as having been received at the opening of business on the next following Dealing Day, which shall be the relevant Dealing Day for the purposes of that Creation Application. The Dealing Deadline is 10 a.m..

Where the aggregate value of the P-Notes linked to the Composite Portfolio delivered by a Participating Dealer, exceeds the Net Asset Value of an Application Unit as determined in accordance with the Operating Guidelines, the Sub-Fund will pay the Participating Dealer a cash amount equal to the difference. In the event that the Sub-Fund has insufficient cash required to pay such cash amount to the Participating Dealer, the Managers may effect sales of the Deposited Property of the Sub-Fund, or may borrow moneys to provide the cash required (to the extent permitted under the Code).

(v) **Confirmation Note**

For every successful application for Units, the Participating Dealer will be sent a confirmation, detailing the number of Units allotted within five (5) Business Days after the receipt of the Application by the Registrar. **No certificates will be issued in respect of Units.**

Units will be deposited, cleared and settled by the CDP, and held in book-entry form. CDP is the registered owner (i.e. the sole Holder on record) of all outstanding Units deposited with the CDP and is therefore recognised as the legal owner of such Units. All Units created through subscription of Units through the Participating Dealers will be entered on the records of CDP in the name of the relevant Participating Dealer or its nominee. Investors owning Units are therefore beneficial owners as shown on the records of CDP or the Participating Dealers (as the case may be).

(vi) **Numerical example of how Units are allotted**

The following is an illustration of the total amount payable by an applicant based on an investment amount of 500,000 Units in the Sub-Fund with a subscription application submitted to a Participating Dealer (whether directly or through a stockbroker) and on the basis of a notional Issue Price of S\$2.80 per Unit.

500,000 Units	X	S\$2.80	=	S\$1,400,000	+	Participating Dealer fee of 0.3% x S\$1,400,000 (subject to a minimum of S\$3,000) = S\$4,200*	=	S\$1,404,200 + applicable fees and charges (including brokerage fees and charges), if any
Number of Units proposed to be subscribed		Notional Issue Price						Total amount payable by investor**

\*On the basis that the Participating Dealer fee charged by the Participating Dealer will be ultimately passed to the investor. Investors should consult the relevant Participating Dealer or stockbroker for further details.

\*\*Investors should also note that there may be additional fees and charges (including brokerage fees and charges) payable to the Participating Dealers and/or stockbrokers (as may be determined by the relevant Participating Dealer and/or stockbroker), as the case may be. The above numerical example has not included the applicable fees and charges payable by the investors (if any). Investors should note that there will be a Transaction Fee that Participating Dealers would have to pay to the Trustee and Duties and Charges may be payable by Participating Dealers in respect of each Creation Application and such Transaction Fee and Duties and Charges (if any) may ultimately be passed on to and borne by the investors. Investors who wish to subscribe for Units through

the Participating Dealers (whether directly or through a stockbroker) should therefore consult the relevant Participating Dealer or stockbroker, for the actual amount of all fees and charges that would be payable to the Participating Dealer and/or stockbroker, for assisting investors with their subscription applications.

## **10.2 Transaction Fee and Duties and Charges**

The Managers may charge a Transaction Fee and such sum (if any) as the Managers may consider represents the appropriate provision for the Duties and Charges that may be charged in respect of each Creation Application.

The Transaction Fee and Duties and Charges shall be paid by or on behalf of the Participating Dealer applying for such Units. The Managers may set off and deduct any Transaction Fee and Duties and Charges payable by a Participating Dealer against any cash amount due to the Participating Dealer in respect of such Creation Application.

Any commission, remuneration or other sum payable by the Managers to any agent or other person in respect of the issue or sale of any Unit shall not be added to the Issue Price of such Unit and shall not be paid from the Deposited Property.

## **10.3 Rejection and Cancellation of Creation Applications for Units in the Sub-Fund**

### **10.3.1 Rejection of Creation Applications for Units in the Sub-Fund**

The Managers have the absolute discretion to reject in whole or in part any Creation Application or to issue fewer Units than the number of Units applied for without assigning any reason including (but not limited to) if:

- (i) the acceptance of any P-Notes relating to the Creation Application or of the Creation Application would otherwise, in the opinion of the Managers, have an adverse effect or consequence (including tax consequences) on the Sub-Fund;
- (ii) the Managers reasonably believe that the acceptance of any P-Notes included in the Creation Application would be unlawful or result in the non-compliance or breach of any terms or conditions of such Creation Application, or any provisions of the Deed, or any law or regulation made pursuant thereto, or any decree, order or judgment of any court, or any guideline, request or announcement (whether legally binding or not) made by any authority or any requirements of the MAS or the SGX-ST or otherwise for such reason as the Managers may deem necessary to protect the interests of the Holders of the Sub-Fund;
- (iii) circumstances beyond the control of the Managers make it, for all practicable purposes, impossible to process such Creation Application, including, but not limited to the situation where there are insufficient P-Notes with terms which are acceptable to the Managers available to the Sub-Fund to process a cash Creation Application on the relevant Dealing Day or if the Managers are unable to invest the cash proceeds of a cash Creation Application; or
- (iv) the Managers have suspended the issuance of Units pursuant to Clause 11(J) or Clause 11(D)(ii) of the Deed.

In addition, the Managers may also reject a Creation Application made by a Participating Dealer if:

- (i) the Creation Application is not in a form and substance satisfactory to, and accompanied by such documents as may be required by, the Trustee and the Managers in accordance with the Operating Guidelines or is not made in an Application Unit size (or whole number multiples thereof) or for a minimum of 500,000 Units or such other minimum number of Units as the Managers may determine from time to time with the approval of the Trustee and/or is not made in accordance with the terms of the relevant Participation Agreement;
- (ii) the Trustee and Managers have not received copies of the certifications required under the relevant Participation Agreement or (where applicable) the Trustee and Managers have not received such other certifications as each may consider necessary to ensure compliance with applicable securities and other laws in relation to the creation and issue of Units which are the subject of the Creation Application; or

- (iii) the relevant Participating Dealer has not satisfied all terms and conditions as may be imposed by the Managers.

### **10.3.2 Cancellation of Creation Application for Units in the Sub-Fund**

#### **(i) Cancellation of Creation Application for Units due to settlement failure**

The Trustee shall cancel a Creation Application for Units in the Sub-Fund if it has not received good title to any of the P-Notes relating to the Creation Application deposited for exchange or any such P-Notes have not been vested upon the trusts of the Deed in the Trustee or to the Trustee's satisfaction or evidence of title and instruments of transfer satisfactory to the Trustee have not been produced to and to the order of the Trustee and/or cash amounts relating to the Creation Application, the Transaction Fee and/or the Duties and Charges have not been paid received by or for the account of the Sub-Fund in cleared funds by such time on the Settlement Day as prescribed in the Operating Guidelines provided that the Managers may at their discretion, with the approval of the Trustee partially settle the Creation Application to the extent to which the P-Notes has been vested in and/or cash in cleared funds have been received by the Trustee, on such terms and conditions as the Managers may determine. The Managers may charge the Participating Dealer a Partial Delivery Request Fee for the account of the Trustee on each occasion that the Managers grant the Participating Dealer's request for partial delivery of the P-Notes and/or partial payment of the cash amounts in respect of a Creation Application for the benefit of the Trustee.

#### **(ii) Cancellation of Creation Application for Units due to inability to invest**

In addition to the preceding circumstances, the Managers may also instruct the Trustee to cancel any Creation Application for Units if they determine by such time as they specify in the Operating Guidelines that they are unable to invest the cash proceeds of the relevant Creation Application. This may occur if insufficient P-Notes with terms which are acceptable to the Managers are available to the Sub-Fund to process the cash Creation Application on the relevant Dealing Day.

#### **(iii) Fees and Charges relating to Cancellation of Creation Application for Units / Withdrawal of Creation Applications for Units**

Upon the cancellation of any Creation Application for Units as provided for above in paragraphs 10.3.2(i) or 10.3.2(ii) or if a Participating Dealer otherwise withdraws any Creation Application with the consent of the Managers (save during any period commencing after any suspension of issuance as set out in paragraph 13.1 and before termination of such suspension, in accordance with the Deed), any P-Notes or cash received by or on behalf of the Trustee in connection with the relevant Creation Application shall be redelivered to the Participating Dealer (without interest) and the relevant Units to which the cancelled or withdrawn Creation Application relates shall be deemed for all purposes never to have been created and the applicant therefor shall have no right or claim against the Managers or the Trustee in respect of such cancellation or withdrawal provided that:

- (a) the Managers may, at their discretion, charge the Participating Dealer an Application Cancellation Fee (as set out in paragraph 8.1) for the account of the Trustee;
- (b) the Managers may at their discretion require the Participating Dealer to pay to the Trustee for the account of the Sub-Fund in respect of each Unit to which the cancelled or withdrawn Creation Application relates a Cancellation Compensation, being (a) the amount (if any) by which the Issue Price of each such Unit exceeds the Redemption Value which would have applied in relation to each such Unit if a Participating Dealer had, on the date on which such Creation Application for Units is cancelled or withdrawn, made a Redemption Application, plus (b) such other amount as the Managers reasonably determine as representing any charges, expenses and losses incurred by the Sub-Fund as a result of any such cancellation or withdrawal;
- (c) the Trustee shall be entitled to the Transaction Fee paid or payable by the Participating Dealer in respect of the Creation Application; and
- (d) no previous valuations of the Sub-Fund shall be re-opened or invalidated as a result of the cancellation or withdrawal of such Creation Application for Units.

## **11. REDEMPTION OF UNITS**

### **11.1 Selling of Units on the SGX-ST**

Investors who wish to sell their Units in the Sub-Fund may place an order to sell their Units on the SGX-ST during any trading day of the SGX-ST.

The trading price of the Units (i.e. the price at which Units are bought and sold on the SGX-ST) shall be on a willing buyer willing seller basis. Therefore, the trading price of a Unit may differ from the actual NAV per Unit.

Units which are quoted and traded on the SGX-ST will be quoted and traded in board lots of 100 Units. Please refer to paragraph 14 below for details on the exchange clearance and settlement of Units on SGX-ST.

### **11.2 Redemption of Units by Participating Dealers only**

Only Participating Dealers and Designated Market Makers may apply directly to the Managers to redeem Units. Investors who wish to redeem their Units from the Managers should approach a Participating Dealer to assist them with their redemption applications to the Managers or a stockbroker to assist them with their redemption applications to the Managers through a Participating Dealer. Therefore, investors should consult the relevant Participating Dealer or stockbroker, as the case may be, for the applicable terms and conditions for assisting them with their redemption applications to the Managers, including any applicable brokerage fees and other charges as well as when they may receive the redemption proceeds from that Participating Dealer or stockbroker. The Participating Dealers are under no obligation to accept any instructions to redeem Units on behalf of any investors.

#### **11.2.1 Procedures for Redemption of Application Unit Size**

A Redemption Application shall only be made or accepted (as the case may be) on a Dealing Day and shall only be in respect of Units constituting an Application Unit size (or whole number multiples thereof) subject to a minimum of 500,000 Units per Redemption Application or such other minimum number of Units as the Managers may determine from time to time with the approval of the Trustee) and shall only be accepted if made by or through a Participating Dealer in accordance with the terms of the relevant Participation Agreement. There is currently no applicable minimum holding amount.

Investors should note that any redemption applications for less than the current minimum of 500,000 Units from investors (whether directly or through a stockbroker) to a Participating Dealer will be rejected by that Participating Dealer. Participating Dealers also reserve the right to reject any redemption applications from investors (whether in whole or in part) in the event they are unable to apply to the Managers for the redemption of Units in an Application Unit size (or whole number multiples thereof) or for at least 500,000 Units or such other minimum number of Units as the Managers may determine from time to time with the approval of the Trustee.

The Managers shall, on receipt of an effective Redemption Application for the Sub-Fund from a Participating Dealer and payment of the applicable Transaction Fee and Duties and Charges (if any), effect the redemption of the relevant Units and shall require the Trustee to transfer to the Participating Dealer P-Notes or cash or a combination of P-Notes and cash, as may be applicable, in accordance with the Operating Guidelines and the Deed.

In the event that the Sub-Fund has insufficient cash required to pay such cash amount to the Participating Dealer, the Managers may effect sales of the Deposited Property of the Sub-Fund, or may borrow moneys to provide the cash required (to the extent permitted under the Code).

To be effective, a Redemption Application must:

- (i) be given by a Participating Dealer in accordance with the terms of the relevant Participation Agreement;
- (ii) specify the number of Units (in an Application Unit size or whole number multiples thereof), subject to a minimum of 500,000 Units or such other minimum number of Units as the Managers may determine from time to time with the approval of the Trustee, which is the subject of the Redemption Application; and

- (iii) (where applicable) include the certifications required in the Operating Guidelines in respect of redemptions of Units which are the subject of the Redemption Application, together with such other certifications as the Trustee and/or the Managers may consider necessary to ensure compliance with applicable securities and other laws in relation to the redemption of Units.

A Redemption Application once given cannot be revoked or withdrawn without the consent of the Managers (save during any period commencing after any suspension of redemptions as set out in paragraph 13.1 and before termination of such suspension, in accordance with the Deed).

### **11.2.2 Redemption Value**

The Redemption Value shall be based on forward pricing which means that the redemption price of the Units shall not be ascertainable at the time of application to redeem Units.

If a Redemption Application is received on a day which is not a Dealing Day or is received after the Dealing Deadline on a Dealing Day, that Redemption Application shall be treated as having been received at the opening of business on the next following Dealing Day, which shall be the relevant Dealing Day for the purposes of that Redemption Application. For the purpose of valuation, the relevant Valuation Point shall be the Valuation Point for the Dealing Day on which the Redemption Application is treated as having been received. The Dealing Deadline is 10 a.m..

The Redemption Value of Units tendered for redemption and cancellation shall be the Net Asset Value of the Sub-Fund as at the Valuation Point of the relevant Dealing Day divided by the total number of Units in issue or deemed to be in issue immediately prior to that Dealing Day then truncated to three (3) decimal places (or such other number of decimal places or method or rounding as may be determined by the Managers from time to time with the approval of the Trustee).

The Managers may deduct from and set off against any cash payable to a Participating Dealer on the redemption of Units such sum (if any) as the Managers may consider to represent the appropriate provision for Duties and Charges and the Transaction Fee. To the extent that the cash amount is insufficient to pay such Duties and Charges and the Transaction Fee payable on such redemption, the Participating Dealer shall promptly pay the shortfall to or to the order of the Trustee. The Trustee shall not be obliged to deliver (and shall have a general lien over) any P-Notes to be transferred and/or pay out of the Deposited Property the cash amount payable on such redemption in respect of the relevant Redemption Application until such shortfall payable by the Participating Dealer is paid in full in cleared funds to or to the order of the Trustee.

Subject to the relevant provisions of the Deed, any accepted Redemption Application will be effected by the transfer of P-Notes and/or payment of cash provided that a Redemption Application duly signed by a Participating Dealer (to the satisfaction of the Managers and, where any amount is to be paid by telegraphic transfer to the designated bank account, verified in such manner as may be required by, and to the satisfaction of, the Trustee) has been received in accordance with the Operating Guidelines and provided further that the full amount of any cash amount and any Duties and Charges and the Transaction Fee payable by the Participating Dealer shall have been received by the Trustee (unless otherwise provided in the Operating Guidelines) or shall have been deducted or otherwise paid in full.

Provided that on the relevant Settlement Day in relation to an effective Redemption Application:

- (i) the Units, which are the subject of the Redemption Application, shall be redeemed and cancelled;
- (ii) the Deposited Property of the Sub-Fund shall be reduced by the cancellation of those Units but, for valuation purposes only, such Units shall be deemed to have been redeemed and cancelled after the Valuation Point as at the Dealing Day on which the Redemption Application was received; and
- (iii) the name of the Holder of such Units shall be removed from the Register in respect of those Units one Business Day after the relevant Settlement Day or such other day as the Managers and the Trustee may from time to time agree,

the Trustee shall transfer the P-Notes and/or pay the cash amount relevant to the Redemption Application out of the Deposited Property of the Sub-Fund to the Participating Dealer in accordance with the Operating Guidelines and the Deed.

No P-Notes shall be transferred or cash paid in respect of any Redemption Application unless Units, which are the subject of the Redemption Application, have been delivered to the Managers for redemption by such time on the Settlement Day as the Trustee and the Managers shall for the time being prescribe for Redemption Applications generally. Notwithstanding anything in this Prospectus, the Tranche A P-Notes and Tranche B P-Notes which are issued by Rabobank shall not be transferred in respect of any Redemption Application.

### 11.2.3 Failure of Delivery / Withdrawal of Redemption Applications

In the event that Units, which are the subject of a Redemption Application, are not delivered to the Managers for redemption in accordance with the foregoing or if a Participating Dealer otherwise withdraws any Redemption Application with the consent of the Managers (save during any period commencing after any suspension of redemptions as set out in paragraph 13.1 and before termination of such suspension, in accordance with the Deed):

- (i) the Redemption Application shall be deemed never to have been made except that the Transaction Fee in respect of such Redemption Application shall remain due and payable and once paid, shall be retained by the Trustee;
- (ii) the Managers may at their discretion charge the Participating Dealer for the account of the Trustee an Application Cancellation Fee;
- (iii) the Managers may at their discretion require the Participating Dealer to pay to the Trustee, for the account of the Sub-Fund, in respect of each Unit to which the cancelled or withdrawn Redemption Application Cancellation Compensation, being (a) the amount (if any) by which the Redemption Value of each such Unit is less than the Issue Price which would have applied in relation to each such Unit if a Participating Dealer had, on the final day permitted for delivery of Units which are the subject of the Redemption Application, made a Creation Application, plus (b) such other amount as the Managers reasonably determine as representing any charges, expenses and losses incurred by the Sub-Fund as a result of any such cancellation or withdrawal; and
- (iv) no previous valuations of the Sub-Fund shall be re-opened or invalidated as a result of the cancellation or withdrawal of such Redemption Application.

### 11.2.4 Numerical example of how Units will be redeemed

#### Redemption through Participating Dealers

The following is an illustration of the redemption proceeds an investor will receive based on a redemption amount of 500,000 Units in the Sub-Fund with a redemption application submitted to a Participating Dealer (whether directly or through a stockbroker) and on the basis of a notional Redemption Value of S\$3.00 per Unit.

500,000 Units	X	S\$3.00	=	S\$1,500,000	-	Participating Dealer fee	=	S\$1,495,500 - <i>applicable fees and charges</i>
Number of Units proposed to be redeemed		Notional Redemption Value				of 0.3% x S\$1,500,000 (subject to a minimum of S\$3,000) = S\$4,500*		<i>(including brokerage fees and charges), if any</i>
								Total redemption amount payable to investors**

\* On the basis that the Participating Dealer fee charged by the Participating Dealer will be ultimately passed to the investor. Investors should consult the relevant Participating Dealer or stockbroker for further details.

\*\*Investors should note that there may be fees and charges (including brokerage fees and charges) payable to the Participating Dealer and/or stockbrokers (as may be determined by the relevant Participating Dealer and/or stockbroker), as the case may be. The above numerical example has not included the applicable fees

and charges payable by the investors (if any). Investors should also note that there will be a Transaction Fee that Participating Dealers would have to pay to the Trustee and Duties and Charges may be payable by Participating Dealers in respect of each Redemption Application and such Transaction Fee and Duties and Charges (if any) may ultimately be passed on to and borne by the investors. Investors who wish to redeem Units through a Participating Dealer (whether directly or through a stockbroker) should therefore consult the relevant Participating Dealer or stockbroker, for the actual amount of all fees and charges that would be payable to the Participating Dealer or stockbroker, as the case may be, for assisting investors with their redemption applications.

### 11.2.5 Transaction Fee and Duties and Charges

The Managers may charge a Transaction Fee and such sum (if any) as the Managers may consider represents the appropriate provision for the Duties and Charges that may be charged in respect of each Redemption Application.

The Transaction Fee and Duties and Charges shall be paid by or on behalf of the Participating Dealer submitting the Redemption Application. The Managers may set off and deduct any Transaction Fee and Duties and Charges payable by a Participating Dealer against any cash amount due to that Participating Dealer in respect of such Redemption Application.

### 11.2.6 Directed Cash Dealing

Where a Participating Dealer subscribes or redeems in cash, the Managers may at their sole discretion (but shall not be obliged to) transact for P-Notes with the P-Notes issuer nominated by the Participating Dealer. Should the nominated P-Notes issuer default on, or change the terms for, any part of the transaction, the Participating Dealer shall bear all the associated risks and costs. In such circumstance, the Managers reserve the right to transact with another P-Notes issuer and to amend the terms of the Creation or Redemption Application (as the case may be) to take into account the default and the changes to the terms.

- 11.3 Where any Creation Applications or Redemption Applications are submitted by a Designated Market Maker, paragraphs 10 and 11 of this Prospectus shall apply *with the necessary modifications* to such Applications as if they were submitted by a Participating Dealer as participating dealer on behalf of itself as applicant for, or as Holder of, the Units.

## 12. OBTAINING PRICES OF UNITS

The indicative NAV per Unit will be published in The Straits Times, The Business Times, Lianhe Zaobao and such other local and foreign publications as the Managers may decide upon and can also be obtained from the Managers' website at [uobam.com.sg](http://uobam.com.sg) or any other website designated by the Managers if applicable or by calling the Managers' 24 hour hotline at telephone number (65) 1800 22 22 228. The actual NAV per Unit will generally be published two Business Days after each relevant Dealing Day in Singapore dollars.

The NAV per Unit will normally be displayed on the Managers' website at [uobam.com.sg](http://uobam.com.sg) or any other website designated by the Managers by close of business Singapore time on the next Business Day. The current indicative NAV per Unit will also be displayed on such website as far as it is practicable and on a best effort basis, which will be updated continuously throughout the trading period of the Units on the SGX-ST on each Business Day.

Investors should note that the current indicative NAV per Unit or of the Sub-Fund set out in the abovementioned website is merely indicative in nature and may be different from the actual NAV of the Units or the Sub-Fund.

The trading prices of the Units may be obtained from the website of the SGX-ST at <http://www.sgx.com>.

**Investors should note that the frequency of the publication of the prices is dependent on the publication policies of the publisher concerned. Save for publications of the Managers, the Managers do not accept any responsibility for any errors on the part of the publishers concerned in the prices published in the newspaper or for any non-publication or late publication of prices by such publisher and shall incur no liability in respect of any action taken or loss suffered by the investors in reliance upon such publication (as the case may be).**

### 13. SUSPENSION OF ISSUE, REALISATION AND VALUATION OF UNITS

13.1 Subject to the provisions of the Code, the Managers may, with the prior written approval of the Trustee, suspend the issue and/or realisation of the Units during *inter alia* the following periods:

- (i) any period when the Recognised Exchange or the OTC Market on which any Authorised Investments forming part of the Deposited Property for the time being are listed or dealt in is closed (otherwise than for ordinary holidays) or during which dealings in such Authorised Investments are restricted or suspended or any period when the Recognised Exchange or the OTC Market on which any securities comprised in the underlying index to be tracked by the Sub-Fund (currently, the SSE 50) or any securities comprised in a composite portfolio constructed to replicate such underlying index, is closed (otherwise than for ordinary holidays) or during which dealings in such securities are restricted or suspended;
- (ii) any period when there exists, in the opinion of the Managers, any state of affairs which constitutes an emergency as a result of which disposal of the Authorised Investments would not be reasonably practicable or might seriously prejudice the interests of Holders as a whole and of the Sub-Fund or of the Fund, as the case may be;
- (iii) any period when there is any breakdown in the usual means of communication in determining the value of any Authorised Investments (including any period when the fair value of a material portion of the Authorised Investments cannot be determined) or when for any reason whatsoever the Value of any Authorised Investment cannot, in the opinion of the Managers, be promptly and accurately ascertained;
- (iv) any period when in the Managers' opinion any remittance of money which will be or may be involved in the realisation of the Authorised Investments or payment for Authorised Investments cannot be reasonably carried out at the normal rates of exchange;
- (v) 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);
- (vi) any period when dealing of Units is suspended pursuant to any order or direction of the MAS;
- (vii) any period when the business operations of the Managers or the Trustee with respect to the operation of the Fund or of the Sub-Fund are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, civil unrest or acts of God;
- (viii) any period when in the Managers' opinion, the acquisition or purchase or disposal or sale of any of the Authorised Investments is not possible, not advisable or becomes impracticable or restricted due to any reason (including, without limitation to the foregoing, as a result of a default by the issuer of an Authorised Investment);
- (ix) any period when the underlying index to be tracked by the Sub-Fund (currently, the SSE 50) is not compiled or published;
- (x) upon listing of the Units on the SGX-ST and for so long as the Units are listed on the SGX-ST:
  - (a) any period when the SGX-ST is closed (otherwise than for ordinary holidays);
  - (b) any period when dealings of the Units on the SGX-ST are restricted or suspended; or
  - (c) any period when settlement or clearing of securities in CDP is disrupted; or
- (xi) such circumstances as may be required under the provisions of the Code.

13.2 Such suspension shall take effect forthwith upon the declaration in writing thereof by the Managers to the Trustee and, subject to the provisions of the Code, 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 the circumstances set out in paragraph 13.1 above shall exist upon the declaration in writing thereof by the Managers.

- 13.3** During any suspension by reason of any of the circumstances set out in paragraphs 13.1(i) to (xi) (as applicable) above, the calculation of the Net Asset Value of the Sub-Fund and each Unit (including the Issue Price and Redemption Value) may also be suspended. The Managers shall publish the fact that the dealings and/or valuation of Units are suspended immediately following such suspension, and at least once a month during the period of such suspension in such newspaper or newspapers in Singapore and make an announcement on SGXNET and on the Managers' website (if applicable) immediately following such suspension, and elsewhere as the Managers may, in consultation with the Trustee, from time to time think fit.
- 13.4** Pursuant to the Deed, in the event the Managers shall at any time, in consultation with the Trustee, determine that it would be detrimental to existing Holders for the Managers to issue or realise and/or continue to issue or realise Units at a price based on the Value of the Deposited Property as described in the Deed, the Managers may adjust the Issue Price or Redemption Value in accordance with the provisions of the Deed and may temporarily suspend the issuance and/or realisation of Units solely for such purpose and during any period of consultation or adjustment of the Issue Price and Redemption Value. Such suspension shall take effect forthwith upon the declaration in writing thereof by the Managers to the Trustee and, subject to the provisions of the Code, 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 Clause 11(D) and Clause 13(D) of the Deed (as the case may be) shall exist upon the declaration in writing thereof by the Managers.
- 13.5** In addition, pursuant to the Deed, if, immediately after any relevant day, the number of Units in relation to the Sub-Fund in issue or deemed to be in issue, having regard to redemptions and issues falling to be made by reference to that relevant day, would be less than such proportion (not exceeding 90 per cent.), as may be determined by the Managers from time to time, of the number of Units in issue or deemed to be in issue on that relevant day, the Managers may, with a view to protecting the interests of all Holders of the Sub-Fund, elect that the Redemption Value in relation to all (but not some only) of the Units falling to be redeemed by reference to that relevant day shall be the price per Unit of the Sub-Fund which, in the opinion of the Managers, reflects a fairer value for the Deposited Property of the Sub-Fund having taken into account the necessity of selling a material proportion of the Investments at that time constituting part of the Deposited Property of such Sub-Fund; and by giving notice to the Holders affected thereby within two (2) Business Days after the relevant day, the Managers may, subject to the provisions of the Code, suspend the redemption of those Units for such reasonable period as may be necessary to effect an orderly redemption of Investments.
- 13.6** The Managers may also, with a view to protecting the interests of all Holders of the Sub-Fund and with the approval of the Trustee, limit the total number of Units which Holders of the Sub-Fund may redeem and which the Managers are entitled to have cancelled pursuant to the Deed on any Dealing Day to ten (10) per cent. of the total number of Units relating to the Sub-Fund then in issue (disregarding any Units which have been agreed to be issued), such limitation to be applied pro rata to all Holders in relation to the Sub-Fund who have validly requested redemptions on such Dealing Day and the Managers, so that the proportion redeemed of each holding so requested to be redeemed or cancelled pursuant to the Deed is the same for all the Holders of the Sub-Fund and the Managers. Any Units which are not redeemed or cancelled (as the case may be) as a result shall be redeemed or cancelled on the next succeeding Dealing Day Provided That if on such next succeeding Dealing Day, the total number of Units to be cancelled or redeemed (as the case may be), including those carried forward from any earlier Dealing Day, exceeds such limit, the Managers may further carry forward the requests for redemption or cancellation (as the case may be) until such time as the total number of Units to be redeemed or cancelled (as the case may be) on a Dealing Day falls within such limit (with any Units which have been carried over as aforesaid be, on any such succeeding Dealing Day, redeemed or cancelled in priority to any new Units due to be redeemed or cancelled on that Dealing Day). If Redemption Applications are carried forward as aforesaid, the Managers shall, within seven (7) days, give notice to the Holders affected thereby that such Units have not been redeemed or cancelled and that (subject as aforesaid) they shall be redeemed or cancelled on the next succeeding Dealing Day.

#### **14. EXCHANGE CLEARANCE AND SETTLEMENT**

For the purpose of trading on the SGX-ST, a board lot for the Units will comprise 100 Units.

Units will be cleared and settled under the electronic book-entry clearance and settlement system of CDP. All dealings in and transactions of the Units through the SGX-ST will be effected in accordance with the terms and conditions for the operation of Securities Accounts, as amended from time to time.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the

clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the Securities Accounts maintained by such accountholders with CDP.

It is expected that the Units will be credited into or debited from the Securities Accounts of the relevant investors for the Units within three (3) Business Days after the transaction date on which the Units have been purchased or sold through the SGX-ST.

### **Clearance and Settlement under the Depository System**

The Units will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through depository agents, Securities Accounts with CDP. Persons named as direct Securities Account holders and depository agents in the depository register maintained by CDP will be treated as Holders in respect of the number of Units credited to their respective Securities Accounts. Investors should note that as long as the Units are listed on the SGX-ST, Units may not be withdrawn from the depository register kept by CDP.

Transactions in the Units under the book-entry settlement system will be reflected by the seller's Securities Account being debited with the number of Units sold and the buyer's Securities Account being credited with the number of Units acquired and no transfer stamp duty is currently payable for the transfer of Units that are settled on a book-entry basis.

Units credited to a Securities Account may be traded on the SGX-ST on the basis of a price between a willing buyer and a willing seller. Units credited into a Securities Account may be transferred to any other Securities Account with CDP, subject to the relevant transferor investor having attained the age of 21 years unless otherwise permitted by law and the terms and conditions for the operation of Securities Accounts and a transfer fee payable to CDP (investors should refer to the CDP's website at <http://cdp.com.sg> for the latest applicable transfer fee). All persons trading in the Units through the SGX-ST should ensure that the relevant Units have been credited into their Securities Account, prior to trading in such Units, since no assurance can be given that the Units can be credited into the Securities Account in time for settlement following a dealing. If the Units have not been credited into the Securities Account by the due date for the settlement of the trade, the buy-in procedures of the CDP will be implemented.

Dealings in the Units will be carried out in Singapore dollars and will be effected for settlement in CDP on a scripless basis. Settlement of trades on a normal "ready" basis on the SGX-ST generally takes place on the third Business Day following the transaction date. CDP holds securities on behalf of investors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with any CDP depository agent. A CDP depository agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

### **Clearing Fees**

A clearing fee for the trading of Units on the SGX-ST is payable at the rate of 0.04 per cent. of the transaction value, subject to a maximum of S\$600 per transaction. The clearing fee, instrument of transfer, deposit fee and unit withdrawal fee may be subject to Singapore's prevailing GST (currently 7.0 per cent).

## **15. RESTRICTIONS ON HOLDERS**

Every person purchasing Units will be deemed to have represented, agreed and acknowledged that it is not an Unauthorised US Person (as defined in the Glossary of Terms).

The Managers have power to impose such restrictions as they may think necessary for the purpose of ensuring that no Units are acquired or held which would result in such holding being:

- a breach of the law or requirements of any country or governmental authority or any stock exchange on which the Units are listed in circumstances which, in the Managers' opinion, might result in the Fund and/or the Sub-Fund being adversely affected which the Fund and/or the Sub-Fund might not otherwise have suffered; or
- in the circumstances which, in the Managers' opinion, may result in the Fund and/or the Sub-Fund incurring any tax liability or suffering any other pecuniary disadvantage which the Fund might not otherwise have incurred or suffered; or
- held by an Unauthorised US Person (as defined in the Glossary of Terms).

Upon notice that any Units are so held, the Managers may require such Holders to redeem or transfer such Units in accordance with the provisions of the Deed. A person who becomes aware that he is holding or owning Units in breach of any of the above restrictions is required either to redeem his Units in accordance with the Deed or to transfer his Units to a person whose holding would be permissible under this Prospectus and the Deed.

## 16. TRANSFER OF UNITS

Units held by Holders may be transferred by an instrument in writing in common form signed by (or, in the case of a body corporate, signed on behalf of or sealed by) the transferor and the transferee subject to the transferor having attained the age of 21 years unless otherwise permitted by law. The transferor will be deemed to remain the Holder of the Units transferred until the name of the transferee is entered in the relevant Register in respect of such Units.

For so long as the Units are listed on the SGX-ST, transfers of Units between depositors (i.e. direct account holders with CDP and depository agents whose names are entered in CDP's register in respect of Units held by them) shall be effected electronically through CDP making an appropriate entry in CDP's electronic register of the Units that have been transferred in accordance with CDP trading requirements, and the above sub-paragraph will not apply to such transfers.

The transfer of Units is subject to such fees or charges as may from time to time be imposed by CDP and / or the appointed agents or distributors or the Trustee which will be borne by the investor.

## 17. PERFORMANCE OF THE SUB-FUND

### 17.1 Past performance of the Sub-Fund and its benchmark (as of 31 July 2012)

	One Year	Three Years	Five Years	Ten Years	Since Inception <sup>Note 1</sup>
	← average annual compounded return →				
Sub-Fund <sup>Note 2</sup>	-10.57%	N.A.	N.A.	N.A.	-15.98%
Benchmark <sup>Note 3</sup>	-10.58%	N.A.	N.A.	N.A.	-15.88%

Source: Lipper, a Thomson Reuters Company

#### Notes:

1. The inception date of the Sub-Fund is 12 November 2009.
2. Calculated in S\$ on a NAV-to-NAV basis with net dividends or distributions reinvested, if any, taking into account the Transaction Fees applicable for subscription and redemption of Units.
3. The benchmark of the Sub-Fund is the SSE 50. Converted to S\$ based on prevailing exchange rates at the relevant time.

**Investors should note that the past performance of the Sub-Fund or its benchmark is not necessarily indicative of the future or likely performance of the Sub-Fund.**

### 17.2 Expense ratio

The expense ratio of the Sub-Fund, based on figures in the Sub-Fund's latest audited accounts for the financial year ended 30 June 2011 is 0.97%<sup>8</sup>.

<sup>8</sup> The expense ratio is calculated in accordance with the requirements in the Investment Management Association of Singapore's guidelines on the disclosure of expense ratios (the "IMAS Guidelines") and based on figures in the Sub-Fund's latest audited accounts. The following expenses (where applicable) as set out in the IMAS Guidelines (as may be updated from time to time) are excluded from the calculation of the expense ratio:

- (a) brokerage and other transaction costs associated with the purchase and sales of investments;
- (b) foreign exchange gains and losses of the Sub-Fund, whether realised or unrealised;
- (c) front-end loads, back-end loads and other costs arising on the purchase or sale of a foreign unit trust or mutual fund;
- (d) tax deducted at source or arising on income received, including withholding tax;
- (e) dividends and other distributions paid to Holders; and
- (f) interest expense.

### **17.3 Turnover ratio**

The turnover ratio of the Sub-Fund for the financial year ended 30 June 2011 is 5.75%<sup>9</sup>.

## **18. SOFT DOLLAR COMMISSIONS/ARRANGEMENTS AND BROKERAGE TRANSACTIONS**

### **18.1 Soft Dollar Commissions/Arrangements**

The Managers may from time to time receive and enter into soft-dollar commissions or arrangements in the management of the Sub-Fund.

The soft-dollar commissions or arrangements which the Managers may receive or enter into include specific advice as to the advisability of dealing in, 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 and 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, the conduct of research and the analysis, and custodian services in relation to the investments managed for the Sub-Fund. Soft-dollar commissions received shall not include travel, accommodation, entertainment, general administrative goods and services, general office equipment or premises, membership fees, employees' salaries or direct money payment.

The Managers may not accept or enter into soft-dollar commissions or arrangements unless such soft-dollar commissions or arrangements shall reasonably assist them in their management of the Sub-Fund, provided that the Managers shall ensure at all times that best execution is carried out for the transactions and that no unnecessary trades are entered into in order to qualify for such soft-dollar commissions or arrangements.

The Managers do not, and are not entitled to, retain cash rebates for their own account in respect of rebates earned when transacting in securities for account of the Sub-Fund.

### **18.2 Brokerage Transactions**

The policy of the Managers regarding purchases and sales of Authorised Investments is that primary consideration will be given to obtaining the most favourable prices and efficient execution of transactions. Consistent with this policy, when transactions are effected on a stock exchange, the Managers' policy is to pay commissions which are considered fair and reasonable without necessarily determining that the lowest possible commissions are paid in all circumstances.

The Managers believe that a requirement always to seek the lowest possible commission cost may impede effective portfolio management and preclude the Sub-Fund and the Managers from obtaining a high quality of brokerage and research services. In seeking to determine the reasonableness of brokerage commissions paid in any transaction, the Managers rely upon their experience and knowledge regarding commissions generally charged by various brokers and on their judgment in evaluating the brokerage and research services received from the broker effecting the transaction. Such determinations are necessarily subjective and imprecise and, as in most cases, an exact dollar value for those services is not ascertainable.

As far as the Managers are aware, none of the directors of the Managers nor any of their Associates are or will become entitled to receive any part of any brokerage charged to the Sub-Fund or any part of any fees, allowances or benefits received on purchases charged to the Sub-Fund.

## **19. CONFLICTS OF INTEREST**

**19.1** The Managers are of the view that there is no conflict of interest in managing their other funds and the Sub-Fund because of the following structures in place:

- all investment ideas are shared equally among fund managers;

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<sup>9</sup> The turnover ratio is calculated based on the lesser of purchases or sales over the same period used for calculating the expense ratio expressed as a percentage of daily average net asset value.

- the Managers subscribe to the Code of Ethics and the Standards of Professional Conduct as prescribed by the Chartered Financial Analyst Institute (“**CFA Institute**”), in U.S.A. CFA Institute is the primary professional organisation for security analysts, investment managers and others who are involved in the investment decision-making process. All Certified Financial Analyst charter holders of the CFA Institute and candidates who are in pursuit of the charter, including those from Singapore, are expected to comply with CFA Institute standards. 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 investing public;
- in addition, despite the possible overlap in the scope of investments, none of the funds are identical to one another and investment decisions are made according to the individual risk return characteristics of the fund; and
- most importantly, the Managers’ usual fair and unbiased practice is to allocate investment between various funds which place the same orders simultaneously on a *pro rata* basis. However, should any potential conflicts of interest arise from a situation of competing orders for the same securities, the Managers adopt an average pricing policy whereby orders that are partially fulfilled on a particular day shall be allotted proportionately among the funds based on their respective initial order size and such quantity allotted shall be at the average price of such investments on that particular day.

**19.2** Investors should note that Rabobank or Rabobank Hong Kong may enter into various hedging transactions with the Managers in respect of the Tranche A P-Notes and a conflict of interest may arise due to the Sub-Fund’s investment in the Tranche A P-Notes as the Managers receive monetary benefits or consideration as they would be able to earn a Maintenance Fee as set out in paragraph 8.2 above for the use of their QFII quota. In addition, the Managers and the Trustee and their respective Associates (collectively the “**Parties**”) are or may be involved in other financial, investment and professional activities which may on occasion cause conflict of interest with the management of the Sub-Fund. These include, *inter alia*, the management of other funds, purchases and sales of securities, investment and management counselling, brokerage services, trustee and custodial services and serving as directors, officers, advisers or agents of other funds or other companies, including companies in which the Sub-Fund may invest.

**19.3** Each of the Parties will respectively ensure that the performance of their respective duties will not be impaired by any such involvement that they might have. In the event that a conflict of interest does arise, the Parties shall endeavour to ensure that it is resolved fairly and in the interest of Holders.

**19.4** The Managers and the Trustee shall conduct all transactions for and on behalf of the Sub-Fund at an arm’s length basis. Associates of the Trustee may be engaged to provide banking, brokerage or financial services to the Fund and Sub-Fund or buy, hold and deal in any investments, enter into contracts or other arrangement with the Trustee and make profit from these activities. Such services to the Fund or the Sub-Fund, where provided, and such activities with the Trustee, where entered into, will also be on an arm’s length basis.

## **20. REPORTS**

### **Financial year-end and distribution of reports and accounts**

The financial year-end for the Sub-Fund is 30 June.

The annual report, annual accounts and the auditor’s report on the annual accounts for the Sub-Fund will be prepared and, when available, will be sent or made available within three months of the financial year-end (or such other period as may be permitted by the MAS).

The semi-annual report and semi-annual accounts for the Sub-Fund will be prepared and, when available, will be sent or made available within two months of the financial half-year end, i.e., 30 December (or such other period as may be permitted by the MAS).

## **21. OTHER MATERIAL INFORMATION**

### **21.1 Indemnities, Exemptions from Liability and Disclaimers**

*Please note that the following paragraphs are extracts from the Deed and investors should refer to the Deed for full details on the clauses relating to exemptions from liability (as well as indemnities) provided to the Trustee and the Managers pursuant to the Deed.*

- 21.1.1** Neither the Trustee nor the Managers shall be under any liability except such liability as may be expressly imposed by the Deed nor shall any of them (save as otherwise provided in the Deed) be liable for any act or omission of the other of them.
- 21.1.2** Neither the Trustee nor the Managers shall incur any 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 document of title or other paper or document believed to be genuine and to have been passed, sealed or signed by the proper parties.
- 21.1.3** Neither the Trustee nor the Managers shall incur any liability to the Holders 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 or regulatory authority (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 therefor or thereby.
- 21.1.4** Neither the Trustee nor the Managers shall be responsible for any authenticity of any signature or of any seal affixed to an endorsement on any certificate or to any transfer or form of application, request for realisation, endorsement or other document affecting the title to or transmission of Units (including signatures on such documents received by facsimile or electronic transmission) 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 or for exercising their discretion not to act on such instructions received by facsimile or electronic transmission, provided that the Trustee and the Managers reasonably believed that such signature or seal was authentic. The Trustee and the Managers respectively shall nevertheless be entitled but not bound to require that the signature of any person to any document required to be signed by him under or in connection with the Deed shall be verified or otherwise authenticated to its or their reasonable satisfaction.
- 21.1.5** 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 nothing in any of the provisions of the Deed shall in any case in which the Trustee and/or the Managers, as the case may be, have failed to show the degree of diligence and care required of them by the provisions of the Deed exempt them from or indemnify 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.
- 21.1.6** Neither the Trustee nor the Managers shall be responsible for acting upon any resolution purporting to have been passed at any meeting of 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 of the Sub-Fund or Fund (as the case may be).
- 21.1.7** The Trustee and the Managers may accept as sufficient evidence of the Value of any Authorised Investment or the cost price or sale price thereof or of any market quotation a certificate by a stockbroker or any other person, firm or association qualified in the opinion of the Managers and Trustee to provide such a certificate.
- 21.1.8** At all times and for all purposes of the Deed the Trustee and the Managers may rely upon the established practice and rulings of the SGX-ST or any other Recognised Exchange and any committees and officials thereof on which any dealing in any Authorised Investment or other property is from time to time effected in determining what shall constitute a good delivery and any similar matters and such practice and rulings shall be conclusive and binding upon all persons under the Deed.
- 21.1.9** If the Managers or the Trustee is requested by any department of any government or administration to provide such department with any information regarding any one or more of the following, namely, the Fund or Sub-Fund, the Holders or any of them, the Sub-Fund's investments, the income of the Sub-Fund, or the provisions of the Deed, and complies with such request, whether or not enforceable, none of the Trustee or the Managers shall incur any liability to the Holders or any of them or to any other person as a result of such compliance or in connection with such compliance.

- 21.1.10** In the absence of fraud or gross negligence by the Managers or the Trustee, they shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted to be done by it in good faith under the provisions of the Deed and in particular, but without prejudice to the generality of the foregoing, neither the Managers nor the Trustee shall, in ascertaining the Value of any Unquoted Investment (where applicable), be under any liability by reason of the fact that a price reasonably believed to be the mean of the bid and offer prices quoted by responsible institutions in the OTC Market at the time of calculation (or at such other time as may be determined by the Managers after consultation with the Trustee) may be found not to be such.
- 21.1.11** Nothing contained in the Deed 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 its Sub-Fund and neither of them shall in any way be liable to account to the Fund, the Sub-Fund or any Holder or other person for any profit or benefit made or derived hereby or in connection therewith.
- 21.1.12** In no event shall a Holder have or acquire any rights against the Trustee and Managers or either of them except as expressly conferred upon such Holder by the Deed.
- 21.1.13** The Trustee shall not be bound to make any payment to any Holder except out of the funds held by it for that purpose under the provisions of the Deed.
- 21.1.14** The Trustee shall not incur any liability for any loss which a Holder may suffer by the reason of any depletion in the NAV of the Deposited Property which may result from any securities lending transaction effected under Clause 15(E) of the Deed and shall be indemnified out of and have recourse to the Deposited Property in respect thereof.
- 21.1.15** Neither the Managers nor the Trustee shall incur any liability by reason of any loss which a Holder may suffer by reason of any depletion in the NAV of the Deposited Property which may result from any borrowing arrangements made pursuant to Clause 16(C) of the Deed by reasons of fluctuations in the rates of exchange and (save as otherwise expressly provided in the Deed) the Trustee shall be entitled to be indemnified out of and have recourse to the Deposited Property in respect of any liabilities, costs, claims or demands which it may suffer arising directly or indirectly from the operation of Clause 16 of the Deed and the arrangements referred to therein.
- 21.1.16** Subject as expressly provided in the Deed, the Trustee shall be entitled for the purpose of indemnity against any actions, costs, claims, damages, expenses or demands to which it may be put as trustee to have recourse to the Deposited Property or any part thereof (without prejudice to the obligation of the Managers to reimburse the Trustee on account of the Deposited Property in respect of all such matters relating to the Trustee's remuneration as falling within Clause 23(B) of the Deed).
- 21.1.17** Upon the Fund or the Sub-Fund being terminated, the Trustee shall be entitled to retain out of any monies in its hands as part of the Deposited Property under the provisions of Clause 35 of the Deed to be distributed to Holders full provision for all fees, costs, charges, expenses, claims and demands incurred, made or apprehended by the Trustee in connection with or arising out of the liquidation of the Fund or Sub-Fund (as the case may be) and out of the monies so retained to be indemnified and saved harmless against any such costs, charges, expenses, claims and demands.
- 21.1.18** Neither the Trustee nor the Managers shall be liable for any lost profits, economic loss or indirect, special or consequential losses and damages suffered by the Fund, the Sub-Fund or any Holder.
- 21.1.19** The Managers and the Trustee are not responsible for compiling the SSE 50 or verifying the accuracy of the SSE 50 information.
- 21.1.20** The Trustee is not responsible for the performance of the P-Notes (including any default or credit event or otherwise which may occur in respect of the P-Notes) or for the performance or enforceability of any security or collateral provided in relation to the P-Notes or for any act or omission of the P-Notes issuer(s), whether in relation to any default or credit event or insolvency of any P-Notes issuer which may occur or otherwise, and is not responsible for the counterparty risks relating to the P-Notes issuer(s) that the Sub-Fund may be exposed to or for the adequacy of any security or collateral provided in relation to the P-Notes and shall not incur any liability to the Fund, the Sub-Fund, any Holder or any other person in respect of or in connection with the same.

**21.1.21** The Trustee shall not be under any liability on account of anything done or suffered by the Trustee in good faith in accordance with or in pursuance of any request, instruction or advice of the Managers under the Deed.

**21.1.22** Neither the Managers nor the Trustee shall be liable for any loss suffered by the Deposited Property of any Sub-Fund or to any Holder of Units for any loss or damage arising from reasons or crisis beyond their control, or the control of their respective employees including without limitation nationalisation, expropriation, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes, nuclear fusion or acts of god.

**21.1.23** The following provisions of this paragraph 21.1.23 relate solely to the security deed entered into between Rabobank Hong Kong (the “**Chargor**”), the Trustee as trustee for the Sub-Fund (the “**Chargee**”) and The Hongkong and Shanghai Banking Corporation Limited (the “**Security Custodian**”) in connection with the P-Notes (the “**Security Deed**”). The P-Notes are hereinafter referred to as the “**Notes**”.

For the purposes of this paragraph 21.1.23, the term “**Transaction Security**” shall mean any security created, evidenced or expressed to be created or evidenced pursuant to the Security Deed, the term “**Charged Property**” shall mean all of the assets of the Chargor which from time to time are, or are expressed to be, the subject of the Transaction Security.

- (i) The Trustee shall:
  - (a) except as otherwise provided, act and exercise any right, power, authority or discretion vested in it as Chargee in accordance with any instructions given to it by the Managers (or, if so instructed by the Managers, refrain from exercising any right, power, authority or discretion vested in it as as Chargee) and shall be entitled to assume that unless it has received actual notice of revocation from the Managers that any instructions or directions given by the Managers have not been revoked; and
  - (b) be entitled to request instructions, or clarification of any direction, from the Managers as to whether, and in what manner, it should exercise or refrain from exercising any rights, powers and discretions and the Trustee may refrain from acting unless and until those instructions or clarification are received by it.
- (ii) Subject to the provisions of this paragraph 21.1.23:
  - (a) the Trustee may, in the absence of any instructions to the contrary, take such action or omission in the exercise of any of its powers and duties under the Security Deed which in its absolute discretion it considers to be for the protection and benefit of all the Holders; and
  - (b) at any time after receipt by the Trustee of notice from the Managers directing the Trustee to exercise all or any of its rights, remedies, powers or discretions under the Security Deed, the Trustee may, and shall if so directed by the Managers, take any action as in its sole discretion it thinks fit to enforce the Transaction Security.
- (iii) The Trustee may:
  - (a) assume unless it has received actual notice from the Managers to the contrary that (i) no Event of Default has occurred, (ii) the Chargor is not in breach of or default under its obligations under the Security Deed and (iii) any right, power, authority or discretion vested by the Security Deed in any person has not been exercised;
  - (b) if it receives any instructions or directions from the Managers to take any action in relation to the Transaction Security, assume that all applicable conditions under the Security Deed for taking that action have been satisfied;
  - (c) engage, pay for and rely on the advice or services of any lawyers, accountants, surveyors or other experts (whether obtained by the Trustee or by the Managers) whose advice or services may at any time seem necessary, expedient or desirable;

- (d) rely upon any communication or document believed by it to be genuine and, as to any matters of fact which might reasonably be expected to be within the knowledge of the Chargor or the Security Custodian, upon a certificate signed by a director or authorised signatory for or on behalf of that person; and
  - (e) refrain from acting in accordance with the instructions of the Managers (including bringing any legal action or proceeding arising out of or in connection with the Security Deed) until it has received any indemnification and/or security that it may in its absolute discretion require (whether by way of payment in advance or otherwise) for all costs, losses and liabilities which it may incur in bringing such action or proceedings.
- (iv) (a) The Trustee shall promptly inform the Managers of the contents of any notice or document received by it in its capacity as Chargee under the Security Deed.
- (b) The Managers shall, upon becoming aware of the occurrence of any of the following:
- (1) the occurrence of any Event of Default under the Notes;
  - (2) the occurrence of any Enforcement Event under the Security Deed;
  - (3) any failure by the Chargor to comply with its obligations to maintain the Acceptable Collateral Level (as defined in the Security Deed) in the Securities Account (as defined in the Security Deed) in accordance with the terms and conditions of the Security Deed (including any breach by the Chargor of Clauses 6.4 and 6.5 of the Security Deed);
  - (4) any security which has been deposited by the Chargor in the Securities Account under the Security Deed is not acceptable to the Managers,
- promptly notify the Trustee of such occurrence and provide instructions to the Trustee where necessary.
- (v) Notwithstanding anything to the contrary expressed or implied in the Deed or the Security Deed, the Trustee shall not:
- (a) be bound to enquire as to (i) the occurrence of any Event of Default or (ii) the performance, default or any breach by the Chargor or the Managers of its or their obligations under the Security Deed or Clause 25(O) of the Deed;
  - (b) be bound to account to any Holder or the Managers for any sum or the profit element of any sum received by it for its own account;
  - (c) be bound to disclose to any other person (including any Holder or the Managers) (i) any confidential information or (ii) any other information if disclosure would or might in its reasonable opinion constitute a breach of any law or be a breach of fiduciary duty;
  - (d) be under any obligations other than those which are specifically provided for in the Deed, this Prospectus or the Security Deed to which it is party;
  - (e) have or be deemed to have any relationship of trust or agency with the Chargor;
  - (f) be obliged to enquire or determine the suitability and adequacy of the Charged Property and the Transaction Security; or
  - (g) be obliged to request the Chargor to deposit the collateral under the Security Deed.
- (vi) The Trustee shall not accept responsibility or be liable for:
- (a) the adequacy, accuracy and/or completeness of any information supplied by the Trustee;

- (b) the adequacy, accuracy, authenticity and/or completeness of any information and instructions supplied or purportedly made by a director or authorised signatory or by any other person in connection with the Security Deed or the transactions contemplated in the Security Deed, or any other agreement, arrangement or document entered into, made or executed in anticipation of, pursuant to or in connection with the Security Deed;
  - (c) the legality, validity, effectiveness, adequacy or enforceability of the Security Deed or the Transaction Security or any other agreement, arrangement or document entered into, made or executed in anticipation of, pursuant to or in connection with the Security Deed or the Transaction Security;
  - (d) any losses to any person or any liability arising as a result of taking or refraining from taking any action in relation to the Security Deed or the Transaction Security or otherwise, whether in accordance with an instruction from the Managers or otherwise;
  - (e) the exercise of, or the failure to exercise, any judgment, discretion or power given to it by or in connection with the Security Deed, the Transaction Security or any other agreement, arrangement or document entered into, made or executed in anticipation of, pursuant to or in connection with the Security Deed or the Transaction Security; or
  - (f) any shortfall which arises on the enforcement of the Transaction Security; or
  - (g) any act or omission of, or the performance, default or breach of obligations by, the Managers or the Chargor under the Security Deed.
- (vii) No Holder may take any proceedings against any officer, employee or agent of the Trustee in respect of any claim it might have against the Trustee or in respect of any act or omission of any kind by that officer, employee or agent in relation to the Security Deed.
- (viii) It is understood and agreed by the Managers that at all times the Managers have themselves been, and will continue to be, solely responsible for making their own independent appraisal of and investigation into all risks arising under or in connection with the Security Deed including but not limited to:
- (a) the financial condition, creditworthiness, condition, affairs, status and nature of the Chargor;
  - (b) the legality, validity, effectiveness, adequacy and enforceability of each of the Security Deed and the Transaction Security and any other agreement, arrangement or document entered into, made or executed in anticipation of, pursuant to or in connection with the Security Deed or the Transaction Security;
  - (c) whether the Managers have recourse, and the nature and extent of that recourse, against the Chargor or any other person or any of their respective assets under or in connection with the Security Deed, the transactions contemplated in the Security Deed or any other agreement, arrangement or document entered into, made or executed in anticipation of, pursuant to or in connection with the Security Deed;
  - (d) the adequacy, accuracy and/or completeness of any information provided by any person in connection with the Security Deed, the transactions contemplated in the Security Deed or any other agreement, arrangement or document entered into, made or executed in anticipation of, pursuant to or in connection with the Security Deed; and
  - (e) the right or title of any person in or to, or the value or sufficiency of any part of the Charged Property, the priority of any of the Transaction Security or the existence of any Security affecting the Charged Property.
- (ix) The Trustee shall not be liable for any failure to:
- (a) require the deposit with it of any deed or document certifying, representing or constituting the title of the Chargor to any of the Charged Property;

- (b) obtain any licence, consent or other authority for the execution, delivery, legality, validity, enforceability or admissibility in evidence of the Security Deed or the Transaction Security;
  - (c) register, file or record or otherwise protect any of the Transaction Security (or the priority of any of the Transaction Security) under any applicable laws in any jurisdiction or to give notice to any person of the execution of the Security Deed or of the Transaction Security;
  - (d) take, or to require the Chargor to take, any steps to perfect its title to any of the Charged Property or to render the Transaction Security effective or to secure the creation of any ancillary security under the laws of any jurisdiction; or
  - (e) require any further assurances in relation to the Security Deed.
- (x) The Trustee shall not be under any obligation to insure any of the Charged Property, to require any other person to maintain any insurance or to verify any obligation to arrange or maintain insurance contained in the Security Deed. The Trustee shall not be responsible for any loss which may be suffered by any person as a result of the lack of or inadequacy of any such insurance. Where the Trustee is named on any insurance policy as an insured party, it shall not be responsible for any loss which may be suffered by reason of, directly or indirectly, its failure to notify the insurers of any material fact relating to the risk assumed by the insurers or any other information of any kind.
  - (xi) The Trustee shall be entitled to accept without enquiry, and shall not be obliged to investigate, the right and title as the Chargor may have to any of the Charged Property and shall not be liable for or bound to require the Chargor to remedy any defect in its right or title.
  - (xii) Notwithstanding any other provision of the Deed or the Security Deed the Trustee shall not be required to exercise any voting rights in respect of the Collateral Securities (as defined in the Security Deed) in accordance with Clause 7.4 of the Security Deed unless the Managers have provided specific instructions to the Trustee on how such voting rights are to be exercised by the Trustee.
  - (xiii) Without prejudice to the other provisions of the Deed, the Trustee shall be entitled for the purpose of indemnifying itself against all costs, claims, losses, expenses (including legal fees) and liabilities (together with any applicable tax), whether or not reasonably foreseeable, properly incurred by the Trustee in relation to or arising out of:
    - (a) the taking, holding, protection or enforcement of the Transaction Security,
    - (b) the exercise of any of the rights, powers, discretions and remedies vested in any of them by the Security Deed or by law,
    - (c) any default by the Security Custodian or the Chargor in the performance of any of the obligations expressed to be assumed by it in the Security Deed, and
    - (d) which otherwise relate to any of the Transaction Security or the performance of the terms of the Security Deed (otherwise than as a result of its gross negligence or wilful misconduct),
 to have recourse to the Deposited Property or any part thereof.
  - (xiv) The Trustee may, in priority to any payment to the Sub-Fund, indemnify itself out of the Deposited Property in respect of, and pay and retain, all sums necessary to give effect to the indemnity in paragraph 21.1.23(xiii) above and shall have a lien on the Transaction Security and the proceeds of the enforcement of the Transaction Security for all moneys payable to it under this paragraph 21.1.23.

**21.1.24** The Trustee shall not be responsible for or have duties or obligations arising from, including without limitation, verifying, overseeing or monitoring (i) changes in the relevant laws applicable to the withholding taxes as described in paragraph 8.2 and the impact arising from changes to such laws; (ii) the impact of such withholding taxes on the Net Asset Value or performance of the Sub-Fund arising from the crediting

or debiting of such withholding taxes; or (iii) whether the P-Notes issuer(s) have credited to, or debited from the Sub-Fund and/or the P-Notes (whether in relation to the P-Notes' value or redemption amounts or other payouts), the correct amount of any applicable withholding taxes, or whether such credits to or debits from the Sub-Fund and/or the P-Notes (as the case may be) have been or will be carried out at the correct times. The Trustee shall not incur any liability to the Fund, the Sub-Fund, any Holder or any other person in respect of or in connection with the aforementioned.

## **21.2 Investment and borrowing restrictions**

The investment and borrowing guidelines issued by the MAS under Appendices 1 and 5 of the Code, which guidelines may be amended from time to time, shall apply to the Sub-Fund save to the extent waived or exempted by the MAS from time to time.

The Managers currently do not intend to engage in any borrowings, although the Sub-Fund's borrowing powers may, if so required and subject to the Deed and the Code, be exercised to meet redemptions.

The Managers currently do not intend to carry out securities lending or repurchase transactions in respect of the Sub-Fund, but may in future do so in accordance with the applicable provisions of the Code.

## **21.3 Voting by Managers, Trustee and Custodian**

The Managers, Trustee, Custodian and their respective Connected Persons and any director of the Managers are prohibited from voting their beneficially held Units at or be counted in the quorum for a meeting of Holders at which they have a material interest in the business to be conducted.

## **21.4 Valuation**

The Net Asset Value of the Sub-Fund and the Net Asset Value per Unit shall be calculated as at the Valuation Point in relation to each Dealing Day save where the valuation of the Units is suspended pursuant to the Deed (the circumstances under which such suspension may take place are set out in paragraph 13 above).

The Net Asset Value of the Sub-Fund shall be calculated by valuing the assets of the Sub-Fund in accordance with the Deed and deducting from such amount the liabilities of the Sub-Fund in accordance with the Deed (the relevant provisions of which are reproduced below in this paragraph 21.4).

The Net Asset Value per Unit shall be obtained by taking the Net Asset Value of the Sub-Fund and dividing the same by the number of Units in issue or deemed to be in issue immediately prior to the relevant Dealing Day and truncating such amount to three (3) decimal places (or such other number of decimal places or method of rounding as may be determined by the Managers from time to time with the approval of the Trustee).

The "Value", except where otherwise expressly stated and subject always to the requirements of the Code, with reference to any Authorised Investment which is:

- (i) a Quoted Investment, shall be calculated, as the case may be, by reference to the official closing price, the last known transacted price or the last transacted price on such Recognised Exchange or OTC Market as at the Valuation Point in respect of the Dealing Day on which the Value is to be determined; where such Quoted Investment is listed, dealt or traded in more than one Recognised 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 Exchange or OTC Market for the foregoing purposes and, if there be no such official closing price, last known transacted price or last transacted price, the Value shall be calculated by reference to the last available prices quoted by responsible firms, corporations or associations on a Recognised Exchange or an OTC Market at the Valuation Point in respect of the Dealing Day on which the Value is to be determined;
- (ii) an Unquoted Investment, shall be calculated by reference to the initial value thereof being the amount expended in the acquisition thereof or the price of the relevant Investment as quoted by a person, firm or institution making a market in that Investment, if any (and if there shall be more than one such market maker, then such market maker as the Managers may designate), as may be determined by the Managers to represent the fair value of such Authorised Investment and in the valuation of such Authorised Investment the Managers may take into account relevant factors including without limitation significant recent events affecting the issuer such as pending mergers and acquisitions and restrictions as to saleability or transferability;

- (iii) cash, deposits and similar assets shall be valued (by an Approved Valuer) at their face value (together with accrued interest) unless, in the opinion of the Managers, any adjustment should be made to reflect the value thereof;
- (iv) an Investment other than as described above, shall be valued (by an Approved Valuer) in such manner and at such time as the Managers shall determine after consultation with the Trustee,

PROVIDED THAT, if the quotations referred to above are not available, or if the Value of the Authorised Investment determined in the manner described above, in the opinion of the Managers, is not representative, then the Value shall be such value as the Managers may with due care and in good faith consider in the circumstances to be fair value and is approved by the Trustee. 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 a Stockbroker or an Approved Valuer and with the approval of the Trustee, in accordance with the Code.

In exercising in good faith the discretion given by the proviso above, the Managers shall not, subject to the provisions of the Code, assume any liability towards the Fund or Sub-Fund, and the Trustee shall not be under any liability in accepting the opinion of the Managers, notwithstanding that the facts may subsequently be shown to have been different from those assumed by the Managers.

In calculating the NAV of the Deposited Property or any proportion thereof:

- (a) every Unit agreed to be issued by the Managers shall be deemed to be in issue and the Deposited Property shall be deemed to include not only cash or other assets in the hands of the Trustee but also the value of any cash, accrued interest on bonds or interest-bearing instruments or other assets to be received in respect of Units agreed to be issued and (in the case of Units issued against the vesting of Authorised Investments) any moneys payable out of the Deposited Property pursuant to Clause 9 of the Deed;
- (b) where Authorised Investments have been agreed to be purchased or otherwise acquired or sold but such purchase, acquisition or sale has not been completed, such Authorised Investments shall be included or excluded and the gross purchase, acquisition or net sale consideration excluded or included as the case may require as if such purchase, acquisition or sale had been duly completed;
- (c) where in consequence of any notice or request in writing given pursuant to Clauses 12 or 13 of the Deed, a reduction of the Sub-Fund by the cancellation of Units is to be effected but such reduction has not been completed the Units in question shall not be deemed to be in issue and any amount payable in cash and the value of any Authorised Investments to be transferred out of the Deposited Property;
- (d) all sums which are payable out of the Deposited Property but not provided for above shall be deducted, including (without limitation):
  - (1) any amount of the management fee, the Trustee’s fee, the Cost of Establishment of the Sub-Fund and any other expenses accrued but remaining unpaid;
  - (2) the amount of tax, if any, on capital gains (including any provision made for unrealised capital gains) accrued up to the end of the last Accounting Period and remaining unpaid;
  - (3) the amount in respect of tax, if any, on net capital gains realised during a current Accounting Period prior to the valuation being made as in the estimate of the Managers will become payable;
  - (4) the aggregate amount for the time being outstanding of any borrowings effected under Clause 16(C) of the Deed together with the amount of any interest and expenses thereon accrued pursuant to sub-Clause 16(C)(v) of the Deed and remaining unpaid; and
  - (5) all such costs, charges, fees and expenses as the Managers may have determined pursuant to the provisions of the Deed;

- (e) there shall be taken into account such sum as in the estimate of the Managers will fall to be paid or reclaimed in respect of taxation related to Income up to the time of calculation of the NAV of the Deposited Property;
- (f) there shall be added the amount of any tax, if any, on capital gains estimated to be recoverable and not received;
- (g) any Value (whether of an Authorised Investment, cash or a liability) otherwise than in Singapore dollars and any non-Singapore dollar borrowing shall be converted into Singapore dollars at the rate (whether official or otherwise) which the Managers shall after consulting with or in accordance with a method approved by the Trustee deem appropriate to the circumstances having regard inter alia to any premium or discount which may be relevant and to the costs of exchange;
- (h) where the current price of an Authorised Investment is quoted “ex” dividend, interest or other payment but such dividend, interest or other payment has not been received the amount of such dividend, interest or other payment shall be taken into account; and
- (i) there shall be taken into account such estimated sum approved by the Trustee as in the opinion of the Managers represents provision for any nationalisation, expropriation, sequestration or other restriction relating to the Deposited Property.

The Managers may, subject to the prior approval of the Trustee, and to the extent permitted by the MAS and applicable laws and regulations, change the method of valuation provided in this paragraph 21.4 and the Trustee shall determine if the Holders shall be informed of such change.

## **22. REMOVAL OR RETIREMENT OF MANAGERS**

The Managers will remain as managers of the Fund for the entire duration of the Fund unless the Managers retire or are removed in accordance with the provisions of the Deed (as reproduced below).

Any costs and expenses incurred in connection with the removal or retirement of the Managers shall be payable out of the Deposited Property.

### **22.1 Retirement of Managers**

**22.1.1** The Managers shall have power to retire in favour of a corporation approved by the Trustee upon and subject to such corporation entering into such deed or deeds supplemental to the Deed to replace the Managers.

**22.1.2** The retiring Managers shall be absolved and released from all further obligations under the Deed after a deed has been entered into to secure the due performance by the new managers of their obligations under the Deed, and after the retiring Managers have paid to the Trustee all sums due by the retiring Managers to the Trustee under the Deed at the date thereby. However, this will not prejudice the rights of the Trustee or of any Holder, former Holder or other person in respect of any act or omission of the Managers prior to their retirement.

### **22.2 Removal of Managers**

**22.2.1** The Managers shall be subject to removal by written notice given by the Trustee in any of the following events:

- (i) if the Managers 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;
- (ii) if the Managers cease to carry on business;
- (iii) if the Managers fail or neglect after reasonable notice from the Trustee to carry out or satisfy any obligations imposed on the Managers by the Deed;

- (iv) if for good and sufficient reason the Trustee is of the opinion, and so states in writing, that a change of the Managers is desirable in the interests of the Holders Provided That if the Managers within one (1) month after such statement express their dissatisfaction in writing with such opinion, the matter shall then forthwith be referred to arbitration in accordance with the provisions of the Arbitration Act, Chapter 10 of Singapore, before three (3) arbitrators, the first of whom shall be appointed by the Managers, the second of whom shall be appointed by the Trustee and third of whom shall be appointed by the President for the time being of the SGX-ST (failing which appointment the third arbitrator shall be jointly appointed by the Managers and the Trustee) and any decision made pursuant thereto shall be binding upon the Managers and the Trustee and the Holders;
- (v) if the Holders by extraordinary resolution passed at a meeting of Holders of the Fund duly convened and held in accordance with the provisions of the Schedule to the Deed decide to remove the Managers;
- (vi) if the Managers no longer hold a capital markets services licence for fund management or are no longer exempt from such licensing under the Securities and Futures Act or are otherwise prohibited under applicable laws and regulations to act as managers of the Fund; or
- (vii) if the MAS directs the Trustee to remove the Managers.

**22.2.2** In any of such events the Trustee shall appoint another corporation as the new managers of the Fund in accordance with the provisions in the Deed or terminate the Fund in accordance with paragraph 23.2(b) below.

## **23. TERMINATION OF THE FUND OR THE SUB-FUND**

**23.1** Either the Trustee or the Managers may in their absolute discretion terminate the Fund or the Sub-Fund at any time by not less than six month's notice in writing to the other given so as to expire at the end of the Accounting Period current at the end of the third year after the date of the Deed or any year thereafter. In the event that the Fund or the Sub-Fund shall fall to be terminated, the Managers shall give notice thereof to all Holders not less than three (3) months in advance. Subject as aforesaid the Fund or the Sub-Fund shall continue until terminated in the manner hereinafter provided.

**23.2** Subject to Section 295 of the SFA and notwithstanding paragraph 23.1, the Fund or the Sub-Fund (as applicable) may be terminated at any time by the Trustee by notice in writing:

- (a) if the Managers go into liquidation (other than 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 any part thereof 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 any part thereof or if the Managers shall cease business;
- (b) if on the expiration of six months after notifying the Managers of their removal under paragraph 22.2.1, the Trustee has not found another corporation ready to accept the office of managers and of which the Trustee and any relevant statutory authority shall approve provided always that if the Managers shall be dissatisfied with the circumstances in which the Trustee's power of termination under this paragraph 23.2(b) on any occasion is exercised the matter shall be referred to arbitration in accordance with the provisions of the Arbitration Act, Chapter 10 of Singapore, before three (3) arbitrators, the first of whom shall be appointed by the Managers, the second of whom shall be appointed by the Trustee and third of whom shall be appointed by the President for the time being of the SGX-ST (failing which appointment the third arbitrator shall be jointly appointed by the Managers and the Trustee) and any decision made pursuant thereto shall be binding upon the Managers and the Trustee and the Holders of the Fund or the Sub-Fund (as the case may be);
- (c) if any law shall be passed, any authorisation withdrawn or revoked or the MAS or SGX-ST issues any direction which renders it illegal or in the opinion of the Trustee impracticable or inadvisable to continue the Fund or the Sub-Fund (as the case may be); or
- (d) if within the period of six (6) 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 in accordance with the relevant provisions of the Deed.

Subject to paragraph 23.2(b), the decision of the Trustee in any of the events specified in this sub-paragraph 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 or the Sub-Fund (as the case may be) pursuant to this sub-paragraph or otherwise. Subject to paragraph 23.2(b), the Managers shall accept the decision of the Trustee and relieve the Trustee of any liability to it therefor and hold it harmless from any claims whatsoever on their part for damages or for any other relief.

**23.3** Notwithstanding paragraph 23.1, the Fund or the Sub-Fund (as applicable) may be terminated at any time by the Managers at any time in their absolute discretion, by notice in writing:

- (a) on any date, after three (3) years from the date of the Principal Deed, if on such date the aggregate NAV of the Deposited Property of the Sub-Fund shall be less than S\$20 million or if the aggregate NAV of the Deposited Property of the Fund shall be less than S\$20 million (as the case may be);
- (b) if any law shall be passed, any authorisation withdrawn or revoked or if the MAS or SGX-ST issues any direction which renders it illegal or in the opinion of the Managers impracticable or inadvisable to continue the Fund or the Sub-Fund;
- (c) in the case where the Managers decide to retire, either the Trustee shall be unable to find a person acceptable to the MAS to act as the new managers after the expiration of six (6) months from the Managers giving the Trustee notice of their intention to retire pursuant to Clause 32(B) of the Deed, or the person nominated by the Trustee as the new managers shall fail to be approved by an Extraordinary Resolution pursuant to Clause 32(D) of the Deed;
- (d) (in the case of the Sub-Fund) if the underlying index to be tracked by the Sub-Fund (currently, the SSE 50) is no longer available for benchmarking or the agreement entered into by the Managers and the index provider to use the underlying index is terminated and, in the Managers' opinion, no suitable replacement index is available to the Sub-Fund;
- (e) (in respect of the Sub-Fund) if the MAS revokes or withdraws the authorisation of the Sub-Fund under the SFA or (in respect of the Fund) if the MAS revokes or withdraws the authorization of all the sub-funds of the Fund under the SFA;
- (f) upon listing of the Units in the Sub-Fund on the SGX-ST and for so long as the Units are listed on the SGX-ST:
  - (i) if the Units are no longer listed on the SGX-ST or any other Recognised Exchange; or
  - (ii) if the Managers are unable to find an acceptable person to act as a participating dealer or designated market maker of the Units;
- (g) if the MAS directs the termination of the Fund or the Sub-Fund; or
- (h) if the Managers are of the opinion that it is impracticable or inadvisable to continue the Fund or the Sub-Fund (including, without limitation to the foregoing, when in the Managers' opinion, the acquisition or purchase or disposal or sale of or continued investment in any of the Authorised Investments is not possible, not advisable or becomes impracticable or restricted due to any reason (including, without limitation to the foregoing, upon a default by an issuer of an Authorised Investment) or, in the case of the Sub-Fund, in the event the Managers are of the opinion there is no satisfactory method through which the underlying index to be tracked by the Sub-Fund (currently, the SSE 50) may be tracked or if such method is otherwise not available to the Managers or impracticable or not advisable for the Managers to employ for the Sub-Fund).

**23.4** *Notice of Termination* – The party terminating the Fund or the 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 three (3) months after the service of such notice (or such earlier date as necessary to comply with any applicable law or direction given by the MAS). Any such notice will also be concurrently published on the Managers' website and (for so long as the Sub-Fund is listed on the SGX-ST) posted on the SGXNET. The Managers shall give written notice thereof to the MAS not less than seven (7) days before such termination or as may be required by the MAS. For so long as the Sub-Fund is listed on the SGX-ST, notice of such termination will also be announced on the SGXNET at least seven (7) days before the effective date of termination of the Fund or the Sub-Fund (as the case may be) or as may be required by SGX-ST.

**23.5** *Extraordinary Resolution* – Notwithstanding paragraph 23.1, the Fund or the Sub-Fund may at any time from the date hereof be terminated by, in the case of the termination of the Fund, an extraordinary resolution of a meeting of the Holders of the Fund, and in the case of the termination of the Sub-Fund, an extraordinary resolution of a meeting of the Holders of the Sub-Fund duly convened and held in accordance with the provisions contained in the Deed and such termination shall take effect from the date on which the said extraordinary resolution is passed or such later date (if any) as the said extraordinary resolution may provide.

**23.6** *Change of Jurisdiction* – The Trustee may (with the consent of the Managers) remove the Fund to the jurisdiction of a country other than Singapore, if it appears to the Trustee to be beneficial to the Fund and in the interests of the Holders to do so. The circumstances in which the Trustee may exercise its discretion hereunder are limited to the outbreak of war or grave civil unrest threatening the safe maintenance of the banking system or securities market in Singapore.

## **24. DISTRIBUTION POLICY**

The Managers currently intend to reinvest any income of the Sub-Fund into the Sub-Fund and do not intend to pay out any income of the Sub-Fund to Holders. In the event the Managers determine at their discretion, to make any income distributions, distributions will only be paid to the extent that they are covered by income received from underlying investments and by the share of profits of associated companies which are received by the Sub-Fund and are available for distribution pursuant to the Deed.

On a distribution, the Trustee, in accordance with the instructions of the Managers, will allocate the amounts available for distribution between Holders and will pay such amounts to Holders. Amounts to be distributed in respect of each Unit shall be rounded down to the nearest S\$0.01 per Unit. Subject to the Deed, the Trustee shall cause distributions payable to a Holder which remains unclaimed by the Holder for more than six (6) years to be paid into court after deducting all fees, costs and expenses incurred in relation to such payment from the sum thereof provided that if the said sum is insufficient to meet all such fees, costs and expenses, the Trustee shall be entitled to have recourse to the Deposited Property.

## **25. TAXATION**

The discussion below is a summary of certain Singapore tax consequences of the purchase, ownership and disposition of Units. The summary is based on the existing provisions of the relevant tax laws and the regulations thereunder, and practices in effect as at the date of registration of this Prospectus all of which are subject to change and differing interpretations, either on a prospective or retrospective basis. The summary is not intended to constitute tax advice or a complete analysis of all the tax considerations relating to the participation in the Sub-Fund. Prospective investors should consult their own tax advisers concerning the tax consequences of their particular situations, including the tax consequences arising under the laws of any other tax jurisdiction, which may be applicable to their particular situations.

The Sub-Fund has been approved by the Monetary Authority of Singapore for the Enhanced-Tier Fund Tax Incentive Scheme (hereinafter referred to as an “**Enhanced-Tier Fund**”) under Section 13X of the Income Tax Act, Chapter 134 of Singapore with effect from 31 December 2009. As such, subject to certain conditions, the Enhanced-Tier Fund will enjoy tax exemption on Specified Income (an exclusion list is specified in MAS Circular No. FDD Cir 02/2012 dated 21 February 2012) derived by the Enhanced-Tier Fund from Designated Investments (as defined in MAS Circular No. FDD Cir 02/2012 dated 21 February 2012).

Distributions made by the Enhanced-Tier Fund out of tax-exempt income should also be exempt from Singapore income tax in the hands of Holders of Units.

Singapore currently does not impose tax on capital gains. However, there are no specific laws or regulations which deal with the characterization of gains. In general, gains from the disposal or redemption of the Units may be construed to be of an income nature and subject to Singapore income tax if they arise from activities which the IRAS regards as the carrying on of a trade or business in Singapore.

In addition, Holders of Units who apply, or who are required to apply, the Singapore Financial Reporting Standard 39 Financial Instruments - Recognition and Measurement (“**FRS 39**”) for the purposes of Singapore income tax may be required to recognize gains or losses (not being gains or losses in the nature of capital) in accordance with the provisions of FRS 39 (as modified by the applicable provisions of Singapore income tax law) even though no sale or disposal of Units is made.

## 26. INSPECTION OF DOCUMENTS

Copies of the following documents are available for inspection free of charge at the offices of the Managers during normal business hours:

- the Deed;
- the sample Participation Agreement;
- the Depository Services Agreement between the Managers, the Trustee and CDP;
- the most recent annual report and accounts of the Sub-Fund and the most recent semi-annual report and unaudited semi-annual accounts of the Sub-Fund, where available.

### 26.1 Information on the Internet

The Managers will endeavour to publish information with respect to the Sub-Fund on the Managers' website at [uobam.com.sg](http://uobam.com.sg) including:

- this Prospectus (as may be updated, replaced or supplemented from time to time);
- the latest available annual and semi-annual financial reports of the Sub-Fund;
- any public announcements made in relation to the Sub-Fund, including information with regard to notices of the suspension of the calculation of the NAV, changes in fees and the suspension and resumption of trading;
- the NAV per Unit (which will normally be displayed on such website by close of business Singapore time on the next Business Day); and
- monthly fund performance information.

## 27. QUERIES AND COMPLAINTS

All enquiries about the Fund or the Sub-Fund should be directed to the Managers at:

24 hour Hotline No. : 1800 22 22 228  
Fax No. : (65) 6532 3868  
Email : [uobam@uobgroup.com](mailto:uobam@uobgroup.com)

## 28. GLOSSARY OF TERMS

In this Prospectus, unless the context requires otherwise, the following expressions have the meanings set out below.

“**A-Shares**” means shares or interests issued by PRC companies and listed on either the Shanghai Stock Exchange or the Shenzhen Stock Exchange;

“**Accounting Date**” means 30 June in each year (commencing with 30 June 2010) or (in the case of the final Accounting Period) the date on which the moneys required for the distribution in respect of that period shall have been transferred to the Distribution Account, provided that the Managers may, with the prior consent of the Trustee, change the Accounting Date to any other date upon giving not less than 30 days' notice to the Holders;

“**Accounting Period**” means the period ending on and including an Accounting Date and commencing (in the case of the first Accounting Period) from the date of the Deed or (in the case of subsequent Accounting Periods) from the end of the preceding Accounting Period;

“**Application**” means a Creation Application and/or a Redemption Application, as the context may require;

“**Application Unit**” means such number of Units as specified in this Prospectus for the Sub-Fund or such number of Units as may from time to time be determined by the Managers, approved by the Trustee and notified to Participating Dealers and Designated Market Makers;

“**Approved Valuer**” means a person for the time being approved by the Trustee as qualified to value any particular Investment constituting part of the Deposited Property and appointed by the Managers for such purpose;

“**Associate**” is as defined in the SGX-ST Listing Manual and is currently set out as, in the case of a company:

- (i) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means: -
  - (a) his immediate family;
  - (b) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
  - (c) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more;
- (ii) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more;

“**Authorised Investments**” means any of the following Investments:-

- (i) any Quoted Investment;
- (ii) any Unquoted Investment; and
- (iii) any other Investment not covered by paragraphs (i) and (ii) of this definition but approved by the Trustee in writing (such approval not to be unreasonably withheld);

“**Business Day**” (in relation to the Sub-Fund) means any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore and on which the SGX-ST and the Shanghai Stock Exchange are open for trading or any other day as the Managers and the Trustee may agree in writing;

“**China**” or “**PRC**” means the People’s Republic of China but, for the purposes of this Prospectus for geographical reference excludes Taiwan, Macau and Hong Kong;

“**CNY**” means Chinese Yuan, the lawful currency for the time being and from time to time of the PRC;

“**Code**” means the Code on Collective Investment Schemes issued by the MAS pursuant to the SFA and as the same may be modified, amended, re-enacted or reconstituted from time to time;

“**Connected Persons**” is as defined in the SGX-ST Listing Manual and is currently set out as, in relation to a company, means a director, chief executive officer or substantial shareholder or controlling shareholder of the company or any of its subsidiaries or an associate of any of them;

“**Creation Application**” means an application by a Participating Dealer or a Designated Market Maker for the creation and issue of Units in an Application Unit size (or whole number multiples thereof) subject to a minimum of 500,000 Units, or such other minimum number of Units as the Managers may determine from time to time with the approval of the Trustee, in accordance with the procedures for creation of Units set out in the Operating Guidelines and the terms of the Deed;

“**CSRC**” means the China Securities Regulatory Commission of the People’s Republic of China;

“**Dealing Day**” in connection with the issuance and realisation of Units of the Sub-Fund, means every Business Day or such other day or days at such intervals as the Managers may from time to time determine with the approval of the Trustee Provided That reasonable notice of any such determination shall be given by the Managers to all the 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 the Units of the Sub-Fund, the Recognised Exchange on which Investments or other property comprised in, and having in aggregate values amounting to at least 50 per cent of the Deposited Property of the Sub-Fund (as at the relevant Valuation Point) 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;

**“Deposited Property”** means all the assets (cash and other property) for the time being held or deemed to be held upon the trust of the Deed (or if the context so requires, the part thereof attributable to the Sub-Fund), excluding any amount for the time being standing to the credit of the Distribution Account (or as the case may be, the Distribution Account of the Sub-Fund);

**“Designated Market Maker”** means any market maker for the Sub-Fund registered by the SGX-ST as a designated market maker for the Sub-Fund who has entered into a Participation Agreement in relation to the Sub-Fund in form and substance acceptable to the Managers and the Trustee;

**“Distribution Account”** means the distribution account established for the Fund (or as the case may be, the Sub-Fund) as provided in the Deed;

**“Duties and Charges”** means in relation to any particular transaction or dealing for the Sub-Fund, all stamp and other duties, taxes, government charges, brokerage, bank charges, transfer fees, registration fees, transaction levies and other duties and charges whether in connection with the constitution of the Deposited Property of the Sub-Fund or the increase or decrease of the Deposited Property of the Sub-Fund or the creation, issue, transfer, cancellation or redemption of Units of the Sub-Fund or the sale or purchase or acquisition or disposal of Authorised Investments or otherwise which may have become or may be payable in respect of, and whether prior to, upon or after the occasion of, such transaction or dealing and including, in relation to an issue of Units or redemption of Units of the Sub-Fund, a charge (if any) of such amount or at such rate as is determined by the Managers to be made for the purpose of compensating or reimbursing the Sub-Fund for the difference between (a) the prices used when valuing the Authorised Investments for the purpose of such issue or redemption of Units and (b) (in the case of an issue of Units) the prices which would be used when acquiring the same Authorised Investments if they were acquired by the Sub-Fund with the amount of cash received by the Sub-Fund upon such issue of Units and (in the case of a redemption of Units) the prices which would be used when selling the same Authorised Investments if they were sold by the Sub-Fund in order to realise the amount of cash required to be paid out of the Sub-Fund upon such redemption of Units, but does not include commissions payable to agents on sales and repurchases of Units of the Sub-Fund;

**“Event of Default”** means an event of default as defined in the terms and conditions of the Rabobank P-Notes<sup>10</sup>. As of the date of this Prospectus, an event of default is defined in the terms and conditions of the Rabobank P-Notes<sup>11</sup> to mean any of the following events:

- (a) default by Rabobank is made for more than 30 days in the payment of interest or principal in respect of any of the Rabobank P-Notes; or
- (b) Rabobank fails to perform or observe any of its other obligations pursuant to the Rabobank P-Notes and such failure continues for the period of 60 days next following the service on the issuer of notice requiring the same to be remedied; or
- (c) Rabobank fails in the due repayment of borrowed money which exceeds EUR 35,000,000 or its countervalue and such failure continues for a period of 30 days after notice of such failure has been received by Rabobank or Rabobank fails to honour any guarantee or indemnity in excess of EUR 35,000,000 or its countervalue and such failure continues for a period of 30 days after notice of such failure has been received by Rabobank provided that in each case no Event of Default shall be deemed to have occurred if Rabobank contests its liability in good faith or has been ordered not to make such payment by a competent court; or

<sup>10</sup> Investors can contact the Managers (please refer to paragraph 27 for the contact details of the Managers) to obtain information on the terms and conditions of the P-Notes.

<sup>11</sup> Investors can contact the Managers (please refer to paragraph 27 for the contact details of the Managers) to obtain information on the terms and conditions of the P-Notes.

- (d) Rabobank becomes bankrupt, or an order is made or an effective resolution is passed for the winding-up or liquidation of Rabobank (except for the purposes of a reconstruction or merger the terms of which have previously been approved by a meeting of holders of the Rabobank P-Notes) or Rabobank compromises with its creditors generally or such measures are officially decreed; or
- (e) an application is filed for a declaration (which is not revoked within a period of 30 days), or a declaration is made, under Article 3:160 of the Financial Supervision Act (*Wet op het financieel toezicht*), as modified or re-enacted from time to time, of the Netherlands in respect of Rabobank; or
- (f) Rabobank ceases to carry on the whole or a substantial part of its business (except for the purposes of a reconstruction or merger the terms of which have previously been approved by a meeting of the holders of the Rabobank P-Notes).

For the purpose of this definition, “Rabobank P-Notes” is a reference to the Series HK5981 Tranche A SGD 70,000,000 Equity Linked Participation Notes linked to a basket of China ‘A’ Shares and the Series HK5982 Tranche B SGD70,000,000 Equity Linked Participation Notes linked to a basket of China ‘A’ Shares, each such series issued by Rabobank pursuant to its EUR 15,000,000,000 (formerly EUR 8,000,000,000, at the time when the first notes in these series were issued) Structured Medium Term Note Programme and any further issue of notes from time to time forming the same series;

“**GST**” means goods and services tax;

“**Holder**” means the registered holder for the time being of a Unit including persons so registered as joint holders, except that where the registered holder is the CDP, the term “**Holder**” shall, in relation to Units registered in the name of the CDP, mean, where the context requires, the depositor whose Securities Account with the CDP is credited with Units and provided that for the purposes of convening a meeting of Holders, such Holder shall mean a depositor having credited into his Securities Account as shown in the records of the CDP as at a time not earlier than 48 hours prior to the time of a meeting of Holders supplied by the CDP to the Managers;

“**Index Provider**” means China Securities Index Co., Ltd. or any other person responsible for managing and compiling the SSE 50 and who has the right to grant the license to use the SSE 50;

“**Investment**” means any share, stock, bond, note, participatory note, debenture, debenture stock, loan, loan stock, certificates of deposit, commercial paper, promissory note, treasury bill, fixed or floating rate instrument, unit or sub-unit in any unit trust scheme, participation in a mutual fund, warrant, option, or other stock purchase right, futures, or any other security (as defined in the SFA) (all of the foregoing denominated in any currency) or any money market instrument or any other derivative which may be selected by the Managers for the purpose of investment of the Deposited Property or which may for the time being form part thereof;

“**Issue Price**” means the price at which Units may be issued, determined in accordance with the Deed;

“**Listing Rules**” means the listing rules for the time being applicable to the listing of the Sub-Fund as an investment fund on the SGX-ST;

“**Managers’ website**” means the website at ‘[uobam.com.sg](http://uobam.com.sg)’ or at such other website address that may be designated by the Managers;

“**Net Asset Value**” or “**NAV**” means the net asset value of the Deposited Property or the proportion thereof represented by one Unit (as the case may be) calculated in accordance with that set out in the definition of “**Value**” below;

“**Operating Guidelines**” means the guidelines for the creation and redemption of Units set out in Schedules 1 and 2 to the relevant Participation Agreement as may be amended from time to time in accordance with the provisions of the relevant Participation Agreement. Unless otherwise specified, references to the Operating Guidelines shall be to the Operating Guidelines for the Sub-Fund applicable at the time of the relevant Application;

“**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;

“**Participating Dealer**” means any dealer who has entered into a Participation Agreement in relation to the Sub-Fund in form and substance acceptable to the Managers and the Trustee;

“**Participation Agreement**” means an agreement entered into between the Trustee, the Managers and a Participating Dealer or a Designated Market Maker (as the case may be) setting out, (amongst other things), the arrangements in respect of the issue, redemption and cancellation of Units;

“**Quoted Investment**” means any Authorised Investment quoted, listed or dealt with on the SGX-ST or any other Recognised Exchange;

“**Rabobank**” means Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (a cooperative with limited liability established under the laws of the Netherlands);

“**Rabobank Hong Kong**” means Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (a cooperative with limited liability established under the laws of the Netherlands), acting through its Hong Kong branch;

“**Recognised Exchange**” means the SGX-ST or any stock exchange, futures exchange and organised securities exchange on which securities are regularly invested 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 or any OTC Market;

“**Redemption Application**” means an application by a Participating Dealer or a Designated Market Maker for the redemption of Units in an Application Unit size (or whole number multiples thereof) subject to a minimum of 500,000 Units, or such other minimum number of Units as the Managers may determine from time to time with the approval of the Trustee, in accordance with the procedures for redemption of Units set out in the Operating Guidelines and the terms of the Deed;

“**Redemption Value**” means the price at which each Unit is redeemed, calculated in accordance with the Deed, as set out in paragraph 11.2.2 of this Prospectus;

“**Register**” means the register of Holders in relation to the Sub-Fund referred to in paragraph 4;

“**SAFE**” means the State Administration of Foreign Exchange of the People’s Republic of China;

“**Securities Account**” means a securities account maintained by a depositor with CDP;

“**Securities and Futures Act**” or “**SFA**” means the Securities and Futures Act, Chapter 289 of Singapore, as the same may be modified, amended, restated, supplemented, revised, replaced, re-enacted or reconstituted from time to time;

“**Settlement Day**” means (in relation to cash and/or in-kind settlement of a Creation Application) the Business Day which is two (2) Business Days after the relevant Dealing Day and (in relation to cash and/or in-kind settlement of a Redemption Application) the Business Day which is three (3) Business Days after the relevant Dealing Day (or such later Business Day(s) as is permitted in relation to such Dealing Day pursuant to the Operating Guidelines) or such other number of Business Days after the relevant Dealing Day as the Managers and the Trustee may from time to time agree and notify to the Participating Dealers and the Designated Market Makers, either generally or for a particular case provided that, in relation to a Redemption Application, such day shall be no later than such date as may be prescribed under the Code for payment of redemption proceeds to investors of the type of schemes similar to the Sub-Fund (or no later than such other date as may be allowed by the MAS);

“**Singapore dollar**” or “**S\$**” or “**Dollar**” means the lawful currency for the time being and from time to time of Singapore;

“**Stockbroker**” means a member of the SGX-ST or any other Recognised Exchange;

“**Transaction Fee**” means the fee charged to each Participating Dealer for the benefit of the Trustee on each Dealing Day on each Application made by the relevant Participating Dealer the maximum level of which shall be determined by the Managers and the Trustee from time to time and set out in this Prospectus;

**“Unauthorised US Person”** means (i) a US person within the meaning of Rule 902 of the United States Securities Act of 1933, as amended, (ii) a US resident within the meaning of the United States Investment Company Act of 1940, as amended, or (iii) any person that would not qualify as a Non-United States person within the meaning of United States Commodity Futures Trading Commission Rule 4.7(a)(1)(iv);

**“United States dollar”** or **“USD”** or **“US\$”** means the lawful currency for the time being and from time to time of United States of America;

**“Unquoted Investment”** means an Investment not quoted, listed or dealt with on the SGX-ST or any other Recognised Exchange;

**“Valuation Point”** means the close of business of the last market relevant to the Sub-Fund on the relevant Dealing Day on which the NAV of the Deposited Property is to be determined or such other time as the Managers may with the prior approval of the Trustee determine and the Managers shall inform the Holders of such change if required by the Trustee;

**“Value”** means, in relation to an Authorised Investment, the value of such Authorised Investment as determined in accordance with the Deed (as reproduced in paragraph 21.4 above).

## APPENDIX 1

### LIST OF OTHER COLLECTIVE INVESTMENT SCHEMES MANAGED BY THE MANAGERS

(AS AT 31 JULY 2012)

- Afdaal Funds Series
  - Afdaal Asia Pacific Equity Fund
- GrowthPath Portfolios
  - GrowthPath Today
  - GrowthPath 2020
  - GrowthPath 2030
  - GrowthPath 2040
- Unifund
- United Asia Fund
- United Asia Active Allocation Fund
- United Asia Consumer Fund
- United Asia Pacific Infrastructure Fund
- United Asia Top-50 Fund
- United Asian Growth Opportunities Fund
- United Commodities Plus Fund
- United Enhanced Income Fund
- United European Equity Fund
- United European Small and Mid Cap Fund
- United Global Financials Fund
- United G Strategic Fund
- United Emerging Markets Portfolios
  - United Emerging Markets Bond Fund
- United Global Healthcare Fund
- United Global Internet Fund
- United Global IPO Fund
- United Global Recovery Funds
  - United High Grade Corporate Bond Fund
  - United China-India Dynamic Growth Fund
- United Global Portfolios
  - United Global Bond Fund (S\$)
  - United Singapore Bond Fund
  - United Global Dividend Balanced Fund
  - United Renminbi Bond Fund

- United Global Resources Fund
- United Global Technology Fund
- United Global Telecoms Fund
- United Gold & General Fund
- United Greater China Fund
- United Singapore Growth Fund
- United International Bond Fund
- United International Growth Fund
- United Japan Growth Fund
- United Millennium Trusts
  - United Millennium I
  - United Millennium II
  - United Millennium III
- United Asia Pacific Growth Fund
- United Choice Portfolios
  - United Asian Bond Fund
  - United E-Commerce Fund
  - United Global Dividend Equity Fund
- United Choice Portfolios II
  - United SGD Fund
- United Real Estate Multi Strategy Fund
  - United Global Real Estate Securities Fund
- United Financials Multi-Strategy Fund
  - United Financials Opportunities Fund
  - United Asia Financials Fund
- Singapore Index Fund
- United Global Themes Opportunities Fund
  - United China Strategic Focus Fund
- United Strategic Portfolios
  - United Cash Fund
  - United Multi-Asset Absolute Return Strategy (MARS) Fund

## APPENDIX 1A

### LIST OF DIRECTORSHIPS OF DIRECTORS OF THE MANAGERS (AS AT 31 JULY 2012)

#### **Mr Terence Ong Sea Eng**

With effect from:

11 May 89	Chairman for UOB Bullion & Futures Ltd
09 Oct 00	Director for UOB Capital Investments Pte Ltd
15 Nov 00	Chairman & CEO for UOB Asset Management Ltd (with effect from 1 September 2011, Chairman & Executive Director for UOB Asset Management Ltd)
01 Dec 00	Director for UOB Investment Advisor (Taiwan) Ltd
02 Mar 01	Director for UOB Global Capital LLC
02 Mar 01	Director for UOB Global Capital Pte Ltd
30 Nov 01	Director for UOB Holdings Pte Ltd
03 Dec 01	Director for United Securities (2006) Pte Ltd
12 Dec 01	Director for UOB Insurance (Hong Kong) Ltd
04 Feb 02	Director for Asian-American Merchant Bank
25 Apr 03	Chairman for Union (2009) Ltd
19 Jan 05	Chairman for UOB Asset Management (Thai) Co. Ltd
18 Feb 05	Director for United International Securities Ltd
18 Jul 05	Director for UOBF Schneider Trading Pte Ltd
09 Sep 05	Director for UOB-OSK Asset Management Sdn Bhd
17 Jul 06	Chairman for UOB Bullion & Futures (Thai) Co Ltd
25 Jan 07	Director for UOB Portfolio Advisors Pan Asia Select Fund GP Ltd
26 Jan 07	Director for Asia Select Management Ltd
14 Jan 10	Director for UOB Venture Management (Shanghai) Co Ltd
20 Jan 10	Director for UOB Capital Management Pte Ltd
20 Jan 10	Director for UVM Venture Investments Ltd (UVI)
28 Jan 10	Director for Greater China F&B (Hong Kong) Pte Ltd
28 Jan 10	Director for Greater China F&B Investment Holding Ltd
01 Feb 10	Director for UOB Capital Partners LLC
09 Feb 10	Director for UOB Hermes Asia Technology Fund
11 Aug 10	Director for UOB Bioventures Management Pte Ltd
11 Aug 10	Director for UOB Venture Management Pte Ltd
1 Nov 10	Chairman for UOB Hermes Asia Management Pte Ltd
07 Jan 11	Director of Ping An UOB Fund Management Co Ltd
15 Aug 11	Director for Evergrowing Bank Co. Ltd

#### **Yeo Eng Cheong**

With effect from:

3 Jan 90	Non-Executive Director for UOB Asset Management Pte Ltd
2 Nov 93	Non-Executive Director for UOB Venture Management Pte Ltd
9 Oct 00	Non-Executive Director for UOB International Investment Pte Ltd
9 Oct 00	Non-Executive Director for Industrial & Commercial Property (S) Pte Ltd
11 Aug 04	Alternate Director for Orix Leasing Singapore Ltd
1 Sep 05	Member of Competition Appeal Board

**Thio Boon Kiat**

With effect from:

01 Dec 04	Non-Executive Director for United International Securities Trading (Private) Limited
31 Dec 04	Executive Director for UOB Asset Management Ltd (with effect from 1 September 2011, Chief Executive Officer for UOB Asset Management Ltd)
12 May 05	Non-Executive Director for UOB-OSK Asset Management Sdn Bhd
19 Jan 05	Non-Executive Director for UOB Asset Management (Thai) Co., Ltd
29 Jun 05	Non-Executive Director for OSK-UOB Investment Management Bhd
26 Mar 10	Non-Executive Director for OSK-UOB Islamic Fund Management Berhad
30 Dec 11	Non-Executive Director for Ping An UOB Fund Management Company Limited

**APPENDIX 2**

**CONSTITUENT STOCKS OF THE SSE 50 INDEX**

As at 3 September 2012\*, the constituent stocks of the SSE 50 Index are:-

	<b>Constituent Name</b>	<b>Weight (%)</b>
1	Ping An Insurance (Group) Company of China Ltd	6.607
2	China Minsheng Banking Corp Ltd	6.461
3	China Merchants Bank Co Ltd	6.126
4	Bank of Communications Co LTD	4.988
5	Industrial Bank	4.592
6	Kweichow Moutai Co Ltd	4.516
7	Shanghai Pudong Development Bank Co Ltd	4.198
8	CITIC Securities Co Ltd	3.585
9	China Shenhua Energy Co Ltd	3.529
10	Haitong Securities Company Limited	3.460
11	China Pacific Insurance (Group) Co Ltd	3.099
12	Agricultural Bank of China Co Ltd	3.059
13	Industrial and Commercial Bank of China Ltd	2.885
14	Inner Mongolia Baotou Steel Rare-Earth Hi-Tech Co Ltd	2.299
15	China State Construction Engineering Co Ltd	2.264
16	Poly Real Estate Group Co Ltd	2.147
17	Bank of Beijing Co Ltd	1.905
18	Daqin Railway Co Ltd	1.769
19	China Everbright Bank Co Ltd	1.651
20	Inner Mongolia Yili Industrial Group Co Ltd	1.606
21	China United Network Communications Co Ltd	1.594
22	China Yangtze Power Co Ltd	1.560
23	PetroChina Co Ltd	1.521
24	Sany Heavy Industry Co Ltd	1.484
25	Hua Xia Bank Co Ltd	1.473
26	Zijin Mining Group Co Ltd	1.470
27	China Life Insurance Company Limited	1.339
28	GUANGHUI ENERGY CO., LTD.	1.332
29	Anhui Conch Cement Co Ltd	1.319
30	SAIC Motor Co Ltd	1.292
31	China Petroleum and Chemical Corp (Sinopec)	1.270
32	Shandong Gold-Mining Co Ltd	1.262
33	Baoshan Iron &Steel Co Ltd	1.131
34	Zhongjin Gold Co Ltd	1.073
35	China Shipbuilding Industry Co Ltd	1.043
36	Shanxi Guoyang New Energy Co Ltd	0.832
37	Jiangxi Copper Co Ltd	0.819
38	Shanxi Lu'an Environmental Energy Development Co Ltd	0.777
39	Aluminum Corporation of China Limited	0.731
40	China CNR Co Ltd	0.707
41	CSR Co Ltd	0.696
42	Inner Mongolia Baotou Steel Union Co Ltd	0.651
43	China Coal Energy Co Ltd	0.616
44	Sinohydro Group Ltd	0.595
45	China Gezhouba Group Co Ltd	0.549
46	Jinduicheng Molybdenum Co Ltd	0.537
47	Yanzhou Coal Mining Co Ltd	0.507
48	Founder Securities Co Ltd	0.375
49	Minmetals Development Co Ltd	0.353
50	China Hainan Rubber Industry Group Co Ltd	0.350

Sources: China Securities Index Co., Ltd.

*\*The information presented in the Appendices 2 and 3 of this Prospectus is subject to change by the Index Provider. Investors should note that the information relating to the Index in the Appendices 2 and 3 was obtained from publicly available documents that have not been prepared or independently verified by the Managers or Trustee or any of their respective affiliates or advisers in connection with the offering and listing of Units and none of them makes any representation as to or takes any responsibility for the accuracy, timeliness or completeness of the information contained therein. Any liability for errors or omissions in any of the aforementioned Appendices, or for any action taken in reliance on the information contained therein is hereby expressly disclaimed. No warranty of any kind, implied, express or statutory, including but not limited to the warranties of non-infringement of third party rights, title, merchantability, satisfactory quality or fitness for a particular purpose, is given in conjunction with any of the aforementioned Appendices and any information contained therein.*

## APPENDIX 3

### THE SSE 50 INDEX

The SSE 50 Index (the “SSE 50”) is an index consisting of 50 constituent stocks which are the 50 largest stocks of good liquidity listed on the Shanghai Stock Exchange, and it is estimated that as of 12 November 2009, the 50 constituent stocks of the SSE 50 represent around 64% of the total market capitalisation of the Shanghai Stock Exchange. The objective of the SSE 50 is to reflect the performance of the good quality large enterprises, which are influential in the Shanghai Stock Exchange. The SSE 50 is a free-float market capitalisation weighted index. The Shanghai Stock Exchange has appointed China Securities Index Co., Ltd., a joint venture between the Shenzhen Stock Exchange and Shanghai Stock Exchange, to manage the SSE 50. China Securities Index Co., Ltd. is independent of the Managers. The SSE 50 was formally launched on 2 January 2004.

The United SSE 50 China 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, 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 or on behalf of China Securities Index Co., Ltd. which will adopt all necessary measures to ensure the accuracy of the SSE 50. However, the Shanghai Stock Exchange or 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 or any error therein. The SSE 50 is owned by the Shanghai Stock Exchange.

Below is a brief summary of the basic information, selection criteria, selection methodology and maintenance of the SSE 50 as of the date of publication of this Prospectus. Such information is subject to revision from time to time by the Shanghai Stock Exchange and China Securities Index Co., Ltd. and before making investment decisions, investors should refer to the website of the Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)) for the latest information on the SSE 50.

#### 1. Basic Information

##### Index code

000016

##### Base Date and Base Point

The base date is December 31, 2003 and the base point is 1,000.

##### Number of Constituent Stocks

50

##### Index Dissemination

The SSE 50 is widely disseminated in and outside China through the following channels:

- (1) Broadcasted nationwide via Shanghai Stock Exchange and Shenzhen Stock Exchange’s real time broadcast system;
- (2) Released real time globally via Thomson Reuters and Bloomberg financial information vendors;
- (3) Publicized daily via various news media including Shanghai Securities News, China Securities Journal and Securities Times;
- (4) Published daily through the Internet at Shanghai Stock Exchange’s website: [www.sse.com.cn](http://www.sse.com.cn).

## Ten Largest Constituent Stocks

As at 3 September 2012, the 10 largest constituent stocks of the SSE 50 (out of 50 constituent stocks) and their respective weightings are listed below:

<b>Code</b>	<b>Constituent Name</b>	<b>% of SSE 50</b>
601318	Ping An Insurance (Group) Company of China Ltd	6.607
600016	China Minsheng Banking Corp Ltd	6.461
600036	China Merchants Bank Co Ltd	6.126
601328	Bank of Communications Co LTD	4.988
601166	Industrial Bank	4.592
600519	Kweichow Moutai Co Ltd	4.516
600000	Shanghai Pudong Development Bank Co Ltd	4.198
600030	CITIC Securities Co Ltd	3.585
601088	China Shenhua Energy Co Ltd	3.529
600837	Haitong Securities Company Limited	3.460

The investors should note that the list of constituent stocks of the SSE 50 may be updated from time to time and the complete list of constituent stocks of the SSE 50 is available on the website of the Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)).

## **2. Selection of Constituent Stocks**

### Stock Universe

Only constituent stocks of the SSE 180 Index shall be included in the stock universe for the SSE 50. The SSE 180 Index is an index consisting of 180 constituent stocks also compiled and managed by China Securities Index Co., Ltd. The stock universe of the SSE 180 Index includes all A-Shares listed on the Shanghai Stock Exchange except stocks falling into the following categories:

- (1) initial public offerings within the last 3 months (unless the daily average total market capitalization of a stock is ranked top 18 in the Shanghai Stock Exchange);
- (2) suspended from listing;

The constituent stocks of the SSE 180 Index are selected based on industry representation, size and liquidity. For details of the constituent stocks of the SSE 180 Index, please refer to the website of the Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)).

### Selection Criteria

The constituent stocks selected should be large and liquid stocks.

### Selection Methodology

The stocks are ranked by two indicators: (a) total market capitalization and (b) trading value. Each of the indicators of a stock is ranked based on the daily average data from the previous year, and the ranking from each of the indicators are summed up for the overall rank of the stock. In principle, the top 50 ranked stocks will be selected except for stocks with abnormal market performance and considered by the Index Advisory Committee as inappropriate.

### 3. Calculation of the SSE 50

#### Calculation Formula

The SSE 50 is weighted by adjusted number of shares. The formula is:

$$\text{Current Index} = \frac{\text{Current adjusted market cap of constituents}}{\text{Base Period}} \times 1000$$

Where:

adjusted market cap =  $\Sigma$  (market price x adjusted number of shares of the constituent's capital stock); and

Base Period = the total adjusted market capitalization for the 50 constituent stocks based on the closing prices on the base date.

#### Free Float

To reflect the price fluctuation of tradable shares in the market, the SSE 50 adopt free float shares to calculate the index exclusively of restricted shares during lock-in period and other non-negotiated shares which include (1) shares held on a long-term basis by the company's founders, family members and senior management; (2) government holdings; (3) shares held by strategic investors (e.g. companies, banks, etc.); (4) frozen shares; (5) restricted employee shares; (6) cross-holdings, etc.

If the holdings of shareholders of the six categories set out above and their persons acting in concert is larger than 5%, the holdings will be defined as non-free float. Together with the restricted shares during lock-in period, they are all deemed as non-free float shares.

The free float shares of a company are equal to the total number of A-Shares minus the non-free float shares.

#### Category-Weighted Method

The free float shares of listed companies may change from time to time. For the sake of index stability, the SSE 50 adopts category-weighted method to adjust the number of constituent shares for index calculation. The adjusted number of shares will be the total number of A-Shares multiplied by the inclusion factor (as determined below). The category-weighted method is indicated by the following chart. For example, stock with a negotiable market cap ratio (i.e. negotiable market cap / total market cap) of 7%, which is below 10%, will have an inclusion factor which equals to its negotiable market cap ratio. A stock with a negotiable market cap ratio of 35% will belong to the category (30, 40] (i.e. negotiable market cap ratio which is greater than 30% but less than or equal to 40%), and the corresponding inclusion factor is 40%, i.e. 40% of the total A-Shares will be used for index calculation. "Negotiable market cap" for the calculation of the negotiable market cap ratio refers to the market capitalization of the relevant free float shares.

Negotiable Market Cap Ratio (%)	≤ 10	(10,20 ]	(20, 30]	(30, 40]	(40,50]	(50, 60]	(60, 70]	(70, 80]	> 80
Inclusion Factor (%)	Negotiable Market Cap Ratio	20	30	40	50	60	70	80	100

#### 4. Index Maintenance

The SSE 50 is maintained using the “divisor adjustment methodology.” In the event of a change in the list of constituents or in a constituent’s equity structure, or a change in the adjusted market capitalization of a constituent stock due to non-trading factors, the old divisor is adjusted by means of the divisor adjustment methodology, so as to maintain the continuity of the index. The adjustment formula is as follows:

$$\frac{\text{adjusted market cap before divisor adjustment}}{\text{old divisor}} = \frac{\text{adjusted market cap after divisor adjustment}}{\text{new divisor}}$$

Where: “adjusted market cap after divisor adjustment” = adjusted market cap before divisor adjustment + increase (decrease) in adjusted market capitalization. The new divisor (i.e. the adjusted divisor, also known as the new base period) is obtained from this formula and used to calculate the SSE 50.

Circumstances under which maintenance of the SSE 50 is required include the following:

- rights issue and bonus issue: the SSE 50 is adjusted prior to the issuance; adjusted market cap after divisor adjustment = ex-right price x adjusted number of shares of capital stock + adjusted market cap before divisor adjustment (excluding stocks adjusted for right issue and bonus issue);
- suspension of trading: use last trading price to calculate the SSE 50 until trading is resumed;
- change in capital stock: whenever a change occurs in the capital stock of a SSE 50 constituent (e.g. due to the issue of new shares, the listing of a rights issue, the listing of employee shares, etc.), the SSE 50 is adjusted prior to the date of the change in capital stock; adjusted market cap after divisor adjustment = closing price x adjusted number of shares of capital stock after change + adjusted market cap before divisor adjustment (excluding stocks adjusted for change in capital stock);
- when there is a periodic adjustment or an ad hoc adjustment of the list of constituent stocks of the SSE 50, the SSE 50 is adjusted prior to the effective date of the change.

#### 5. Adjustments to Constituent Stocks

##### Periodic Adjustments

- (1) In principle, the SSE 50 constituents are reviewed once every six months and constituent adjustments are implemented on the first trading day of January and July each year. The planned adjustment is published two weeks in advance.
- (2) The percentage of each adjustment shall not exceed 10%.

##### Ad Hoc Adjustments

Adjustments may be made when certain corporate events happen in order to maintain the representativeness and investability of the SSE 50.

- (1) If the total A share market cap (Total Market Cap=Issue price×A shares Outstanding) of an IPO ranks top 10 in the Shanghai market (compared with all Shanghai A shares by average daily A share market cap of the past year since the listing announcement of the IPO) and it satisfies the requirements of index universe, then fast entry rules are applied here. Namely, it will be added in the SSE50 index after the close of the tenth trading day. Meanwhile, the last ranked old constituent by average daily market cap and trading value of the most recent year will be deleted from SSE50.
- (2) If an IPO meets the criteria of fast entry, however, time span between its listing time and the effective day of the next constituents periodical review is less than 20 trading days, fast entry rules are not applied immediately but will be implemented together with the next constituents periodical review.
- (3) Merger and Acquisition

- Two constituent companies merge: The stock of the resulting new company will be added to the index and there will be a vacancy. The vacancy will be filled by the highest ranking non-constituent in the candidates list generated in the last periodical review.
- One constituent company and one non-constituent company merge: The stock of the resulting new company will be added to the index.
- One non-constituent company purchases or takes over one constituent company: If the stock of the resulting new company ranks higher than the highest stock in the candidates list of last periodical review, the new stock will be added to the index. Otherwise, the highest ranking non-constituent in the candidates list generated in the last periodical review will be included in the index when the constituent is delisted.
- Merger, spin-off, acquisition and restructuring of non-constituents: If the total market cap of the stock of the resulting new company ranks top 10 in the Shanghai market, fast entry rules are applied here. Otherwise, these corporate events are considered at constituents periodical review.

(4) Spin-off

If one constituent company is split so as to form two or more companies, then whether the resulting companies is eligible for inclusion or not depends on their rankings. Concretely, for SSE50, it depends on the overall rankings of the companies.

- If two or more of the resulting companies rank higher than the lowest constituent or the lowest constituent of the same industry, then the resulting companies that rank higher than the lowest constituent will be added to the index, and the lowest constituent(s) will be removed to keep the number of the index constituents constant.
- If one of the resulting companies ranks higher than the lowest constituent or the lowest constituent of the same industry, then this new resulting company will be added to the index.
- If all of the resulting companies rank lower than the lowest constituent or the lowest constituent of the same industry, but some or all of the resulting companies rank higher than the highest stock in the candidates list, then the highest new company will be added to the index.
- If all of the resulting companies rank lower than the lowest constituent or the lowest constituent of the same industry and the highest stock in the candidates list generated in last periodical review, then the highest stock in the candidates list will be added to the index.

- (5) If a constituent company is temporarily delisted or delisted from the A share market, it will be removed from the index. Meanwhile, the highest ranking non-constituent in the candidates list generated in the last periodical review will be included in the index.
- (6) If a constituent company enters bankruptcy proceedings, it will be removed as soon as practicable from the index. Meanwhile, the highest ranking non-constituent in the candidates list generated in the last periodical review will be included in the index.
- (7) If a constituent is suspended from trading, CSI will determine whether to delete it from the index or not according to different suspension reasons.

## APPENDIX 4

### RISKS AND CONSIDERATIONS ASSOCIATED WITH THE P-NOTES ISSUED BY RABOBANK

*The following factors may affect Rabobank's ability to fulfil its obligations under the P-Notes issued by it. Most of these factors are contingencies which may or may not occur and the Managers are not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the risks associated with the P-Notes issued by Rabobank are also described below.*

*Unless the context otherwise requires, references in this Appendix 4 to the "Rabobank Group" are to Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. ("**Rabobank Nederland**") and its members, subsidiaries and affiliates. Rabobank Nederland is a trading name of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. Unless the context otherwise requires, references in this Appendix 4 to the 'P-Notes' are to the Series HK5981 Tranche A SGD 70,000,000 Equity Linked Participation Notes linked to a basket of China 'A' Shares and the Series HK5982 Tranche B SGD 70,000,000 Equity Linked Participation Notes linked to a basket of China 'A' Shares, each such series issued by Rabobank pursuant to its EUR 15,000,000,000 (formerly EUR 8,000,000,000, at the time when the first notes in these series were issued) Structured Medium Term Note Programme and any further issue of notes from time to time forming the same series.*

*The Managers believe that the factors described below represent the principal risks inherent in investing in the P-Notes, but Rabobank may be unable to pay interest, principal or other amounts on or in connection with the P-Notes for other reasons and the Managers do not represent that the statements below regarding the risks of holding any P-Notes are exhaustive.*

#### **1. Factors that may affect Rabobank's ability to fulfil its obligations under the P-Notes are as follows:**

##### **Business and general economic conditions**

The profitability of Rabobank Group could be adversely affected by a worsening of general economic conditions in the Netherlands and/or globally. Banks are still facing persistent turmoil in financial markets following the European sovereign debt crisis that arose in the first half of 2010. Moreover, renewed tensions surrounding Iran's nuclear program, associated with the release of a new report of the International Atomic Energy Agency in November 2011, and the continuing social unrest (which started in the beginning of 2011) may also cause adverse economic effects which may adversely impact the Rabobank Group. Factors such as interest rates, exchange rates, inflation, deflation, investor sentiment, the availability and cost of credit, the liquidity of the global financial markets and the level and volatility of equity prices can significantly affect the activity level of customers and the profitability of Rabobank Group. For example, an economic downturn, or significantly higher interest rates, could adversely affect the credit quality of Rabobank Group's assets by increasing the risk that a greater number of its customers would be unable to meet their obligations. Moreover, the market downturn and worsening of the economy could reduce the value of Rabobank Group's assets and could cause Rabobank Group to incur further mark-to-market losses in its trading portfolios or could reduce the fees Rabobank Group earns for managing assets or the levels of assets under management. In addition, a market downturn and increased competition for savings in the Netherlands could lead to a decline in the volume of customer transactions that Rabobank Group executes and, therefore, a decline in customer deposits and the income it receives from fees and commissions and interest. Continuing volatility in the financial markets or a protracted economic downturn in the Netherlands or Rabobank Group's other major markets could have a material adverse effect on Rabobank Group's results of operations.

##### **Credit risk**

Credit risk is defined as the risk that Rabobank or Rabobank Group will suffer economic losses because a counterparty cannot fulfil its financial or other contractual obligations arising from a credit contract. A "credit" is each legal relationship on the basis of which Rabobank, in its role as financial service provider, can or will obtain a claim on a debtor by providing a product. In addition to loans and facilities (with or without commitment), credit as a generic term also includes, among other things, guarantees, letters of credit and derivatives.

An economic downturn may result in an increase in credit risk and, consequently, loan losses that are above Rabobank Group's long-term average, which could have a material adverse effect on Rabobank Group's results of operations.

##### **Country risk**

With respect to country risk, a distinction can be made between transfer risk and collective debtor risk. Transfer risk relates to the possibility of foreign governments placing restrictions on funds transfers from debtors in that country to creditors abroad. Collective debtor risk relates to the situation in which a large number of debtors in a country cannot meet their commitments for the same reason (e.g. war, political and social unrest or natural disasters, but also government policy that does not succeed in creating macro-economic and financial stability).

Unpredictable and unexpected events which increase transfer risk and/or collective debtor risk could have a material adverse effect on Rabobank Group's results of operations.

### **Interest rate and inflation risk**

An important risk component for Rabobank Group is interest rate risk. Interest rate risk is the risk, outside the trading environment, of deviations in interest income and/or the market value of capital as a result of changes in market interest rates. Interest rate risk results mainly from mismatches between the periods for which interest rates are fixed for loans and funds entrusted. If interest rates increase, the rate for Rabobank Group's liabilities, such as savings, can be adjusted immediately. This does not apply to the majority of Rabobank Group's assets, such as mortgages, which have longer interest rate fixation periods. Sudden and substantial changes in interest rates could have a material adverse effect on Rabobank Group's results of operations.

Inflation and expected inflation can influence interest rates. An increase in inflation may: (i) decrease the value of certain fixed income instruments which Rabobank Group holds; (ii) result in surrenders of certain savings products with fixed rates below market rates by banking customers of Rabobank Group; (iii) require Rabobank Group to pay higher interest rates on the securities that it issues; and (iv) cause a general decline in financial markets.

### **Funding and liquidity risk**

Liquidity risk is the risk that not all (re)payment commitments can be met. This could happen if clients or other professional counterparties suddenly withdraw more funding than expected, which cannot be met by Rabobank Group's cash resources or by selling or pledging assets or by borrowing funds from third parties.

Important factors in preventing this are preserving the trust of customers for retail funding and maintaining access to financial markets for wholesale funding. If either of these were seriously threatened, this could have a material adverse effect on Rabobank Group's results of operations.

### **Market risk**

The value of Rabobank Group's trading portfolio is affected by changes in market prices, such as interest rates, equities, currencies, certain commodities and derivatives. Any future worsening of the situation in the financial markets could have a material adverse effect on Rabobank Group's results of operations.

### **Currency risk**

Rabobank Group is an internationally active bank. As such, part of its capital is invested in foreign activities. This gives rise to currency risk, in the form of translation risk. In addition, the trading books are exposed to market risk, in that they can have positions that are affected by changes in the exchange rate of currencies. Sudden and substantial changes in the exchange rates of currencies could have a material adverse effect on Rabobank Group's results of operations.

### **Operational risk**

As a risk type, operational risk has acquired its own distinct position in the banking world. It is understood to mean "the risk of losses resulting from inadequate or failed internal processes, people or systems or from external events". Events of recent decades in modern international banking have shown on several occasions that ineffective control of operational risks can lead to substantial losses. Under the Basel II accord, banks must hold capital for this risk. Examples of operational risk incidents are highly diverse: fraud, claims relating to inadequate products, inadequate documentation, losses due to poor occupational health and safety conditions, errors in transaction processing, non-compliance with the law and system failures. The occurrence of any such incidents could have a material adverse effect on Rabobank Group's results of operations.

## **Legal risk**

Rabobank Group is subject to a comprehensive range of legal obligations in all countries in which it operates. As a result, Rabobank Group is exposed to many forms of legal risk, which may arise in a number of ways. Rabobank Group faces risk where legal proceedings are brought against it. Regardless of whether such claims have merit, the outcome of legal proceedings is inherently uncertain and could result in financial loss. Defending legal proceedings can be expensive and time-consuming and there is no guarantee that all costs incurred will be recovered even if Rabobank Group is successful. Although Rabobank Group has processes and controls to manage legal risks, failure to manage these risks could have a negative impact on Rabobank Group's reputation and could have a material adverse effect on Rabobank Group's results of operations.

## **Tax risk**

Rabobank Group is subject to the tax laws of all countries in which it operates. Tax risk is the risk associated with changes in tax law or in the interpretation of tax law. It also includes the risk of changes in tax rates and the risk of failure to comply with procedures required by tax authorities. Failure to manage tax risks could lead to an additional tax charge. It could also lead to a financial penalty for failure to comply with required tax procedures or other aspects of tax law. If, as a result of a particular tax risk materialising, the tax costs associated with particular transactions are greater than anticipated, it could affect the profitability of those transactions, which could have a material adverse effect on Rabobank Group's results of operations.

## **Systemic risk**

Rabobank Group could be negatively affected by the weakness and/or the perceived weakness of other financial institutions, which could result in significant systemic liquidity problems, losses or defaults by other financial institutions and counterparties. Financial services institutions that deal with each other are interrelated as a result of trading, investment, clearing, counterparty and other relationships. This risk is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with whom Rabobank Group interacts on a daily basis. Concerns about the creditworthiness of sovereigns in Europe and North America have recently intensified. The large sovereign debts and/or fiscal deficits of a number of European countries and the United States have raised concerns regarding the financial condition of financial institutions. Any of the abovementioned consequences of systemic risk could have an adverse effect on Rabobank Group's ability to raise new funding and its results of operations.

## **Effect of governmental policy and regulation**

Rabobank Group's businesses and earnings can be affected by the fiscal or other policies and other actions of various governmental and regulatory authorities in the Netherlands, the European Union, the United States and elsewhere. Areas where changes could have an impact include, but are not limited to: the monetary, interest rate and other policies of central banks and regulatory authorities; changes in government or regulatory policy that may significantly influence investor decisions in particular markets in which Rabobank Group operates; changes and rules in competition and pricing environments; developments in the financial reporting environment; stress testing exercises to which financial institutions in general, and Rabobank Group in particular, are subject; or unfavourable developments producing social instability or legal uncertainty which in turn may affect demand for Rabobank Group's products and services. Regulatory compliance risk arises from a failure or inability to comply fully with the laws, regulations or codes applicable specifically to the financial services industry. Non-compliance could lead to fines, public reprimands, damage to reputation, enforced suspension of operations or, in extreme cases, withdrawal of authorisations to operate.

As of 1 July 2009 a personal mortgage loan should not be higher than €350,000 to be eligible for being secured by the Dutch Homeownership Guarantee Fund (*Stichting Waarborgfonds Eigen Woningen* or "WEW"), an institution that was founded by the Dutch government in 1993, through the National Mortgage Guarantee Scheme (*Nationale Hypotheek Garantie* or "NHG"). As of 1 July 2012, this maximum will be reduced to €320,000, as of 1 July 2013 to €290,000 and as of 1 July 2012 to €265,000. Moreover, on 1 July 2011 the Dutch government reduced the conveyance tax on privately owned houses (from 6 per cent. to 2 per cent.). The Dutch government also intends to introduce a banking tax in 2012. The tax will be based on the amount of the balance sheet total of the relevant bank as at the end of such bank's preceding financial year. In addition, in 2012 a new way of financing the Dutch Deposit Guarantee Scheme, a system that protects bank depositors from losses caused by a bank's inability to pay its debts when due, will come into force. Finally, the Dutch Central Bank (*De Nederlandsche Bank N.Y.*, the "DNB"), has launched a proposal that implies a step by step reduction of the maximum permissible amount of a

residential mortgage loan to 90 per cent. of the value of the property (instead of the maximum of 106 per cent. that Rabobank has applied since 1 July 2011 and other Dutch banks since 1 August 2011). All these factors may have material adverse effects on Rabobank Group's results of operations.

At 31 December 2011, mortgage loan interest payments for Dutch homeowners are tax deductible. If the tax deductibility is reduced or abolished, which in Rabobank's view is increasingly likely, this could have a material adverse effect on Rabobank Group's results of operations.

On 21 July 2010, the United States enacted the Dodd-Frank Wall Street Reform and Consumer Reform Act ("**Dodd-Frank Act**"), which provides a broad framework for significant regulatory changes that will extend to almost every area of U.S. financial regulation. Implementation of the Dodd-Frank Act will require further detailed rulemaking over several years by different U.S. regulators, including the Department of the Treasury, the Federal Reserve, the SEC, the Federal Deposit Insurance Corporation, the Commodity Futures Trading Commission and the newly created Financial Stability Oversight Council, and uncertainty remains about the final details, timing and impact of the rules. The Dodd-Frank Act provides for new or enhanced regulations regarding, among other things: (i) systemic risk oversight, (ii) bank capital standards, (iii) the liquidation of failing systemically significant financial institutions, (iv) OTC derivatives, (v) the ability of banking entities to engage in proprietary trading activities and invest in hedge funds and private equity (the so-called "Volcker rule") and (vi) consumer and investor protection. Although uncertainty remains about many of the details, impact and timing of these regulatory initiatives, implementation of the Dodd-Frank Act and related final regulations could result in significant costs and potential limitations on Rabobank's businesses and may have material adverse effects on Rabobank Group's results of operations.

In the United Kingdom, the Independent Commission on Banking, chaired by Mr. John Vickers, released its Final Report on 12 September 2011. This report recommends that the retail banking activities of banks in the United Kingdom should be structurally separated, by a "ring-fence", from wholesale banking and investment banking activities. In the Netherlands, a similar recommendation was made by the 'Parlementaire Enquêtecommissie Financieel Stelsel', a parliamentary commission that investigated the turmoil in the financial sector in recent years under chair of Mr. Jan de Wit which presented its final report on 12 April 2012. If the recommendation of the commission De Wit is adopted, this could have a material adverse effect on Rabobank Group's results of operations.

### **Minimum regulatory capital and liquidity requirements**

Rabobank Group is subject to the risk, inherent in all regulated financial businesses, of having insufficient capital resources to meet the minimum regulatory capital requirements. Under Basel II, capital requirements are inherently more sensitive to market movements than under previous regimes. Capital requirements will increase if economic conditions or negative trends in the financial markets worsen. Any failure of Rabobank Group to maintain its minimum regulatory capital ratios could result in administrative actions or sanctions, which in turn may have a material adverse impact on Rabobank Group's results of operations. A shortage of available capital may restrict Rabobank Group's opportunities for expansion.

In the future, under the Basel III proposals ("**Basel III**"), capital and liquidity requirements will increase. On 17 December 2009, the Basel Committee on Banking Supervision (the "**Basel Committee**") proposed a number of fundamental reforms to the regulatory capital framework in its consultative document entitled "Strengthening the resilience of the banking sector". The Basel Committee published its economic impact assessment on 18 August 2010 and, on 12 September 2010, the Group of Governors and Heads of Supervision, the oversight body of the Basel Committee, announced further details of the proposed substantial strengthening of existing capital requirements. On 16 December 2010 the Basel Committee issued its final view on Basel III.

There can be no assurance that, prior to its implementation in 2013, the Basel Committee will not amend the package of reforms described above. Further, the European Commission and/or the Dutch Central Bank may implement the package of reforms in a manner that is different from that which is currently envisaged, or may impose additional capital and liquidity requirements on Dutch banks.

If the regulatory capital requirements, liquidity restrictions or ratios applied to Rabobank Group are increased in the future, any failure of Rabobank Group to maintain such increased capital and liquidity ratios could result in administrative actions or sanctions, which may have an adverse effect on Rabobank Group's results of operations.

## **Credit ratings**

Rabobank Group's access to the unsecured funding markets is dependent on its credit ratings. A downgrading in its credit ratings, as a result of a change in rating methodology or otherwise, could adversely affect Rabobank Group's access to liquidity alternatives and its competitive position, and could increase the cost of funding or trigger additional collateral requirements all of which could have a material adverse effect on Rabobank Group's results of operations.

## **Competition**

All aspects of Rabobank Group's business are highly competitive. Rabobank Group's ability to compete effectively depends on many factors, including its ability to maintain its reputation, the quality of its services and advice, its intellectual capital, product innovation, execution ability, pricing, sales efforts and the talent of its employees. Any failure by Rabobank Group to maintain its competitive position could have a material adverse effect on Rabobank Group's results of operations.

## **Business environment**

Concerns about geopolitical developments (such as the renewed tensions surrounding Iran's nuclear program since November 2011), social unrest (such as the continuing turmoil in certain Middle Eastern and North African countries), oil prices and natural disasters, among other things, can affect the global financial markets. Since the beginning of the 21<sup>st</sup> century accounting and corporate governance scandals have significantly undermined investor confidence from time to time. The occurrence of any such developments and events could have a material adverse effect on Rabobank Group's results of operations.

## **Terrorist acts, other acts of war or hostility, civil unrest, geopolitical, pandemic or other such events**

Terrorist acts, other acts of war or hostility, civil unrest, geopolitical, pandemic or other such events and responses to those acts/events may create economic and political uncertainties, which could have a negative impact on Dutch and international economic conditions generally, and more specifically on the business and results of Rabobank Group in ways that cannot necessarily be predicted. The occurrence of any such events could have a material adverse effect on Rabobank Group's results of operations.

## **Key employees**

Rabobank Group's success depends to a great extent on the ability and experience of its senior management and other key employees. The loss of the services of certain key employees, particularly to competitors, could have a material adverse effect on Rabobank Group's results of operations. The failure to attract or retain a sufficient number of appropriate employees could significantly impede Rabobank Group's financial plans, growth and other objectives and have a material adverse effect on Rabobank Group's results of operations.

## **Security and collateral**

Rabobank Hong Kong intends to post collateral for any value of the P-Notes issued by Rabobank held by the Trustee on behalf of the Sub-Fund that is above 10% of the Net Asset Value of the Sub-Fund in order to reduce the Sub-Fund's exposure to Rabobank to not more than 10% of the Net Asset Value of the Sub-Fund. It is intended that the collateral would be placed in a trust or custodial account charged and assigned to the Trustee as trustee for the Sub-Fund. Reference is made to paragraph 9.2.3(c).

## **2. Factors which are material for the purpose of assessing the market and country risks associated with the P-Notes are as follows:**

### **The China A Share Market**

The China A Share market is a developing financial market. The hedging activities of Rabobank and/or Rabobank Hong Kong may be disrupted and the Sub-Fund may suffer losses as a result. The constituent securities comprising the Composite Portfolio are A-Shares, which are traded on the Shanghai Stock Exchange. These markets are newly developing financial markets, and may have lower capitalisation, lower trading volumes, higher volatility and less sophisticated securities laws and regulations than those in more developed financial markets. These factors may result in large fluctuations in the value of A-Shares in general and the constituent securities comprising the

Composite Portfolio in particular, and therefore the value of the Composite Portfolio as well as the P-Notes may fluctuate to a great extent as well.

Since the China A Share market is newly developing, it is possible that, during the term of the P-Notes, Rabobank and/or Rabobank Hong Kong may become unable to acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge its equity or other price risk with respect to the P-Notes or realise, recover or remit the proceeds of any such transaction(s) or asset(s) (a “**Hedging Disruption**”), or would incur a materially increased (as compared with circumstances existing on the issue date of the P-Notes) amount of tax, duty, expense or fee to acquire, establish, re-establish, substitute, maintain, unwind or dispose of any it deems necessary to hedge its equity or other price risk with respect to the P-Notes or realise, recover or remit the proceeds of any such transaction(s) or asset(s) (an “**Increased Cost of Hedging**”). If a Hedging Disruption or Increased Cost of Hedging occurs, as determined by the calculation agent, the P-Notes may be subject to adjustment or the P-Notes may be redeemed early. The Sub-Fund may suffer a substantial loss on its investment in the P-Notes if that is the case.

It is also possible that, during the term of the P-Notes, due to the adoption of or any change in any applicable law or regulation or the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation, it will, or the calculation agent determines that there is a substantial likelihood that it will, become illegal for Rabobank and/or Rabobank Hong Kong to hold, acquire or dispose of hedge positions which directly or indirectly relates to hedging the Rabobank’s equity price risk, currency risk and dividend risk under the P-Notes or Rabobank will, or the calculation agent determines that there is a substantial likelihood that it will, incur a materially increased cost in performing its obligations under the P-Notes. In such event, the calculation agent may determine that a “Change in Law” has occurred and the P-Notes may be subject to adjustment or the P-Notes may be redeemed early. The Sub-Fund may suffer a substantial loss on its investment in the P-Notes if that is the case.

### **Market access product**

The P-Notes are a type of “market access product”. The PRC Central Government may change its laws or regulations which affect Rabobank’s ability to provide access to the China A Share market. Currently, only residents of mainland China or foreign investors who have obtained QFII status can trade in A-Shares. Therefore, the P-Notes are what some may refer to as a “market access product”, which means the terms and conditions of the P-Notes<sup>12</sup> are structured in such a way so that an investor in the P-Notes takes some of the economic risks and rewards of the underlying securities that are not commonly available to the investor.

Rabobank is able to offer the P-Notes with terms and conditions<sup>13</sup> that are structured in this way because Rabobank may hedge its obligations under the P-Notes through the relevant A-Shares hedging arrangements.

If Rabobank and/or Rabobank Hong Kong suffers from, for example (without limitation), a Change in Law or Hedging Disruption with respect to its obligations under the P-Notes, the P-Notes may be subject to adjustment or the P-Notes may be redeemed early. The Sub-Fund may suffer a substantial loss on its investment in the P-Notes if that is the case.

### **CNY exchange rate risks**

The exchange rates between CNY and any other foreign currency may fluctuate as a result of market and political conditions and economic factors, including, without limitation, mainland China’s foreign exchange regime, and may go up as well as down. Currently, the conversion of CNY into USD has been based on the median exchange rates published by the China Foreign Exchange Trading System, which are set daily based on the quotation obtained from market-makers of the PRC interbank foreign exchange market. However there is no assurance whether such exchange rates will continue to be fixed or be kept within any range. If the PRC Central Government allows free conversion of CNY into foreign currency for capital items as well as for current items, any of the foreign exchange rates may become highly volatile. There is no assurance that the level of the applicable exchange rates in relation to the Sub-Fund at any given time will be at a level which will result in a favourable financial return for investors.

<sup>12</sup> Investors can contact the Managers (please refer to paragraph 27 for the contact details of the Managers) to obtain information on the terms and conditions of the P-Notes.

<sup>13</sup> Investors can contact the Managers (please refer to paragraph 27 for the contact details of the Managers) to obtain information on the terms and conditions of the P-Notes.

## **CNY convertibility**

At present, CNY cannot be freely converted. The Sub-Fund is exposed to risks that mainland China's foreign exchange control regime may change in the future. Under mainland China's current foreign exchange regulations, CNY cannot be freely converted into any foreign currency in respect of "capital items", such as investment of shares in Chinese companies. To convert CNY in respect of "capital items" into any foreign currency, generally speaking, one needs the approval of the regulator for foreign exchange in mainland China, the SAFE. Currently, SAFE has granted approvals so that investors with QFII status can exchange the proceeds from their investment in A-Shares into foreign currencies without any further approval. However SAFE may revoke or change its approval in the future. In addition, regardless of whether there are SAFE approvals, the PRC Central Government may impose exchange controls that make it impossible or impracticable for the relevant QFII to recover their positions in the A-Shares or to remit the proceeds of these A-Shares outside mainland China. If this occurs, this may constitute a FX Disruption Event (as defined in the terms and conditions of the P-Notes<sup>14</sup>) and the payments of the P-Notes may be postponed or the P-Notes may be redeemed early. The Sub-Fund may suffer a substantial loss on its investment in the P-Notes if that is the case.

## **Capital gains tax**

Although currently no enterprise income tax is being levied in the PRC on capital gains made by QFIIs in their investments in A-Shares as a matter of practice, investors should note that there is considerable uncertainty regarding whether QFIIs would be required to pay enterprise income tax on their capital gains.

Rabobank will therefore deduct a provisional capital gains tax amount to be conclusively determined by the calculation agent of the P-Notes in accordance with the terms and conditions of the P-Notes<sup>15</sup> in SGD equal to 10% of the aggregate of any realised or unrealised gains on each security constituting the Composite Portfolio per transaction directly or indirectly related to the hedging of the P-Notes from the redemption amount on maturity or early redemption of the P-Notes and withhold such amount to account for any potential capital gains tax paid or payable in the PRC in respect of gains on the securities constituting the Composite Portfolio. Such withholding from the redemption amount of the P-Notes will result in a lower net return to the Sub-Fund on its investment in the P-Notes and a lower fund performance and will impact the NAV of the Sub-Fund.

To the extent the actual amount of capital gains tax actually levied by the taxing authority of the PRC before the date falling on the fifth year after the issue date of the relevant P-Notes is in excess of the provisional capital gains tax amount withheld, such shortfall will be borne by the Sub-Fund. The NAV of the Sub-Fund will therefore decrease.

To the extent the capital gains tax is not paid, payable, announced, required or determined to be payable to any PRC tax or other relevant authorities in accordance with applicable PRC laws, rules and regulations, such amount will be returned by Rabobank to the Sub-Fund on the date falling on the fifth year after the issue date of the relevant P-Notes.

The NAV of the Sub-Fund will therefore increase. However, in the event that the Sub-Fund is no longer in existence on such date, the amount withheld will be returned to the relevant QFII holders and not to the Sub-Fund and investors will not have any claim on such amount.

In the event any capital gains tax is levied by the taxing authority of the PRC on or after the date falling on the fifth year after the issue date of the relevant P-Notes, such amount will be borne by the relevant QFII holders. The NAV of the Sub-Fund will therefore not be affected as a result.

## **Insolvency filing**

Under the terms and conditions of the P-Notes, if an insolvency filing is instituted against the issuer of any of the securities comprising the Composite Portfolio, the P-Notes may be subject to adjustment or the P-Notes may be redeemed early. The Sub-Fund may suffer a substantial loss on its investment in the P-Notes if that is the case.

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<sup>14</sup> Investors can contact the Managers (please refer to paragraph 27 for the contact details of the Managers) to obtain information on the terms and conditions of the P-Notes.

<sup>15</sup> Investors can contact the Managers (please refer to paragraph 27 for the contact details of the Managers) to obtain information on the terms and conditions of the P-Notes.

### **Regulatory change event**

If any regulatory change event occurs and such event imposes, modifies, applies or eliminates any tax, reserve, special deposit, insurance assessment or any other requirement in respect of assets or deposits of Rabobank in respect of any of its hedges and/or affects in any other way the cost to Rabobank of maintaining its hedges, the P-Notes may be subject to adjustment or the P-Notes may be redeemed early. The Sub-Fund may suffer a substantial loss on its investment in the P-Notes if that is the case.

### **Adjustments to the value of the P-Notes**

Investors should note that under the terms and conditions of the P-Notes<sup>16</sup>, the calculation agent of the P-Notes may in its sole and absolute discretion make one or more adjustments to the value of the P-Notes to account for actual or potential losses, costs, expenses, charges, taxes or duties (including stamp duties or other similar taxes or duties) of whatever nature arising out of administrative or operational activities relating to the Sub-Fund and the P-Notes incurred or suffered or that may be incurred or suffered by Rabobank as the issuer of the P-Notes and/or its related entities. Any such adjustment may adversely affect the value of the P-Notes and may cause the value of the P-Notes to fall significantly. In a worst case scenario, the value of the P-Notes could fall to zero. The Sub-Fund will suffer a loss in its investment in the P-Notes if the P-Notes fall in value.

### **Costs and expenses will be deducted from the redemption value of the P-Notes**

The final redemption amount of the P-Notes will be determined based on the SGD equivalent of the fair market value of the underlying basket of A-Shares and taking into account accrued but unpaid dividends (after deduction of applicable costs, expenses, charges, taxes and duties). Such amount will then be subject to the following adjustments and deductions determined by the calculation agent of the P-Notes in its sole and absolute discretion:

- (i) as mentioned in the sub-heading “Adjustments to the value of the P-Notes” above, adjustments in the value of the P-Notes to take into account actual or potential losses, costs, expenses, charges, taxes or duties suffered or incurred or that may be suffered or incurred by Rabobank as issuer of the P-Notes and/or its related entities arising out of the administrative or operational activities relating to the Sub-Fund and the P-Notes;
- (ii) the fair market value of the underlying basket of A-Shares will take into account all relevant information determined by the calculation agent, including any hedge positions by a party which directly or indirectly relates to the hedging of Rabobank’s risk (as issuer) of entering into and performing its obligations in respect of the P-Notes, as well as the unwinding of such positions; and
- (iii) deduction of transactions costs which comprise (a) (i) total commissions that Rabobank (as issuer) or its related entities would ordinarily charge its clients, and (ii) actual or potential costs, expenses, charges, taxes or duties suffered or incurred, or may be suffered or incurred, by them (including for example due to any changes in the Composite Portfolio), in each case, for effecting transactions that directly or indirectly relate to the hedging of Rabobank’s risk (as issuer) of entering into and performing its obligations with respect to the P-Notes and (b) the provisional capital gains tax amount referred to in “Capital gains tax” above.

If the P-Notes are redeemed early for any reason, the redemption amount of the P-Notes will be based on the fair market value of the P-Notes determined by the calculation agent of the P-Notes in good faith, taking into account all relevant information including accrued but unpaid dividends, the provisional capital gains tax amount and early redemption unwind costs (being all costs, expenses (including loss of funding), tax and duties incurred by Rabobank (as issuer) in connection with the early redemption of the P-Notes, and related termination, settlement or re-establishment of any hedge or related trading positions).

## **3. Risks related to the structure of the P-Notes being notes linked to the Composite Portfolio**

### **Potential loss of investment in P-Notes**

The final redemption amount per P-Note may be less than the initial investment amount and the Sub-Fund is exposed to the full loss of its investment in the P-Notes.

<sup>16</sup> Investors can contact the Managers (please refer to paragraph 27 for the contact details of the Managers) to obtain information on the terms and conditions of the P-Notes.

## **No fixed interest or other fixed interim distributions will be payable under the P-Notes**

Prospective investors should note that no fixed interest or other fixed interim distributions will be paid on the P-Notes. Rabobank will however make semi-annual payments under the P-Notes of amounts that reflect any cash dividends paid in respect of the constituent securities comprising the Composite Portfolio to a holder of securities constituting the Composite Portfolio less all applicable charges, taxes, costs and expenses in accordance with the terms and conditions of the P-Notes<sup>17</sup>. In the event that there are no cash dividends paid in respect of the constituent securities comprising the Composite Portfolio during a relevant semi-annual period, Rabobank will not make any payment for that semi-annual period. The Sub-Fund, in the context of its own financial position, must therefore be capable of holding the P-Notes to maturity with no income stream in the form of fixed interest or other fixed interim distributions.

As there may be no interim payments to the Sub-Fund, any increase in the value of the Composite Portfolio (if any) may not be crystallised until the P-Notes are redeemed and the P-Notes may fall in value at any time prior to redemption.

The return on the P-Notes will be linked to the Composite Portfolio which is comprised of an underlying basket of A-Shares held by the relevant QFII and designed to track as closely as possible, before fees, costs and expenses (including any taxes and withholding taxes), the performance of the SSE 50. Potential investors should be aware that:

- (i) the market price of the P-Notes may be volatile;
- (ii) the value of the P-Notes may be adversely affected by adjustments made by the calculation agent of the P-Notes to account for actual or potential losses, costs, expenses, charges, taxes or duties (including stamp duties or other similar taxes or duties) of whatever nature arising out of administrative or operational activities relating to the Sub-Fund and the P-Notes incurred or suffered or that may be incurred or suffered by Rabobank as the issuer of the P-Notes and/or its related entities;
- (iii) the redemption value of the P-Notes will be subject to the deduction of fees, costs, expenses and other charges including the maintenance and unwinding of hedge positions);
- (iv) Rabobank will deduct a provisional capital gains tax amount to be conclusively determined by the calculation agent of the P-Notes in accordance with the terms and conditions of the P-Notes<sup>18</sup> in SGD equal to 10% of the aggregate of any realised or unrealised gains on each security constituting the Composite Portfolio per transaction directly or indirectly related to the hedging of the P-Notes from the redemption amount on maturity or early redemption of the P-Notes and withhold such amount to account for any potential capital gains tax paid or payable in the PRC;
- (v) the Sub-Fund will receive no fixed interest or other fixed interim distributions and may receive no interim payments at all;
- (vi) any cash dividends paid in respect of the constituent securities comprising the Composite Portfolio to a holder of securities constituting the Composite Portfolio will only be paid under the P-Notes semi-annually and after deduction of all applicable charges, taxes, costs and expenses in accordance with the terms and conditions of the P-Notes<sup>19</sup>;
- (vii) payment of any redemption amount or other amounts may occur at a different time or in a different currency than expected;
- (viii) the value of the Composite Portfolio may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or indices;
- (ix) if the linkage with the Composite Portfolio is applied to the P-Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the value of the Composite Portfolio on the redemption amount under the P-Notes will likely be magnified;

<sup>17</sup> Investors can contact the Managers (please refer to paragraph 27 for the contact details of the Managers) to obtain information on the terms and conditions of the P-Notes.

<sup>18</sup> Investors can contact the Managers (please refer to paragraph 27 for the contact details of the Managers) to obtain information on the terms and conditions of the P-Notes.

<sup>19</sup> Investors can contact the Managers (please refer to paragraph 27 for the contact details of the Managers) to obtain information on the terms and conditions of the P-Notes.

- (x) the timing of changes in the value of the Composite Portfolio may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the value of the Composite Portfolio, the greater the effect on yield; and
- (xi) the Sub-Fund may lose part, a substantial portion or all of the principal invested in the P-Notes.

### **Changes to the SSE 50**

If there are changes to the SSE 50, the Managers will make adjustments to the Composite Portfolio to which the P-Notes are linked in order to track as closely as possible the performance of the SSE 50. Such adjustments may be made later than the changes to the SSE 50, and may adversely affect the Sub-Fund's investment returns on the P-Notes. There may be a gap between the day when the sponsor changes the SSE 50 and the effective date for the adjustments in the relevant Composite Portfolio. Therefore, the value of the relevant Composite Portfolio may be lower than what would be the case if the relevant Composite Portfolio is adjusted at the same time as the change to the SSE 50 by its sponsor. This is known as a "tracking error".

### **The Sub-Fund has no rights with respect to the constituent securities comprising the Composite Portfolio**

The Sub-Fund has no rights with respect to the constituent securities comprising the Composite Portfolio including, without limitation, the right to receive dividends or other distributions. A P-Note will not represent a claim against any of the constituent securities comprising the Composite Portfolio. The Sub-Fund will not have recourse under a P-Note to any of the constituent securities comprising the Composite Portfolio. An investment in the P-Notes may entail significant risks not associated with investments in conventional debt securities, including but not limited to the risks set out in this section. The amount paid by Rabobank on redemption of the P-Notes may be less than the principal amount of the P-Notes and may in certain circumstances be zero.

Neither Rabobank or any of its affiliates has performed or will perform any investigation or review of the Managers in constructing the Composite Portfolio for the purpose of forming a view as to the merit or suitability of an investment linked to the Composite Portfolio and they make no guarantee or express or implied warranty in respect of the Composite Portfolio or the Managers in constructing the Composite Portfolio or any other entity. Accordingly, investors should not conclude that the issue by Rabobank of the P-Notes is any form of investment recommendation or advice by Rabobank or any of its affiliates.

**No person other than Rabobank will be obliged to make payments on the P-Notes. The amount payable under the P-Notes will be calculated in accordance with the terms of the P-Notes and the Sub-Fund may lose part or the whole of its investment in the P-Notes.**

### **Use of estimates**

Potential investors should understand that for certain determinations, the calculation agent, Rabobank or Rabobank Hong Kong may be required to rely on (a) values that at the time they are required are only estimated values, and (b) information provided by third parties, the accuracy of which neither Rabobank, Rabobank Hong Kong nor the calculation agent has any control, and as such, they may rely on this information without any obligation to verify or otherwise corroborate it.

### **Changing value**

The value of the P-Notes may move up or down between the issue date and the maturity date of the P-Notes and the Sub-Fund may sustain a total loss on its investment in the P-Notes. Factors that may influence the value of the P-Notes include without limitation: the value of the Composite Portfolio; the creditworthiness of Rabobank; and those economic, financial, political and regulatory events that affect financial markets generally (including, for example, interest, foreign exchange and yield rates in the market).

### **Unwinding of hedges**

The unwinding of hedges relating to the P-Notes could itself affect the market value of the constituent securities comprising the Composite Portfolio. The liquidation or adjustment of these hedges could itself affect the market value of the constituent securities comprising the Composite Portfolio, particularly if there is otherwise low trading volume in the securities at the relevant time. It is possible that this activity could cause the market value of the constituent securities comprising the Composite Portfolio to fall, which leads to a lower value for the Composite Portfolio, and hence, value for the P-Notes.

#### **4. Risks related to the potential conflicts of interest**

##### **Potential conflicts of interest in relation to hedging**

In the ordinary course of its business, including without limitation in connection with the market-making activities of Rabobank Hong Kong, Rabobank as the issuer of the P-Notes and/or any of its affiliates may effect transactions for its own account or for the account of its customers and hold long or short positions in the constituent securities comprising the Composite Portfolio or related derivatives. In addition, in connection with the offering of the P-Notes, Rabobank and/or any of its affiliates may enter into one or more hedging transactions with respect to the constituent securities comprising the Composite Portfolio or related derivatives. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by Rabobank and/or any of its affiliates, Rabobank and/or any of its affiliates may enter into transactions in the constituent securities comprising the Composite Portfolio or related derivatives which may affect the market price, liquidity or value of the P-Notes and which could be adverse to the interests of the relevant noteholders (including the Sub-Fund).

##### **Other potential conflicts of interest**

Where Rabobank as the issuer of the P-Notes also acts as calculation agent, potential conflicts of interest may exist between the calculation agent and noteholders (including the Sub-Fund), including with respect to certain determinations, adjustments, calculations and judgments that the calculation agent may make in its sole and absolute discretion pursuant to the P-Notes that may influence the amount receivable or specified assets deliverable on redemption of the P-Notes. Whilst the calculation agent must act in good faith, reasonably and on an arms' length basis, the determinations, adjustments, calculations and judgments made by it may have an adverse effect on the value and/or the amounts payable under the P-Notes. Any such discretion exercised by, or any calculation made by, the calculation agent (in the absence of manifest error) will be final and binding on all holders of the P-Notes. The calculation agent for the P-Notes owes no duty to act in the interest of the holders of the P-Notes.

Rabobank as the issuer of the P-Notes and any dealer(s) may, at the date hereof or at any time hereafter, be in possession of information in relation to one or more constituent securities comprising the Composite Portfolio that is or may be material in the context of the P-Notes and may or may not be publicly available to noteholders (including the Sub-Fund). There is no obligation on the Rabobank or any dealer(s) to disclose to noteholders (including the Sub-Fund) any such information.

Rabobank as the issuer and/or any of its affiliates may have existing or future business relationships with an issuer or issuers of one or more constituent securities comprising the Composite Portfolio (including, but not limited to, lending, depositary, risk management, advisory and banking relationships), and will pursue actions and take steps that they or it deems necessary or appropriate to protect their and/or its interests arising therefrom without regard to the consequences for a noteholder (including the Sub-Fund).

##### **Transferability of the P-Notes**

The P-Notes held by the Sub-fund are not transferable to third-parties and there will be no trading market for the P-Notes. Under normal market conditions, upon the Sub-Fund's request, Rabobank as the issuer of the P-Notes or its related entity will re-purchase the P-Notes before the maturity date at prevailing market prices as determined solely by Rabobank or its related entity taking into account all relevant factors. Such price may be less and could be substantially less than the invested amount by the Sub-Fund. In a worst case scenario, the price could be as low as zero.

## UNITED SSE 50 CHINA ETF

(Constituted in the Republic of Singapore pursuant to a Deed of Trust dated 8 October 2009 as amended by a First Amending and Restating Deed dated 17 November 2009, a Second Amending and Restating Deed dated 23 November 2009, a Third Amending and Restating Deed dated 7 October 2011, a Fourth Amending and Restating Deed dated 30 March 2012 and a First Supplemental Deed dated 9 November 2012)

### FIRST SUPPLEMENTARY PROSPECTUS DATED 9 NOVEMBER 2012

A copy of this First Supplementary Prospectus has been lodged with the Monetary Authority of Singapore who assumes no responsibility for the contents.

This First Supplementary Prospectus is lodged pursuant to Section 298 of the Securities and Futures Act (Chapter 289 of Singapore) and is supplemental to the prospectus registered on 2 October 2012 (the “**Prospectus**”) relating to the UNITED SSE 50 CHINA ETF (the “**Fund**”), a sub-fund of the UETF.

Terms used in this First Supplementary Prospectus will have the meaning and construction ascribed to them in the Prospectus and references to “**Paragraph**” are to the paragraphs of the Prospectus. This First Supplementary Prospectus is to be read and construed in conjunction and as one document with the Prospectus.

This First Supplementary Prospectus sets out the amendments made to the Prospectus to update the description of the P-Notes issued by Rabobank and other miscellaneous amendments.

#### The following amendments will take effect from the date of this First Supplementary Prospectus:

- (a) The fourth paragraph under the heading “What are in the key risks of an investment in the Sub-Fund?” in the “Important Information” section of the Prospectus will be deleted in its entirety and replaced with the following:

“**Possible Limited duration of the Sub-Fund** – The P-Notes are of limited duration (the maturity date of the P-Notes held by the Sub-Fund being 6 November 2015) and the duration of the Sub-Fund depends on, amongst other things, the ability of the Sub-Fund to renew the term of the P-Notes held by it. In addition, the P-Notes may be redeemed early upon the occurrence of certain events under the terms and conditions of the P-Notes (for instance, an insolvency filing against the issuer of any of the securities comprising the Composite Portfolio – please refer to Appendix 4 for further details on the risks and considerations associated with the P-Notes issued by Rabobank). In the event the Sub-Fund is terminated as a result, the final redemption amount of the P-Notes will be determined based on the Singapore dollar equivalent of the fair market value of the underlying basket of A-Shares and taking into account accrued but unpaid dividends (after deduction of applicable costs, expenses, charges, taxes and duties) subject to the relevant adjustments and deductions in accordance with the terms and conditions of the P-Notes. The Sub-Fund may suffer a substantial loss on its investment in the P-Notes in such an event. Investors should therefore note that they may not get back their original investments in the Sub-Fund. Investors can contact the Managers (please refer to paragraph 27 for the contact details of the Managers) to obtain information on the terms and conditions of the P-Notes.”;

- (b) Paragraph 1.3.1 of the Prospectus will be deleted in its entirety and replaced with the following:

“The Fund and the Sub-Fund are established pursuant to a deed of trust dated 8 October 2009 (the “**Principal Deed**”) as amended by the First Amending and Restating Deed dated 17 November 2009 (the “**First Amending and Restating Deed**”), the Second Amending and Restating Deed dated 23 November 2009 (the “**Second Amending and Restating Deed**”), the Third Amending and Restating Deed dated 7 October 2011 (the “**Third Amending and Restating Deed**”), the Fourth Amending and Restating Deed dated 30 March 2012 (the “**Fourth Amending and Restating Deed**”) and the First Supplemental Deed dated 9 November 2012 (the “**First Supplemental Deed**”), and the parties to the Principal Deed, the First Amending and Restating Deed, the Second Amending and Restating Deed, the Third Amending and Restating Deed, the Fourth Amending and Restating Deed and the First Supplemental Deed are UOB Asset Management Ltd as the managers (“**UOBAM**” or the “**Managers**”) and HSBC Institutional Trust Services (Singapore) Limited as the trustee (the “**Trustee**”). The Principal Deed as amended by the First Amending and Restating Deed, the Second Amending and Restating Deed, the Third Amending and Restating Deed, the Fourth Amending and Restating Deed and the First Supplemental Deed shall be referred to as the “**Deed**”.”;

- (c) Paragraph 2.1 of the Prospectus will be deleted in its entirety and replaced with the following:

**“The Managers**

UOBAM is a wholly-owned subsidiary of UOB Group. Established in 1986, UOBAM has a paid-up share capital of S\$63 million as at 31 August 2012 and has been managing collective investment schemes and discretionary funds in Singapore for 26 years and as of 30 September 2012 manages about S\$24.91 billion in clients’ assets. UOBAM also has investment operations in Malaysia and Thailand.

UOBAM offers global investment management expertise to institutions, corporations and individuals, through customised portfolio management services and unit trusts. As at 30 September 2012, UOBAM manages 55 unit trusts in Singapore, with total assets of about S\$3.76 billion under management. UOBAM is one of the largest unit trust managers in Singapore in terms of assets under management.

In terms of market coverage, UOBAM has acquired specialist skills in equity investment in Asian, Australian, European and US markets and in major global sectors. In the bond markets, UOBAM covers the Organisation of Economic Co-operation and Development (**OECD**) countries to emerging markets. UOBAM’s investment philosophy is to emphasise on securities selection using a bottom-up approach. UOBAM makes regular company visits and supplements its fundamental investment approach with quantitative tools to control risks and to aid in the portfolio construction process. UOBAM has also established itself as one of the leading players in structured credits and investment solutions, managing third party investments in global emerging market securities as well as global investment grade, non-investment grade and multi-sector credits.

In addition, UOBAM is committed to achieving consistently good performance. Since 1996, UOBAM has won 125 awards for investments in local, regional and global markets, and across global sectors such as Banking and Finance, Technology, Healthcare, as well as Gold and Mining.

As at 30 September 2012, UOBAM and its subsidiaries in the region have a staff strength of over 230 including about 60 investment professionals in Singapore.

**Past performance of the Managers is not necessarily indicative of their future performance.**

**A list of other collective investment schemes that are currently managed by the Managers is set out in Appendix 1 of this Prospectus.”;**

- (d) The fifth paragraph of Paragraph 3 of the Prospectus will be deleted in its entirety and replaced with the following:

“The Hongkong and Shanghai Banking Corporation Limited was incorporated in Hong Kong on 14 August 1866 and has an issued and fully paid-up ordinary share capital of HK\$47,343,707,252.50 divided by 18,937,482,901 ordinary shares of HK\$2.50 each and an issued and fully paid-up preference share capital of US\$11,733,500,000 comprising 2,950,500,000 cumulative redeemable preference shares of US\$1.00 each, 6,653,000,000 non-cumulative irredeemable preference shares of US\$1.00 each and 2,130,000,000 cumulative irredeemable preference shares of US\$1.00 each.”;

- (e) The following paragraph of Paragraph 7.1 of the Prospectus will be deleted in its entirety:

“The investment objective of the Sub-Fund will be adhered to for at least three (3) years following the first registration of this Prospectus (i.e. 15 October 2009), unless otherwise agreed by the Holders by way of a special resolution at a general meeting (or unless otherwise waived or exempted by the SGX-ST or such other relevant authority).”;

- (f) The third paragraph of Paragraph 7.2.3 of the Prospectus will be deleted in its entirety and replaced with the following:

“The P-Notes issued by Rabobank have a tenor of approximately three (3) years (maturity date being 6 November 2015) and it is intended that the parties will endeavour to renew the term of the P-Notes for such period as Rabobank and the Managers may agree, subject to *inter alia*, limits imposed on QFIIs in relation to the holding of A-Shares and any material changes to PRC laws and regulations relating to investment in PRC securities.”;

- (g) Paragraph 9.2.2 of the Prospectus will be deleted in its entirety and replaced with the following:

**“9.2.2 Counterparty risk of the P-Notes Issuers**

The P-Notes constitute unsubordinated and unsecured contractual obligations of the issuer of the P-Notes (save as described in paragraph 9.2.3 below). The P-Notes do not provide the Sub-Fund (or the Managers) with any legal or equitable interest of any type in the underlying A-Shares comprising the SSE 50. The value of the Sub-Fund’s assets will therefore depend on the credit risk of each of the issuer(s) of the P-Notes held by the Sub-Fund. Any insolvency filing in relation to, or other failure to perform obligations under the P-Notes or related agreement of, any of the P-Notes issuer(s) will have an adverse impact on the Net Asset Value of the Sub-Fund. The Sub-Fund is subject to counterparty risk associated with each P-Notes issuer and may suffer losses up to the full value of the P-Notes issued by a P-Notes issuer if such P-Notes issuer fails to perform its obligations under the P-Notes. Any loss would result in a reduction in the Net Asset Value of the Sub-Fund and impair the ability of the Sub-Fund to achieve its investment objective to track the SSE 50. In the event of a default by a P-Notes issuer, dealing in Units may be suspended and the Sub-Fund may ultimately be terminated.”;

- (h) The third paragraph of Paragraph 9.2.3 of the Prospectus will be deleted in its entirety and replaced with the following:

“The Sub-Fund currently invests all or substantially all of its deposited property in the P-Notes issued by Rabobank. It is intended that Rabobank or any of its subsidiaries will purchase the P-Notes upon request by the Sub-Fund at prevailing market prices as determined by Rabobank or its subsidiary, as the case may be, taking into account all relevant factors.”;

- (i) The sub-heading after the second paragraph of Paragraph 9.2.4 of the Prospectus will be deleted in its entirety and replaced with the following:

“*Risk management procedures of the Managers relating to the use of financial derivative instruments*”;

- (j) The first paragraph of Paragraph 9.2.6 of the Prospectus will be deleted in its entirety and replaced with the following:

“The P-Notes are of limited duration (the maturity date being 6 November 2015). Whilst it is intended that the P-Notes to be acquired by the Sub-Fund from time to time may be “rolled over” for such period as the relevant P-Notes issuer and the Managers may agree, there is no assurance that the relevant P-Notes issuer will agree to continue with this arrangement.”;

- (k) The first paragraph, paragraph (b) and the last paragraph of the definition of “Event of Default” in Paragraph 28 of the Prospectus will be deleted in its entirety and replaced with the following paragraphs respectively:

““**Event of Default**” means an event of default as defined in the terms and conditions of the Rabobank P-Notes<sup>10</sup>. As of the date of this Prospectus, an Event of Default is defined in the terms and conditions of the Rabobank P-Notes<sup>11</sup> to mean any of the following events:

- (b) Rabobank fails to perform or observe any of its other obligations pursuant to the Rabobank P-Notes and such failure continues for the period of 60 days next following the service on Rabobank of notice requiring the same to be remedied; or

For the purpose of this definition, “Rabobank P-Notes” is a reference to the Series HK5981-A2 Tranche A SGD 70,000,000 Equity Linked Participation Notes linked to a basket of China ‘A’ Shares and the Series HK5982-B2 Tranche B SGD 70,000,000 Equity Linked Participation Notes linked to a basket of China ‘A’ Shares, each such series issued by Rabobank pursuant to its EUR 15,000,000,000 Structured Medium Term Note Programme and any further issue of notes from time to time forming the same series;”;

- (l) The second paragraph of Appendix 4 of the Prospectus will be deleted in its entirety and replaced with the following:

“*Unless the context otherwise requires, references in this Appendix 4 to the “Rabobank Group” are to Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (“**Rabobank Nederland**”) and its members, subsidiaries and affiliates. Rabobank Nederland is a trading name of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. Unless the context otherwise requires, references in this Appendix 4 to the ‘P-Notes’ are to the Series HK5981-A2 Tranche A SGD 70,000,000 Equity Linked Participation Notes linked to a basket of China ‘A’ Shares and the Series HK5982-B2 Tranche B SGD 70,000,000 Equity Linked Participation Notes linked to a basket of China ‘A’ Shares, each such series issued by Rabobank pursuant to its EUR 15,000,000,000 Structured Medium Term Note Programme and any further issue of notes from time to time forming the same series.*”;

- (m) The second paragraph under the sub-heading “The China A Share Market” in part 2 of Appendix 4 of the Prospectus will be deleted in its entirety and replaced with the following:

“Since the China A Share market is newly developing, it is possible that, during the term of the P-Notes, Rabobank and/or Rabobank Hong Kong may become unable to acquire, establish, re-establish, substitute, maintain, unwind or dispose of any hedge positions which directly or indirectly relates to hedging Rabobank’s equity price risk, currency risk and dividend risk with respect to the P-Notes or realise, recover or remit the proceeds of any such hedge positions (a **“Hedging Disruption”**), or would incur a materially increased (as compared with circumstances existing on the issue date of the P-Notes) amount of tax, duty, expense or fee to acquire, establish, re-establish, substitute, maintain, unwind or dispose of any hedge positions which directly or indirectly relates to hedging Rabobank’s equity price risk, currency risk and dividend risk it deems necessary to hedge its equity or other price risk with respect to the P-Notes or realise, recover or remit the proceeds of any such hedge positions (an **“Increased Cost of Hedging”**). If a Hedging Disruption or Increased Cost of Hedging occurs, as determined by the calculation agent of the P-Notes, the P-Notes may be subject to adjustment or the P-Notes may be redeemed early. The Sub-Fund may suffer a substantial loss on its investment in the P-Notes if that is the case.”;

- (n) The paragraph under the sub-heading “CNY convertibility” in part 2 of Appendix 4 of the Prospectus will be deleted in its entirety and replaced with the following:

“At present, CNY cannot be freely converted. The Sub-Fund is exposed to risks that mainland China’s foreign exchange control regime may change in the future. Under mainland China’s current foreign exchange regulations, CNY cannot be freely converted into any foreign currency in respect of “capital items”, such as investment of shares in Chinese companies. To convert CNY in respect of “capital items” into any foreign currency, generally speaking, one needs the approval of the regulator for foreign exchange in mainland China, the SAFE. Currently, SAFE has granted approvals so that investors with QFII status can exchange the proceeds from their investment in A-Shares into foreign currencies without any further approval. However SAFE may revoke or change its approval in the future. In addition, regardless of whether there are SAFE approvals, the PRC Central Government may impose exchange controls that make it impossible or impracticable for the relevant QFII to recover their positions in the A-Shares or to remit the proceeds of these A-Shares outside mainland China. If this occurs, this may constitute a FX Disruption Event (as defined in the terms and conditions of the P-Notes<sup>14</sup>) and the payments under the P-Notes may be postponed or the P-Notes may be redeemed early. The Sub-Fund may suffer a substantial loss on its investment in the P-Notes if that is the case.”;

- (o) The following new paragraph will be inserted at the end of the paragraph with the sub-heading “Regulatory change event” in part 2 of Appendix 4 of the Prospectus:

**“QFII event**

Under the terms and conditions of the P-Notes<sup>16</sup>, if a QFII Event occurs (which includes the cessation or suspension of the QFII status or reduction of the QFII quota of any QFII through which hedge positions which directly or indirectly relates to hedging Rabobank’s equity price risk, currency risk and dividend risk with respect to the P-Notes are maintained), the P-Notes may be subject to adjustment or the P-Notes may be redeemed early. The Sub-Fund may suffer a substantial loss on its investment in the P-Notes if that is the case.”;

- (p) The following paragraph will be inserted as a new footnote 16 after the existing footnote 15 in part 2 of Appendix 4 of the Prospectus and the rest of the footnotes shall be re-numbered accordingly:

“<sup>16</sup> Investors can contact the Managers (please refer to paragraph 27 for the contact details of the Managers) to obtain information on the terms and conditions of the P-Notes.”;

- (q) Paragraph (iii) under the sub-heading “Costs and expenses will be deducted from the redemption value of the P-Notes” in part 2 of Appendix 4 of the Prospectus will be deleted in its entirety and replaced with the following:

“(iii) deduction of transactions costs which comprise (a) (i) total commissions that Rabobank (as issuer) or its related entities would ordinarily charge its clients, and (ii) all actual or potential costs, expenses, charges, taxes or duties suffered or incurred, or may be suffered or incurred, by them (including for example due to any changes in the Composite Portfolio), in each case, for effecting transactions that directly or indirectly relate to the hedging of Rabobank’s risk (as issuer) of entering into and performing its obligations with respect to the P-Notes and (b) the provisional capital gains tax amount referred to in “Capital gains tax” above.”;

- (r) The first paragraph and paragraph (vi) under the sub-heading “No fixed interest or other fixed interim distributions will be payable under the P-Notes” in part 3 of Appendix 4 of the Prospectus will be deleted in their entirety and replaced with the following paragraphs respectively:

“Prospective investors should note that no fixed interest or other fixed interim distributions will be paid on the P-Notes. Rabobank will however make quarterly payments under the P-Notes of amounts that reflect any cash dividends paid in respect of the constituent securities comprising the Composite Portfolio to a holder of securities constituting the Composite Portfolio less all applicable charges, taxes, costs and expenses in accordance with the terms and conditions of the P-Notes<sup>18</sup>. In the event that there are no cash dividends paid in respect of the constituent securities comprising the Composite Portfolio during a relevant quarter, Rabobank will not make any payment for that quarter. The Sub-Fund, in the context of its own financial position, must therefore be capable of holding the P-Notes to maturity with no income stream in the form of fixed interest or other fixed interim distributions.

(vi) any cash dividends paid in respect of the constituent securities comprising the Composite Portfolio to a holder of securities constituting the Composite Portfolio will only be paid under the P-Notes quarterly and after deduction of all applicable charges, taxes, costs and expenses in accordance with the terms and conditions of the P-Notes<sup>20</sup>”; and

- (s) The paragraph under the sub-heading “Transferability of the P-Notes” in part 4 of Appendix 4 of the Prospectus will be deleted in its entirety and replaced with the following:

“The P-Notes held by the Sub-Fund are not transferable to third-parties and there will be no trading market for the P-Notes. Under normal market conditions, upon the Sub-Fund’s request, Rabobank as the issuer of the P-Notes or any of its subsidiaries will purchase the P-Notes before the maturity date at prevailing market prices as determined solely by Rabobank or its subsidiary taking into account all relevant factors. Such price may be less and could be substantially less than the invested amount by the Sub-Fund. In a worst case scenario, the price could be as low as zero.”.

## UNITED SSE 50 CHINA ETF

(Constituted in the Republic of Singapore pursuant to a  
Deed of Trust dated 8 October 2009 as amended by  
a First Amending and Restating Deed dated 17 November 2009,  
a Second Amending and Restating Deed dated 23 November 2009,  
a Third Amending and Restating Deed dated 7 October 2011,  
a Fourth Amending and Restating Deed dated 30 March 2012 and  
a First Supplemental Deed dated 9 November 2012)

### SECOND SUPPLEMENTARY PROSPECTUS DATED 22 NOVEMBER 2012

A copy of this Second Supplementary Prospectus has been lodged with the Monetary Authority of Singapore who assumes no responsibility for the contents.

This Second Supplementary Prospectus is lodged pursuant to Section 298 of the Securities and Futures Act (Chapter 289 of Singapore) and is supplemental to the prospectus registered on 2 October 2012 as supplemented by the First Supplementary Prospectus dated 9 November 2012 (the “**Prospectus**”), relating to the UNITED SSE 50 CHINA ETF (the “**Fund**”), a sub-fund of the UETF.

Terms used in this Second Supplementary Prospectus will have the meaning and construction ascribed to them in the Prospectus and references to “**Paragraph**” are to the paragraphs of the Prospectus. This Second Supplementary Prospectus is to be read and construed in conjunction and as one document with the Prospectus.

This Second Supplementary Prospectus sets out the amendments made to the Prospectus to update the credit rating of Rabobank.

#### **The following amendment will take effect from the date of this Second Supplementary Prospectus:**

- (a) Paragraph 7.2.3 of the Prospectus will be deleted in its entirety and replaced with the following:

“The first P-Notes issuer is Rabobank which has a credit rating of “AA-” by Standard and Poor’s, “Aa2” by Moody’s Investors Service and “AA” by Fitch as at 16 November 2012. The Sub-Fund will therefore be exposed to the concentration risk of having a single counterparty at the early stage of the Sub-Fund (please refer to paragraph 9.2.3 for more details). However, the Managers intend to diversify the number of and the relative exposure of the Sub-Fund to, various suitably rated P-Notes issuers in future when it is economically viable for the Sub-Fund to do so.”

## UNITED SSE 50 CHINA ETF

(Constituted in the Republic of Singapore pursuant to a Deed of Trust dated 8 October 2009 as amended by a First Amending and Restating Deed dated 17 November 2009, a Second Amending and Restating Deed dated 23 November 2009, a Third Amending and Restating Deed dated 7 October 2011, a Fourth Amending and Restating Deed dated 30 March 2012 and a First Supplemental Deed dated 9 November 2012)

### THIRD SUPPLEMENTARY PROSPECTUS DATED 1 MARCH 2013

A copy of this Third Supplementary Prospectus has been lodged with the Monetary Authority of Singapore who assumes no responsibility for the contents.

This Third Supplementary Prospectus is lodged pursuant to Section 298 of the Securities and Futures Act (Chapter 289 of Singapore) and is supplemental to the prospectus registered on 2 October 2012 as supplemented by the First Supplementary Prospectus dated 9 November 2012 and the Second Supplementary Prospectus dated 22 November 2012 (the “**Prospectus**”), relating to the UNITED SSE 50 CHINA ETF (the “**Fund**”), a sub-fund of the UETF.

Terms used in this Third Supplementary Prospectus will have the meaning and construction ascribed to them in the Prospectus and references to “**Paragraph**” are to the paragraphs of the Prospectus. This Third Supplementary Prospectus is to be read and construed in conjunction and as one document with the Prospectus.

This Third Supplementary Prospectus sets out the amendments made to the Prospectus to *inter alia* reflect the change in directorship of the managers of the Fund, UOB Asset Management Ltd and is also to clarify that the new paragraph inserted into the Prospectus by the Second Supplementary Prospectus is a replacement of the first paragraph appearing in Paragraph 7.2.3 of the Prospectus.

#### **The following amendment will take effect from the date of this Third Supplementary Prospectus:**

- (a) the section headed “Directors of the Managers” in the Directory will be deleted in its entirety and replaced with the following:

#### **“Directors of the Managers**

Terence Ong Sea Eng  
Thio Boon Kiat  
Cheo Chai Hong”

- (b) Paragraph 2.2 of the Prospectus will be deleted in its entirety and replaced with the following:

#### **“2.2 Directors of the Managers**

##### **Terence Ong Sea Eng**

**Mr Terence Ong Sea Eng** of 16 Toh Avenue, Singapore 508042 is the Chairman and Executive Director of UOBAM. Mr Ong, who joined UOB Ltd in 1982, has overall responsibility for the management and growth of UOB Ltd’s global treasury and fund management businesses. He holds a Bachelor of Accountancy from the then University of Singapore and has 30 years of experience in treasury services and operations.

##### **Thio Boon Kiat**

**Mr Thio Boon Kiat** of 6 Suffolk Walk, #16-07, Singapore 307464 is the Chief Executive Officer of UOBAM. He is a Chartered Financial Analyst charter holder, graduated with a Bachelor of Business Administration (First Class Honours) degree from the National University of Singapore. In 2004, he attended the Investment Management Program at Harvard Business School. In 2006, he also attended the Mastering Alternative Investments programme by Insead University.

Mr Thio has over 19 years of investment management experience. He joined UOBAM in 1994 from the Government of Singapore Investment Corporation (GIC), as a portfolio manager managing Singapore, and subsequently Asia Pacific and Global equity portfolios. Over the years, he also headed the International equities and Global Technology teams. In 2004, Mr Thio was appointed as Chief Investment Officer of UOBAM, a position he held till 2011 when he was promoted to his current appointment of Chief Executive Officer.

**Cheo Chai Hong**

**Mr Cheo Chai Hong** of 50 Kingsmead Road, Singapore 267995 is a Director of UOBAM. He joined UOB in 2005, is currently in charge of a team of credit approvers for UOB SME & Structured Trade & Ship Finance in Singapore and Overseas branches and subsidiaries. He also heads the Group Corporate Planning and Strategy Department which is responsible for helping the Group to formulate its strategic direction and corporate governance structure.

Mr Cheo holds a Bachelor of Business Administration (Hons) from the University of Singapore and he has more than 30 years of experience in Corporate and Investment Banking, Project and Ship Finance and Credit Management and Approval.

**A list of the directorships of the Directors of the Managers is set out in Appendix 1A of this Prospectus.”**

- (c) Appendix 1A of the Prospectus will be deleted in its entirety and replaced with the new Appendix 1A as set out in the Schedule to this Third Supplementary Prospectus and the title of Appendix 1A in the contents page to the Prospectus shall be updated accordingly.
- (d) All references to “Yeo Eng Cheong” in the Prospectus wherever appearing shall be deleted.

## Schedule

### Appendix 1A

#### List of directorships of Directors of the Managers (as at 22 February 2013)

##### **Mr Terence Ong Sea Eng**

With effect from:

11 May 89	Chairman for UOB Bullion & Futures Ltd
09 Oct 00	Director for UOB Capital Investments Pte Ltd
15 Nov 00	Chairman & CEO for UOB Asset Management Ltd (with effect from 1 September 2011, Chairman & Executive Director for UOB Asset Management Ltd)
01 Dec 00	Director for UOB Investment Advisor (Taiwan) Ltd
02 Mar 01	Director for UOB Global Capital LLC
02 Mar 01	Director for UOB Global Capital Pte Ltd
30 Nov 01	Director for UOB Holdings Pte Ltd
03 Dec 01	Director for United Securities (2006) Pte Ltd
12 Dec 01	Director for UOB Insurance (Hong Kong) Ltd
04 Feb 02	Director for Asian-American Merchant Bank
25 Apr 03	Chairman for Union (2009) Ltd
19 Jan 05	Chairman for UOB Asset Management (Thai) Co. Ltd
18 Feb 05	Director for United International Securities Ltd
18 Jul 05	Director for UOBF Schneider Trading Pte Ltd
09 Sep 05	Director for UOB-OSK Asset Management Sdn Bhd
17 Jul 06	Chairman for UOB Bullion & Futures (Thai) Co Ltd
25 Jan 07	Director for UOB Portfolio Advisors Pan Asia Select Fund GP Ltd
26 Jan 07	Director for Asia Select Management Ltd
14 Jan 10	Director for UOB Venture Management (Shanghai) Co Ltd
20 Jan 10	Director for UOB Capital Management Pte Ltd
20 Jan 10	Director for UVM Venture Investments Ltd (UVI)
28 Jan 10	Director for Greater China F&B (Hong Kong) Pte Ltd
28 Jan 10	Director for Greater China F&B Investment Holding Ltd
01 Feb 10	Director for UOB Capital Partners LLC
09 Feb 10	Director for UOB Hermes Asia Technology Fund
11 Aug 10	Director for UOB Bioventures Management Pte Ltd
11 Aug 10	Director for UOB Venture Management Pte Ltd
01 Nov 10	Chairman for UOB Hermes Asia Management Pte Ltd
07 Jan 11	Director of Ping An UOB Fund Management Co Ltd
15 Aug 11	Director for Evergrowing Bank Co. Ltd
21 Jan 13	Non-Executive Director for UOB Asia Investment Partners Pte Ltd

##### **Thio Boon Kiat**

With effect from:

01 Dec 04	Non-Executive Director for United International Securities Trading (Private) Limited
31 Dec 04	Executive Director for UOB Asset Management Ltd (with effect from 1 September 2011, Chief Executive Officer for UOB Asset Management Ltd)
12 May 05	Non-Executive Director for UOB-OSK Asset Management Sdn Bhd
19 Jan 05	Non-Executive Director for UOB Asset Management (Thai) Co., Ltd
29 Jun 05	Non-Executive Director for OSK-UOB Investment Management Bhd
26 Mar 10	Non-Executive Director for OSK-UOB Islamic Fund Management Berhad
30 Dec 11	Non-Executive Director for Ping An UOB Fund Management Company Limited

**Cheo Chai Hong**

With effect from:

03 Nov 09	Non Executive Director for United Overseas Bank (Thai) Public Company Limited
10 Feb 10	Non Executive Director for United Overseas Bank Philippines
28 May 10	Non Executive Director for Banco de Oro Universal Bank
08 Mar 11	Non Executive Director for The Anglo-Chinese Schools Foundation Ltd
10 Jan 12	Non Executive Director for UOB Global Capital Private Limited
31 Dec 12	Non Executive Director for UOB International Investment Pte Ltd

# 发售计划说明书

## 大华上证50中国挂牌基金



UETF

 **UOB** Asset Management  
大華資產管理