

PROSPECTUS

Dated 21 March 2022

■ ABF Singapore Bond Index Fund

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DATED 21 MARCH 2022

Application was made to the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 22 July 2005 for permission to list and deal in and for quotation of all the Units of the ABF SINGAPORE BOND INDEX FUND (the "**Fund**") which may be issued from time to time. Such permission has been granted by SGX-ST and the Fund has been admitted to the Official List of the SGX-ST. SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed in this Prospectus or any of the reports referred to in this Prospectus and admission to the Official List is not to be taken as an indication of the merits of the Fund or its Units. The Fund is not promoted, sponsored, recommended, issued or guaranteed by any member of the EMEAP member central banks and monetary authorities.

If you are in any doubt about this Prospectus, you should consult your stockbroker, solicitor, professional accountant or other professional adviser.

ABF SINGAPORE BOND INDEX FUND
a Singapore unit trust authorised under
Section 286 of the Securities and Futures Act 2001

**PROSPECTUS REQUIRED PURSUANT TO DIVISION 2
OF PART XIII OF THE SECURITIES AND FUTURES ACT 2001**

ABF SINGAPORE BOND INDEX FUND

MANAGER

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Singapore 018961

SOLICITORS TO THE MANAGER

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8 Eu Tong Sen Street
#24-93 The Central
Singapore 059818

TRUSTEE & REGISTRAR

HSBC Institutional Trust Services (Singapore) Limited
(Company Registration No. 194900022R)
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Singapore 018983

SOLICITORS TO THE TRUSTEE

Clifford Chance Pte Ltd
12 Marina Boulevard
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Marina Bay Financial Centre
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AUDITORS

PricewaterhouseCoopers LLP
7 Straits View, Marina One
East Tower, Level 12
Singapore 018936

CUSTODIAN

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

This Prospectus describes and offers for sale in Singapore units in the ABF Singapore Bond Index Fund (the "**Fund**"), a unit trust established under Singapore law by a trust deed dated 12 August 2005 between DBS Asset Management Ltd (now known as Nikko Asset Management Asia Limited) (the "**Manager**") and HSBC Institutional Trust Services (Singapore) Limited (the "**Trustee**") (as amended from time to time) (the "**Trust Deed**"). You should be aware of certain risks relating to an investment in the Fund. See the section entitled "Risks" as described in paragraphs 18 and 19 of this Prospectus.

The Fund seeks investment results that correspond closely to the total return of the iBoxx* ABF Singapore Bond Index (the "**Index**") compiled by Markit Indices Limited (formerly known as International Index Company Limited) (the "**Index Provider**"), before fees and expenses.

The units of the Fund, called "**Units**" throughout this Prospectus, are listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). Units are traded on SGX-ST at market prices throughout the trading day. Market prices for Units may, however, be different from their net asset value ("**NAV**").

The Fund issues and redeems Units at NAV on any Dealing Day as described in paragraphs 22 and 29 of this Prospectus. However, Units are generally only issued and redeemed in blocks of 20,000,000 Units (each a "**Creation Unit**") or in whole multiples thereof (save that on each Cash Dealing Day, Units need not necessarily be issued or redeemed in Creation Unit aggregations). You may only acquire less than a Creation Unit on the secondary market (unless you subscribe for Units using cash on a Cash Dealing Day). You may buy and sell Units on the SGX-ST through brokers in the same way as how you may trade shares in companies listed on the SGX-ST. You may buy Units on the SGX-ST using cash or your CPF monies or SRS monies. An issue or redemption of Units in Creation Unit size or multiples thereof must be made by submission of a Creation Request or Redemption Request, as the case may

* iBoxx is a registered trade mark of Markit Indices Limited.

be, to the Manager by a Participating Dealer. Except when aggregated in Creation Unit sizes, Units are generally not redeemable securities (save for investors who redeem in cash on any Cash Dealing Day). On every Cash Dealing Day, the issue and redemption of Units in cash will be permitted.

As a practical matter, it is expected that only securities dealers or other large investors will purchase or redeem Creation Units, while most smaller investors will buy and sell Units on the SGX-ST.

An investment in the Fund is not a bank deposit nor is it insured or guaranteed by the Singapore government or any other Singapore government agency or by the government or government agency of any other country. The Fund is not promoted, sponsored, recommended, issued or guaranteed by any member of the EMEAP member central banks and monetary authorities.

The collective investment scheme offered in this Prospectus is an authorised scheme under the Securities and Futures Act 2001 (the "**Securities and Futures Act**"). A copy of this Prospectus has been lodged with and registered by the Monetary Authority of Singapore (the "**Authority**").

The Authority assumes no responsibility for the contents of this Prospectus. Registration of this Prospectus by the Authority does not imply that the Securities and Futures Act, or any other legal or regulatory requirements have been complied with. The Authority has not, in any way, considered the investment merits of the Fund.

This Prospectus does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation and may only be used in connection with the offering of Units as contemplated herein.

The Units may not be directly or indirectly offered or sold in the United States of America or any of its states, territories, possessions or other areas subject to its jurisdiction (the "**United States**") or for the benefit of a United States resident.

The directors of the Manager collectively and individually accept full responsibility for the accuracy of the information given in this Prospectus and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Prospectus constitutes full and true disclosure of all material facts about the Fund and the Manager, and the directors of the Manager are not aware of any facts the omission of which would make any statement in this Prospectus misleading. Where information in this Prospectus has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the directors of the Manager has 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.

You should seek professional advice to ascertain (a) the possible tax consequences, especially in connection with the receipt of any distributions intended to be made by the Fund, (b) the legal requirements which may be relevant to the subscription, holding or disposal of Units and (c) any foreign exchange restrictions or exchange control requirements which you may encounter under the laws of the country of your citizenship, residence, domicile and which may be relevant to the subscription, holding or disposal of Units.

Unless otherwise stated, all terms not defined herein have the same meanings as used in the Trust Deed.

You should direct all enquiries about the Fund to the Manager.

Personal Data Protection

You consent and acknowledge that any personal data provided to the Manager, the Trustee, the Custodian, the Registrar and/or such other appointed representatives, agents and/or service providers of the Manager and/or each of their affiliates and related corporations (as defined under Section 6 of the Singapore Companies Act 1967 (“**Companies Act**”)) (“**Recipients**”, each a “**Recipient**”) whether directly or through appointed agents or Participating Dealers or otherwise collected by a Recipient or on behalf of a Recipient (by any person including but not limited to the Central Depository (Pte.) Limited) in connection with the subscription for Units, including any personal data relating to third party individuals (e.g. your beneficial owners, directors or authorised signatories, if you are not an individual) (such personal data, “**Data**”) may be collected, used and disclosed by a Recipient for the following purposes: (i) updating and maintaining the register of unitholders of the Fund; (ii) processing instructions from you or persons acting on your behalf or processing your trades or those of persons acting on your behalf; (iii) complying with any applicable rules, laws or regulations, regulatory policies, guidelines or industry codes, orders, directions or requests issued by any court, legal or regulatory bodies (whether in Singapore or otherwise) including rules and regulations relating to anti-money laundering and countering the financing of terrorism and the carrying out of audit checks, surveillance and investigation; (iv) preventing, detecting and investigating crime, offence or unlawful activity including but not limited to fraud, money-laundering, terrorist financing and bribery, and analysing and managing commercial risks; (v) complying with any applicable treaty or agreement with or between Singapore and a foreign jurisdiction; (vi) fulfilling a judgment or order of court or of any other tribunal within Singapore and in an applicable foreign jurisdiction; (vii) providing client-related services, including providing customer support, responding to queries or feedback given by you or persons acting on your behalf, and generating, communicating with and disseminating notices, reports, correspondence, statements, invoices, confirmations and advices to you or persons acting on your behalf; (viii) verifying your identity or the identity of persons acting on your behalf; (ix) reviewing and approving your account(s), and the conduct of initial and anticipatory credit checks and assessments, relevant checks, ongoing assessment and verification of ongoing credit-worthiness and standing; (x) legal claims, actions or proceedings including but not limited to drafting and reviewing documents, obtaining legal advice and facilitating dispute resolution or exercising or enforcing the rights of a Recipient under contract or pursuant to applicable laws and regulations; (xi) administering, operating, processing or managing the Units or the Fund; (xii) meeting or complying with the Recipient’s internal policies and procedures; (xiii) handling feedback, queries or complaints; (xiv) maintaining the security of the Recipient’s premises including but not limited to the use of forms of surveillance such as security cameras; (xv) facilitating any proposed or actual business assignment, transfer, participation or sub-participation in any of the Recipient’s rights or obligations in respect of your relationship with the Recipient; (xvi) all purposes reasonably related to one or more of the foregoing; and (xvii) conducting general administration in relation to the foregoing. Where you provide personal data relating to third party individuals to a Recipient, you warrant that the prior consent of such third party individual, which will allow a Recipient to collect, use and disclose that personal data in the manner and for the purposes described above, has been obtained, and you consent and acknowledge to all such collection, use and disclosure on behalf of that third party individual. You shall, upon request from any Recipient, promptly provide a copy of the document(s) containing or evidencing such prior consent obtained from such third party individual.

You consent and acknowledge that Data may be disclosed and transferred to the following parties, in Singapore or in a foreign jurisdiction, for the purposes set out above: (i) any person or entity including government authorities, regulatory bodies, courts and tribunals to whom a Recipient is under an obligation to make disclosure pursuant to any domestic or foreign legal process, legal obligation or regulatory obligation; (ii) related corporations of the Manager, the Trustee, the Custodian or the Registrar; and (iii) any agent, contractor or third party service provider who provides administrative, mailing, data processing, business process, human resource, information technology or other services to a Recipient in connection with the operation of the business of a Recipient or the administration and operation of the Fund.

You may, after consenting to the collection, use and disclosure of your Data, withdraw your consent by giving notice in writing to the Manager, whether directly or through its appointed agents or the Participating Dealers. You should note that the Manager (in consultation with the Trustee) could deem a notice of withdrawal of consent submitted by you, or by any third party individuals whose personal data you have provided to the Recipients (e.g. your beneficial owners, directors or authorised signatories, if you are not an individual), to be a request for redemption of all Units held by you for cash.

You undertake to ensure that all information provided to the Recipient is true, accurate and complete and that changes to any such information shall be notified to the Recipient in a timely manner.

Foreign Account Tax Compliance

You acknowledge that you shall notify the Manager immediately in writing if you are a US Person or if you have subscribed for or hold any Units on behalf of any US Person. You shall further notify the Manager not later than thirty (30) days of any change under FATCA or any laws or regulations that affects your tax status or the tax status of any US Person on whose behalf you have subscribed for or hold any Units.

You represent and warrant that you have provided or shall provide to the Manager all documentation or other information required for compliance with FATCA and in connection with any change in tax status and shall otherwise provide all required documentation (including the completion of any FATCA related forms and documents) and other information not later than seven (7) days of any request in writing by the Manager.

You acknowledge that if you fail to provide accurate and timely information the Manager (in consultation with the Trustee) has the right to deem you recalcitrant and/or reportable and shall be entitled to take all necessary action(s) against you to be compliant with requirements under FATCA, including but not limited to any local legislation enacted in connection with FATCA as the same may be modified, amended, supplemented, re-enacted or re-constituted from time to time.

You consent to the collection, storage, and disclosure of any confidential information including personal data to persons to whom payments are made or from whom payments are received for your account and to governmental authorities as required by laws and regulations or other agreement by or between governments pursuant to FATCA. You represent that you have secured from any third party whose information may be provided to the Manager all necessary consents and/or waivers to permit the Manager to carry out the actions required pursuant to FATCA, and that you shall secure such consents and waivers prior to furnishing such information to the Manager.

You acknowledge that the Manager (in consultation with the Trustee) is entitled to take all necessary action determined by the Manager to be and remain compliant with FATCA as is required by law or other agreement by or between governments. You authorise the Manager to withhold or otherwise deduct from any payment any required tax or other government assessment, including but not limited to any requirement to withhold or deduct an amount pursuant to FATCA.

The Manager (in consultation with the Trustee) shall have the right to determine and carry out any action which they consider to be appropriate to meet any obligations or requirements, whether in Singapore or elsewhere, for the purpose of the prevention of tax evasion. Such actions may include, but shall not be limited to, investigating and intercepting payments into and out of your account(s) (particularly in the case of international transfer of funds), investigating the source of or intended recipient of funds, sharing information and documents with any tax or regulatory authorities and withholding income from your account(s) and transferring it to such tax authorities. If there is any doubt as to whether a payment in or out of your account is lawful, the Manager reserves the right to cease all dealings with you in relation to such account.

For the purposes of this section relating to foreign account tax compliance, the following words and expressions shall have the following meanings:

"FATCA" means sections 1471 through 1474 of the United States Internal Revenue Code and any regulations and other guidance issued in connection thereto or any other agreement entered into with or between authorities and governments arising out of or in connection with FATCA or the implementation thereof, as each may be modified, amended, supplemented, re-enacted or re-constituted from time to time.

"US Person" means a United States citizen or resident individual, a partnership or corporation organised in the United States or under the laws of the United States or any state of the United States, or a trust if (i) a court within the United States would have authority under applicable law to render orders or judgments concerning substantially all issues regarding administration of the trust, and (ii) one or more US Persons have the authority to control all substantial decisions of the trust, or an estate of a decedent that is a citizen or resident of the United States. This definition shall be interpreted in accordance with the United States Internal Revenue Code. Please note that persons who have lost their United States citizenship and who live outside the United States may nonetheless in some circumstances be treated as US Persons.

Common Reporting Standard and Automatic Exchange of Information

The Common Reporting Standard ("**CRS**") is an internationally agreed standard for the automatic exchange of financial account information between jurisdictions for tax purposes, to better combat tax evasion and ensure tax compliance. CRS has been implemented in Singapore via Part 20B of the Income Tax Act 1947, read together with the Income Tax (International Tax Compliance Agreements) (Common Reporting Standard) Regulations 2016 (collectively the "**CRS Regulations**"). Singapore has been exchanging financial account information with jurisdictions where Singapore has a competent authority agreement (also known as "**partner jurisdictions**") since September 2018.

The CRS Regulations require a Singapore financial institution that is a Reporting Financial Institution (as defined in the CRS Regulations, and referred to in this paragraph as an "**SGFI**") to identify and determine the tax residences of all its account-holders, and in some cases, the controlling persons of an account holder. The SGFI is required to report to the Inland Revenue Authority of Singapore ("**IRAS**") on an annual basis, the particulars and account information of its account holders, and where applicable the particulars of the controlling persons, that are tax residents of partner jurisdictions. The IRAS will in turn transmit the financial account information of such account holders and controlling persons to the respective tax authorities of the partner jurisdictions in which such persons are tax resident pursuant to the terms of the applicable competent authority agreement.

Accordingly, the Manager and/or the Trustee will require you to provide, amongst other things, information in relation to your identity and tax residence(s) of your account(s) (and the controlling persons, if any), including tax identification numbers, FATCA and CRS classification status and any additional documentation or information. Where applicable, the information you provided, and the financial account information of your account will be reported to the IRAS and transmitted to the other relevant tax authorities for purposes of complying with FATCA, the CRS Regulations and any similar automatic exchange of tax information regimes.

You should consult your professional advisers on the possible tax and other consequences with respect to the implementation of FATCA and CRS.

WARNING

The Fund may be offered to professional investors in Hong Kong. Hong Kong investors should note that the contents of this document have not been reviewed by any regulatory authority in Hong Kong and are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

OVERVIEW OF THE ABF SINGAPORE BOND INDEX FUND

The meanings of terms not defined in this section can be found in other sections of this Prospectus or in the Trust Deed constituting the Fund.

ABF SINGAPORE BOND INDEX FUND

The Fund is a collective investment scheme authorised under Section 286 of the Securities and Futures Act and is established under the terms of a trust deed dated 12 August 2005 (as amended from time to time) made between DBS Asset Management Ltd (now known as Nikko Asset Management Asia Limited) as Manager and HSBC Institutional Trust Services (Singapore) Limited as Trustee.

INVESTMENT OBJECTIVE, FOCUS AND APPROACH

The Fund is an index fund which seeks investment results that correspond closely to the total return of the Index before fees and expenses. The Index is an indicator of investment returns of debt obligations denominated in Singapore dollars issued or guaranteed by the government of Singapore or any government of People's Republic of China, Hong Kong SAR, Indonesia, Korea, Malaysia, Philippines or Thailand (collectively, the "**Asian Governments**"), by an agency or instrumentality of the Singapore government (or any other Asian Government), by a Singapore government (or any other Asian Government) sponsored entity or a quasi-Singapore government (or any other Asian Government) entity and Singapore dollar denominated debt obligations issued by supranational financial institutions. The Index Provider determines the composition of the Index in accordance with its rules and procedures for the Index (which may change from time to time), and publishes information regarding the composition, investment characteristics and return of the Index. The Index is discussed more fully in paragraph 12.2 of this Prospectus.

The Fund will seek to achieve its investment objective by investing substantially all of its assets in Index Securities in the same approximate proportion as their weightings within the Index (i.e. using a full replication strategy). However, various circumstances may make it impossible or impracticable to purchase each component Index Securities in such weightings. In those circumstances, the Manager may employ a combination of one or more investment techniques, such as optimisation and sampling, in seeking to closely track the Index. In addition, given that Index Securities may be and are added to or removed from the Index from time to time, the Manager may sell or purchase securities that are not yet represented in the Index in anticipation of their removal or addition to the Index.

The Fund is suitable for investors who seek an "index-based" approach to investing in a portfolio of Singapore government (or any other Asian Government) sovereign and quasi-sovereign bond securities in a cost effective and easy to access manner. Units may also be used as an asset allocation tool or as a trading instrument. Whilst the Fund invests in a portfolio of bonds issued by the Singapore government (or any other Asian Government) and quasi-sovereign Singapore (or any other Asian Government) entities, the Fund itself is not guaranteed by the Singapore government, any Singapore government agency or any government or government agency of any other country.

You should note that the Units are Excluded Investment Products (as defined in MAS Notice SFA 04/N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products) and prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).

LISTING ON THE SGX-ST

The Fund made an application to the SGX-ST on 22 July 2005 for permission to deal in and for quotation of all its Units which may be issued from time to time, and received in-principle approval for its admission to the Official List of the SGX-ST on 5 August 2005. The Units are currently listed, quoted and traded on the SGX-ST and such a listing on the SGX-ST is intended to provide benefits to investors not

available in unlisted collective investment schemes. Unlike conventional unit trusts offered in Singapore which are typically bought and sold only at closing NAV (which are unknown at the time of dealing), the Fund's Units are tradeable on the SGX-ST throughout the trading day. Units are quoted and traded on the SGX-ST in board lots of 1 Unit.

Units will be transacted on the SGX-ST on a willing-buyer-willing-seller basis, and the trading in the Units will be in accordance with SGX-ST's rules and guidelines governing the clearing and settlement of trades in securities.

If you acquire Units directly from a Participating Dealer, you may request the Participating Dealer to apply to the Depository for your Units to be entered against your name in the depository register in accordance with the Depository's terms and conditions for the entering of off-market acquisitions of securities in its records.

TRADING PRICE OF UNITS INTENDED TO CLOSELY REFLECT NAV PER UNIT

You should note that the Fund is not like a conventional unit trust offered in Singapore in that the creation and redemption of Units with the Manager are effected through Participating Dealers for the account of investors and may either be made (i) in-kind, on any Dealing Day, in multiples of Creation Units, or (ii) in cash, on any Cash Dealing Day, for at least 50,000 Units (or such other minimum investment amount as may be determined from time to time by the Manager upon giving prior notice to the Trustee and with the approval of the Supervisory Committee) at the NAV per Unit for the relevant Dealing Day or Cash Dealing Day, as the case may be.

If you wish to purchase or sell less than 50,000 Units (the current minimum investment amount for a cash subscription or redemption on a Cash Dealing Day), you will have to acquire or dispose of your Units through trading on the SGX-ST. These features are different from the features of conventional unit trusts where units can be purchased and redeemed for cash directly from the Manager on each dealing day in comparatively smaller multiples of units.

The arrangements for creation and redemption of Units in multiples of Creation Units are designed to protect investors from the adverse effects which arise from frequent cash subscription and redemption transactions that affect the NAV of conventional unit trusts. It is also designed to help to keep the trading price of the Units close to the underlying NAV of those Units.

The listing of the Units does not guarantee a liquid market for the Units.

THE MANAGER

The Manager, Nikko Asset Management Asia Limited, is part of Nikko Asset Management group¹, a leading independent Asian investment management franchise. The Manager has managed collective investment schemes or discretionary funds in Singapore since 1982.

THE TRUSTEE

The Trustee, HSBC Institutional Trust Services (Singapore) Limited, is a wholly-owned subsidiary of The Hongkong and Shanghai Banking Corporation Limited. The Trustee has been approved by the Authority to act as a trustee of collective investment schemes pursuant to Section 289(1) of the Securities and Futures Act.

¹ Nikko Asset Management group consists of Nikko Asset Management Co., Ltd. and its subsidiaries.

CREATION AND REDEMPTION PROCEDURES

Units bought or sold on the SGX-ST will be transacted on a willing-buyer-willing-seller basis. Most of the trading activity in the Units is expected to occur on the SGX-ST. You may buy or sell Units on the SGX-ST through brokers in the same way as how you may buy or sell shares in companies listed on the SGX-ST. You may pay for Units that are bought on the SGX-ST in cash or with your CPF monies or SRS monies.

Cash Subscription and Redemption

You may apply to the Registrar through the Participating Dealers for the issue of Units on any Cash Dealing Day by paying cash. The Issue Price for cash subscription shall be determined in the manner described in paragraph 21 of this Prospectus.

Requests for subscription of Units using cash must reach the Registrar on or before the Dealing Deadline for the Cash Dealing Day (12 noon (Singapore time) or such other time as the Manager may determine with the prior approval of the Trustee and prior notification to the Holders at such time and in such manner as the Trustee may require) on the relevant Cash Dealing Day. If the request for subscription of Units using cash is received by the Registrar after the Dealing Deadline or on a day which is not a Cash Dealing Day, it shall be deemed to be received by the Registrar before the Dealing Deadline for the next Cash Dealing Day.

The Redemption Value for redemption of Units to be settled in cash shall be determined in the manner described in paragraph 28 of this Prospectus. Requests for redemption of Units to be settled in cash must reach the Registrar on or before the Dealing Deadline for the Cash Dealing Day. If the request for redemption of Units to be settled in cash is received by the Registrar after the Dealing Deadline or on a day which is not a Cash Dealing Day, it shall be deemed to be received by the Registrar before the Dealing Deadline for the next Cash Dealing Day.

In-Kind Creation and Redemption

You may create Units directly from the Fund by requesting Participating Dealers to apply to the Registrar on your behalf for the issue of Units on any Dealing Day by tendering Index Securities and Non-Index Securities comprising a Deposit Basket (or multiples thereof) as approved by the Manager, plus or minus a cash payment as determined by the Manager. Units may only be created in-kind in Creation Unit size of 20,000,000 Units or multiples of 20,000,000 Units. You may only request for creation of Units in-kind through Participating Dealers. Creation Requests received from Participating Dealers and accepted by the Manager on or before the Dealing Deadline (5.30 p.m. (Singapore time) or such other time as the Manager may determine with the prior approval of the Trustee and prior notification to the Holders at such time and in such manner as the Trustee may require) on each Dealing Day will be issued at that Dealing Day's Issue Price as calculated in accordance with paragraph 22 of this Prospectus. Creation Requests received from Participating Dealers after the Dealing Deadline or on a day which is not a Dealing Day shall be deemed to be received by the Registrar before the Dealing Deadline for the next Dealing Day.

If you hold Creation Unit size of 20,000,000 Units or multiples of 20,000,000 Units, you may request Participating Dealers to apply to the Registrar on your behalf for the redemption of Units for the underlying Index Securities and Non-Index Securities comprising a Deposit Basket (or multiples thereof) as approved by the Manager, plus or minus a cash payment as determined by the Manager. Units may only be redeemed in-kind in Creation Unit size of 20,000,000 Units or multiples of 20,000,000 Units. You may only request for redemption of Units in-kind through Participating Dealers. Redemption Requests received from Participating Dealers and accepted by the Manager on or before the Dealing Deadline on each Dealing Day will be issued at that Dealing Day's Redemption Value as calculated in accordance with paragraph 29 of this Prospectus. Redemption Requests received from Participating

Dealers after the Dealing Deadline or on a day which is not a Dealing Day shall be deemed to be received by the Registrar before the Dealing Deadline for the next Dealing Day.

RISKS OF INVESTING IN THE FUND

You should note that there are risks involved in investing in the Units. You should carefully consider the risk factors described in paragraphs 18 and 19 of this Prospectus together with all of the other information included in this Prospectus before deciding whether to invest in the Units.

The market price of Units and the NAV per Unit may fall or rise. There can be no assurance that you will achieve a return on your investment in the Units or a return on capital invested.

Some or all of the principal risks described in this Prospectus may adversely affect the Fund's NAV, each Unit's Issue Price, Redemption Value, trading price, yield, total return and/or the ability of the Fund to meet its investment objectives.

DISCLAIMER BY THE CURRENT INDEX PROVIDER

The iBoxx ABF Singapore Bond Index (the "**Index**") is the property of the Index Provider and has been licensed for use in connection with the Fund. The Manager and the Holders acknowledge and agree that the Fund is not sponsored, endorsed or promoted by the Index Provider. The Index Provider makes no representation whatsoever, whether express or implied, and hereby expressly disclaims all warranties (including, without limitation, those of merchantability or fitness for a particular purpose or use), with respect to the Index or any data included therein or relating thereto, and in particular disclaims any warranty either as to the quality, accuracy and/or completeness of the Index or any data included therein, the results obtained from the use of the Index and/or the composition of the Index at any particular time on any particular date or otherwise and/or the creditworthiness of any entity, or the likelihood of the occurrence of a credit event or similar event (however defined) with respect to an obligation, in the Index at any particular time on any particular date or otherwise. The Index Provider shall not be liable (whether in negligence or otherwise) to the parties or any other person for any error in the Index, and the Index Provider is under no obligation to advise the parties or any person of any error therein.

The Index Provider makes no representation whatsoever, whether express or implied, as to the advisability of purchasing or selling the Units, the ability of the Index to track relevant markets' performances, or otherwise relating to the Index or any transaction or product with respect thereto, or of assuming any risks in connection therewith. The Index Provider has no obligation to take the needs of any party into consideration in determining, composing or calculating the Index. No party purchasing or selling the Units, nor the Index Provider, shall have any liability to any party for any act or failure to act by the Index Provider in connection with the determination, adjustment, calculation or maintenance of the Index. The Index Provider and its affiliates may deal in any obligations that compose the Index, and may, where permitted, accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business with the issuers of such obligations or their affiliates, and may act with respect to such business as if the Index did not exist, regardless of whether such action might adversely affect the Index or the Fund.

Neither the Index Provider, its Affiliates or any third party data provider makes any warranty, express or implied, as to the accuracy, completeness or timeliness of the data contained herewith nor as to the results to be obtained by recipients of the data. Neither the Index Provider, its Affiliates nor any data provider shall in any way be liable to any recipient of the data for any inaccuracies, errors or omissions in the Index Provider data, regardless of cause, or for any damages (whether direct or indirect) resulting therefrom. The Index Provider has no obligation to update, modify or amend the data or to otherwise notify a recipient thereof in the event that any matter stated herein changes or subsequently becomes inaccurate.

Without limiting the foregoing, the Index Provider, its Affiliates, or any third party data provider shall have no liability whatsoever to you, whether in contract (including under an indemnity), in tort (including negligence), under a warranty, under statute or otherwise, in respect of any loss or damage suffered by you as a result of or in connection with any opinions, recommendations, forecasts, judgments, or any other conclusions, or any course of action determined, by you or any third party, whether or not based on the content, information or materials contained herein.

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CLEARANCE AND SETTLEMENT

Introduction

The Units are listed, quoted and traded on the SGX-ST. For the purpose of trading on the SGX-ST, a board lot for the Units will comprise 1 Unit.

The Units are traded 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 account-holders and facilitates the clearance and settlement of securities transactions between account-holders through electronic book-entry changes in the Securities Accounts maintained by such account-holders with CDP.

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. You 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 terms and conditions for the operation of Securities Accounts and a transfer fee payable to CDP. 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.

Clearing Fees

When dealing on the SGX-ST, you will typically not bear any costs related to the creation and redemption of Units. However, you will need to pay brokers' commissions, clearing fees and other costs associated with dealing on the SGX-ST. These amounts are subject to your individual agreement with, and are paid directly by you to, your broker, the CDP and your other service providers.

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 second Market Day following the transaction date. CDP holds securities on behalf of investors in Securities Accounts. You 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.

**PROSPECTUS REQUIRED PURSUANT TO DIVISION 2
OF PART XIII OF THE SECURITIES AND FUTURES ACT 2001**

The ABF Singapore Bond Index Fund (the "**Fund**") offered in this Prospectus is an authorised scheme under the Securities and Futures Act. A copy of this Prospectus has been lodged with and registered by the Monetary Authority of Singapore (the "**Authority**"). The Authority assumes no responsibility for the contents of this Prospectus. Registration of this Prospectus by the Authority does not imply that the Securities and Futures Act, or any other legal or regulatory requirements have been complied with. The Authority has not, in any way, considered the investment merits of the Fund. The meanings of various terms and expressions used in this Prospectus which are not defined herein can be found in the Trust Deed constituting the Fund.

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I BASIC INFORMATION

1. The authorised collective investment scheme offered pursuant to this Prospectus is the ABF Singapore Bond Index Fund (the "**Fund**"). The Fund was listed on the SGX-ST on 31 August 2005 and is currently traded on the SGX-ST in Singapore Dollars under the SGX-ST counter name "ABF SG BOND ETF" and stock code "A35" (or such other counter name or stock code as may be issued by the SGX-ST from time to time).
2. The date of registration of this Prospectus by the Authority is 21 March 2022. This Prospectus shall be valid for a period of 12 months after the date of registration of this Prospectus (i.e. up to and including 20 March 2023) and shall expire on 21 March 2023.
3. The Fund is constituted as a stand-alone unit trust in Singapore on 12 August 2005 pursuant to the trust deed dated 12 August 2005 (the "**Original Deed**") made between DBS Asset Management Ltd (now known as Nikko Asset Management Asia Limited) (the "**Manager**") and HSBC Institutional Trust Services (Singapore) Limited (the "**Trustee**"). The Original Deed has been amended by a First Amended and Restated Deed dated 28 December 2009, a Second Amended and Restated Deed dated 23 September 2011, a First Supplemental Deed dated 31 October 2011, a Third Amended and Restated Deed dated 29 April 2013, a Fourth Amended and Restated Deed dated 7 June 2017 and a Fifth Amended and Restated Deed dated 24 April 2018, each made between the same parties (the Original Deed as amended by the First Amended and Restated Deed, the Second Amended and Restated Deed, the First Supplemental Deed, the Third Amended and Restated Deed, the Fourth Amended and Restated Deed and the Fifth Amended and Restated shall be referred to as the "**Trust Deed**"). You may inspect a copy of the Trust Deed at the business address of the Manager as indicated in paragraph 5.1 below.
4. You may obtain the latest semi-annual accounts and reports, annual report and audited financial statements of the Fund from the Manager's website at www.nikkoam.com.sg.

II THE MANAGER

- 5.1 The Manager is Nikko Asset Management Asia Limited (Company Registration No.: 198202562H). Its registered address and its business address is at 12 Marina View, #18-02, Asia Square Tower 2, Singapore 018961. The Manager is licensed and regulated by the Authority. The Manager was incorporated on 11 July 1982 in Singapore. The Manager is part of Nikko Asset Management group. As at 31 December 2021, the issued and paid-up share capital of the Manager is S\$29,000,000. The Manager is responsible for investing the assets of the Fund in accordance with the Trust Deed.
- 5.2 The Manager has managed collective investment schemes or discretionary funds in Singapore since 1982.
- 5.3 The other investment funds managed by the Manager include, but are not limited to, the following:
 - (i) Nikko AM Shenton Japan Fund
 - (ii) Nikko AM Shenton Thrift Fund
 - (iii) Nikko AM Shenton Income Fund
 - (iv) Nikko AM Shenton Asia Pacific Fund
 - (v) Nikko AM Global Green Bond Fund
 - (vi) Nikko AM Shenton Emerging Enterprise Discovery Fund
 - (vii) Nikko AM Shenton Global Opportunities Fund
 - (viii) Nikko AM Shenton Horizon Investment Funds

- (ix) Nikko AM Asia Umbrella Funds
- (x) Nikko AM Asia Investment Funds
- (xi) Nikko AM Shenton Short Term Bond Funds
- (xii) Nikko AM Singapore STI ETF
- (xiii) Nikko AM Japan Dividend Equity Fund
- (xiv) Nikko AM Asia High Yield Bond Fund
- (xv) MSIG Asian Bond Fund
- (xvi) Nikko AM Global Multi Asset Conservative Fund
- (xvii) Nikko AM Asia Healthcare Fund
- (xviii) Nikko AM China Onshore Fund Series
- (xix) Nikko AM All China Equity Fund
- (xx) Nikko AM ASEAN Equity Fund
- (xxi) NikkoAM-StraitsTrading Asia ex Japan REIT ETF
- (xxii) Nikko AM Asia Limited Investment Fund Series
- (xxiii) Nikko AM SGD Investment Grade Corporate Bond ETF
- (xxiv) NikkoAM-ICBCSG China Bond ETF
- (xxv) Nikko AM Dynamic Bond Fund
- (xxvi) Nikko AM Asia Fund Series
- (xxvii) Nikko AM Impact Investing Multi Asset Fund
- (xxviii) Nikko AM Asia Limited VCC

5.4 The names, descriptions and addresses of all the directors of the Manager are:

- (a) Seet Oon Hui Eleanor, of 12 Marina View, #18-02 Asia Square Tower 2, Singapore 018961.

Eleanor joined the Manager in 2011 as the President and as an executive director of the Manager. She is also the Head of Asia ex-Japan at the Manager and is responsible for driving the growth of the Manager in the region. Additionally, she leads in the management of Nikko Asset Management group's joint venture relationships in China and Malaysia and is a board member of Affin Hwang Asset Management Berhad. Eleanor is a pioneer in the asset management industry with over 20 years of experience.

Prior to joining the Manager, Eleanor led the distribution efforts for iShares concentrating on the wealth management segments across Asia ex-Japan. Previously, she spent 12 years at AllianceBernstein, where she was responsible for building and developing the firm's distribution channels and business. In that capacity, she was responsible for the overall strategy and execution of the firm's product offerings in South East Asia via intermediaries.

Eleanor graduated with a Bachelor of Economics from the University of New South Wales, Sydney. In 2017, she was conferred the IBF Fellow distinction by the Institute of Banking and Finance Singapore.

Eleanor is also a director of Nikko Asset Management Hong Kong Limited, Nikko Asset Management International Limited, Nikko Asset Management (Mauritius) Ltd and Affin Hwang Asset Management Berhad. Eleanor is also an independent director of Pegasus Asia.

- (b) Kiyotaka Ryu, of Midtown Tower, 9-7-1 Akasaka, Minato-ku, Tokyo, 107-6242, Japan, is a non-executive director of the Manager.

Kiyotaka was appointed as Acting Chief Risk Officer in December 2018 and became Chief Risk Officer in April 2019. He is also Chief Administrative Officer at Nikko Asset Management Co., Ltd ("**Nikko AM**"), helming the position since July 2018. He is responsible for overall business planning and management to support Middle and Back Office functions, as well as leading the global risk management function in Nikko AM.

Kiyotaka joined the Internal Audit Department of Nikko AM in September 2007 and went on to become the Head of Internal Audit where he led the Nikko AM group's Internal Audit practice for three and a half years.

Before joining Nikko AM, he worked for KPMG, as a financial and technology auditor. He served clients from various industries including the financial sector.

He is a qualified accountant and a member of the American Institute of Certified Public Accountants.

He graduated from Waseda University with a Bachelor of Arts in Human Sciences and has also received a Master of Professional Accounting degree from the University of New South Wales.

Kiyotaka is also a director of Nikko Asset Management Hong Kong Limited, Nikko Asset Management New Zealand Limited and Nikko Asset Management Luxembourg S.A..

- (c) Hiroki Tsujimura, of Midtown Tower, 9-7-1 Akasaka, Minato-ku, Tokyo, 107-6242, Japan, is a non-executive director of the Manager.

Hiroki has held the position of Executive Vice President, Global Head of Investment and Chief Investment Officer of Nikko AM since June 2019, and is responsible for overseeing all investment management activities globally.

Hiroki joined Nikko Asset Management in December 2004 as the firm's Global Head of Alternative Investments and Chief Investment Officer at its New York subsidiary. After relocating to Nikko Asset Management's Tokyo headquarters in August 2010, Hiroki served as Head of Active Investments, where he was in charge of equity, fixed income and alternative investments. He was appointed Chief Investment Officer – Japan in January 2013 and was also named Senior Corporate Managing Director in April 2014. He was named Executive Vice President in May 2019.

Before joining the firm, Hiroki spent 12 years in the investment and financial industry in the United States where he worked in alternative investments serving as Director and Executive Vice President at Nikko Securities International ("**NSI**"). He also started NSI's proprietary trading operation in his role as the head of the equity trading department. At Nikko Securities (now SMBC Nikko Securities) in Japan, Hiroki established a joint venture with an American securities firm, where he served as Executive Vice President and Chief Operating Officer.

He holds a Bachelor's degree from the Faculty of Business and Commerce at Keio University.

- 5.5 The principal officer of the Manager and a key executive of the Manager in relation to the Fund is Seet Oon Hui Eleanor (whose description may be found in paragraph 5.4(a) of this

Prospectus). The other key executives of the Manager in relation to the Fund are Koh Liang Choon and Bertram Sarmago (whose description may be found in paragraph 5.6 of this Prospectus).

Liang Choon is the Head of Fixed Income at the Manager, and he leads a team of experienced analysts and portfolio managers. He is responsible for managing active Asian fixed income portfolios covering Asian local currency fixed income, Asian credits and Asian currencies.

An investment veteran with more than 25 years of investment experience, he has been with the Manager since October 2010 when it was known as DBS Asset Management Ltd prior to its acquisition by Nikko Asset Management Group. Prior to this, Liang Choon has worked with APS Komaba Asset Management Pte Ltd ("**APS**"), DBS Asset Management Ltd, Nomura Singapore Limited and Dresdner Bank. Liang Choon joined APS as a founding member in 2005. Before that, Liang Choon spent four years with DBS Asset Management Ltd managing institutional mandates covering Singapore, Asian and global bond markets. Liang Choon began his career at the trading desks of Nomura Singapore Limited and Dresdner Bank where he gained trading experience in Asian fixed income and currency markets.

He holds a Bachelor of Business Administration with majors in Finance and International Business from Simon Fraser University, Canada, and a Master of Science (Applied Finance) from the National University of Singapore. Liang Choon is also a Chartered Financial Analyst charterholder.

5.6 The principal portfolio manager of the Fund is Bertram Sarmago.

Bertram Sarmago has a dual role as investment director and portfolio manager for Asian fixed income strategies at Nikko AM Asia based in Singapore. He manages the indexed Asian fixed income portfolios and working closely with the rest of the investment team and representing its capabilities, he is the conduit between the team and Business Development and Marketing. He provides advice and consultation to both internal and external parties based on the team's outlook and strategies and also reports on performance in support of existing businesses.

Bertram has more than 20 years of experience in the investment industry. Prior to Nikko AM, he was with State Street Global Advisors (Singapore) from 2006 to 2014 as a product engineer/portfolio strategist covering global and Asian fixed income and currency strategies. He was also involved with portfolio management of indexed Asian and global fixed income strategies.

From 2004 to 2006, he was a financial markets analyst with the Asian Development Bank covering research on ASEAN+3 bond markets for the bank's AsianBondsOnline project. He was involved in investments/financial markets training for Present Value Interactive Training from 2003 to 2004. Prior to this, he held various roles in commercial banking at the Bank of the Philippine Islands.

Bertram holds a Master of Science in Financial Engineering from the Nanyang Technological University, an MBA from the Ateneo de Manila University and a Bachelor of Science in Agricultural Engineering from the University of the Philippines. He has earned the Financial Risk Manager designation and is a Chartered Financial Analyst® charterholder.

5.7 The Manager will remain as the manager of the Fund until it retires or is removed or replaced in accordance with the provisions of the Trust Deed.

6. The following is a summary of the provisions in the Trust Deed governing the retirement, removal and replacement of a manager of the Fund:

- (i) Subject to applicable laws and the Listing Rules, the Manager may be removed by notice in writing given by the Trustee:
 - (a) if the Manager goes into liquidation (other than voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously notified in writing to the Trustee) or shall be adjudged a bankrupt or insolvent or appoints a liquidator or if a receiver shall be appointed in respect of the property or undertaking of the Manager or any part thereof or the Manager is the subject of any analogous proceedings or procedure in each case under the law of Singapore or such other law as may be applicable in the circumstances;
 - (b) if (which may only be given subject to and upon the prior approval of the Supervisory Committee) for good and sufficient reason the Trustee is of the reasonable opinion (and the Trustee so states in writing to the Manager and the Supervisory Committee) that a change of manager is desirable in the interests of the Holders;
 - (c) following a material breach of the Manager's obligations under the Trust Deed which, if the breach is capable of remedy, the Manager fails to remedy within 30 days of being specifically required in writing so to do by the Trustee, and the Trustee is of the opinion and so states in writing to the Manager and the Supervisory Committee that a change of manager is desirable and in the best interests of Holders as a whole; or
 - (d) if the Authority directs the Trustee to remove the Manager.
- (ii) The Manager shall also be removed on notice in writing given by the Trustee following an Extraordinary Resolution passed to remove the Manager, and such notice is to be announced on the SGXNET.
- (iii) The Manager may be removed, and shall retire, from office in accordance with Clause 30.2.4 of the Trust Deed, and in which case the Trustee or the Supervisory Committee shall give notice to the Manager accordingly and such notice is to be announced on the SGXNET. Under Clause 30.2.4 of the Trust Deed, the Supervisory Committee shall have the power to recommend the removal of the Manager, in which case the Supervisory Committee shall give notice in writing to the Trustee. If the Trustee approves the recommendation of the Supervisory Committee or fails to respond to the Supervisory Committee within seven (7) Business Days, the Supervisory Committee may give notice in writing (such notice to be announced on the SGXNET) to the Manager that it wishes the Manager to retire in favour of a new manager. If the Trustee does not agree with the recommendation of the Supervisory Committee within seven (7) Business Days of its receipt of the Supervisory Committee's notice, the Manager shall not be removed but the Supervisory Committee may convene, or the Trustee shall at the request of the Supervisory Committee convene, a meeting of Holders for the purpose of proposing an Extraordinary Resolution to remove the Manager in accordance with the Trust Deed.
- (iv) In the cases contained in paragraphs 6(i), 6(ii) and 6(iii), the Manager shall upon notice by the Trustee cease to be the manager and as soon as practicable thereafter the Trustee shall by writing under its seal appoint as manager some other company eligible to be the manager of the Fund and acceptable to the Supervisory Committee and the Authority and subject to such company entering into such deed or deeds (being a deed or deeds supplemental to the Trust Deed) as the Trustee may be advised to be

necessary or desirable to be entered into by such company in order to secure the due performance of its duties as manager. Nothing in this paragraph 6 shall be construed as prejudicing the right of the Trustee to terminate the Fund in any of the events in which in accordance with the provisions of the Trust Deed the right of terminating the Fund is vested in the Trustee.

- (v) Upon giving three (3) months' written notice to the Trustee and the Supervisory Committee, the Manager shall have power to retire in favour of some other company eligible to be the manager of the Fund in accordance with the Securities and Futures Act and approved by the Trustee, the Supervisory Committee and the Authority upon and subject to such company entering into such deed or deeds as mentioned in paragraph 6(iv). Upon such deed or deeds being entered into and upon payment to the Trustee of all sums due by the retiring Manager to the Trustee under the Trust Deed at the date thereof the retiring Manager shall be absolved and released from all further obligations hereunder but without prejudice to the rights of the Trustee or of any other person in respect of any act or omission prior to such retirement.
- (vi) The Trustee shall, as soon as practicable after the appointment of the new manager of the Fund pursuant to the provisions of the Trust Deed, give notice to the Holders specifying the name and address of the office of the new manager. Any manager shall be incorporated in Singapore or registered as a foreign company under Part XI of the Companies Act and shall be carrying on business in Singapore. The manager shall be duly licensed or registered to conduct a regulated activity under the Securities and Futures Act.
- (vii) Upon effective retirement under the Trust Deed, the retiring Manager shall use its reasonable endeavours to assign or novate to the new manager, on terms reasonably acceptable to the Trustee, (and to obtain the consent of its counterparts thereto) all agreements to which it, as manager, is a party concerning the Fund.

6A. The Manager may be removed by the Trustee, by notice in writing, if the Manager goes into liquidation (other than voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously notified in writing to the Trustee). Please refer to Clauses 29 and 31 of the Deed for more details on what happens if the Manager becomes insolvent.

III THE TRUSTEE & CUSTODIAN

7.1 The Trustee is HSBC Institutional Trust Services (Singapore) Limited (Company Registration No.: 194900022R) and its registered address is at 10 Marina Boulevard, Marina Bay Financial Centre, Tower 2, #48-01, Singapore 018983. The Trustee is regulated in Singapore by the Authority. The Trustee was incorporated on 24 February 1949 in Singapore. As at 1 January 2022, the issued and paid-up share capital of the Trustee is S\$5,150,000. Under the Trust Deed, the Trustee is responsible for the safekeeping of the assets of the Fund. The Trustee does not have any material conflict of interest with its position as trustee of the Fund. Associates of the Trustee may be engaged to provide banking, brokerage or financial services to the Fund. Such services, where provided, will be on an arm's length basis.

In accordance with the provisions of the Deed, in the event the Trustee becomes insolvent, the Trustee may be removed by notice in writing from the Manager and replaced by a new trustee who shall be appointed by the Manager. Please refer to Clause 28 of the Deed for more details.

7.1A The custodian of the Fund (the "**Custodian**") is The Hongkong and Shanghai Banking Corporation Limited whose registered office is at 1 Queen's Road Central, Hong Kong. The Custodian is regulated by the Hong Kong Monetary Authority and authorized as a registered

institution by the Securities and Futures Commission of Hong Kong. The Custodian was incorporated on 14 August 1866 in Hong Kong.

The Custodian was established and has been based in Hong Kong since 1865, and is a wholly owned subsidiary of HSBC Holdings plc, the holding company of the HSBC Group.

As at 1 January 2021, its paid-up share capital constitutes an aggregate of HK\$116,102,479,495.00 and US\$7,198,000,000 now represented by its 46,440,991,798 ordinary shares in issue.

The Custodian is appointed by the Trustee as the global custodian to provide custodial services to the Fund globally and any custodian fee payable will be borne by the Fund. The Custodian will remain as custodian of the Fund until its appointment is terminated in accordance with the terms of its appointment. The Custodian is entitled to appoint sub-custodians to perform any of the Custodian's duties in specific jurisdictions where the Fund invests.

The Custodian is a global custodian with direct market access in certain jurisdictions. In respect of markets for which it uses the services of selected sub-custodians, the Custodian shall use reasonable care in the selection and monitoring of its selected sub-custodians.

The criteria upon which a sub-custodian is appointed is pursuant to all relevant governing laws and regulations and subject to satisfying all requirements of the Custodian in its capacity as global custodian. Such criteria may be subject to change from time to time and may include factors such as financial strength, reputation in the market, systems capability, operational and technical expertise, clear commitment to the custody business, adoption of international standards etc. All sub-custodians appointed will, if required by the law applicable to them, be licensed and regulated under applicable law to carry out the relevant financial activities in the relevant jurisdiction.

In the event the Custodian becomes insolvent, the Trustee may by notice in writing, terminate the custodian agreement entered into with the Custodian and appoint such person as the new custodian to provide custodial services to the Fund globally.

7.2 The following is a summary of the provisions in the Trust Deed governing the retirement, removal and replacement of the Trustee:

- (i) The Trustee shall not be entitled to retire voluntarily except upon the appointment of a new trustee. Such new trustee shall be a company eligible, in accordance with Clause 28.5 of the Trust Deed and the Securities and Futures Act, to be the trustee of the Fund that is acceptable to the Manager, the Supervisory Committee and the Authority and shall agree to enter into each such deed as referred to below to secure the due performance of its duties as trustee. The Trustee, the new trustee and the Manager shall by deed or deeds supplemental to the Trust Deed appoint such new trustee to be the trustee of the Fund in the place of the retiring Trustee.
- (ii) If:
 - (a) (which may only be given subject to and with the prior approval of the Supervisory Committee), the Manager gives notice in writing to the Trustee that it wishes for good and sufficient reason, and is of the reasonable opinion (and so states in writing to the Trustee and the Supervisory Committee) that a change of the trustee is desirable in the interests of the Holders and the Trustee to retire; or

- (b) following a material breach of the Trustee's obligations under the Trust Deed which, if capable of remedy the Trustee fails to remedy within 30 days, or such number of days as may be agreed by the Manager and the Trustee of being specifically required to do so by the Manager, and the Manager is of the opinion and so states in writing to the Trustee and the Supervisory Committee that a change of the trustee is desirable and in the best interests of Holders as a whole, the Manager shall be entitled to give notice in writing to the Trustee that it wishes the Trustee to retire; or
- (c) the Authority directs the removal of the Trustee,

in each case in favour of a new trustee whose name is specified in such notice and which is a company eligible, in accordance with Clause 28.5 of the Trust Deed and the CIS Code, to be the trustee of the Fund and is acceptable to the Authority and the Supervisory Committee, whereupon the Trustee shall, with effect on and from the date on which the appointment of such new trustee takes effect, by deed supplemental to the Trust Deed retire as the Trustee of the Fund.

- (iii) If an Extraordinary Resolution is passed to remove the Trustee then the Trustee shall retire and in such case the Manager shall as soon as reasonably practicable use its reasonable efforts to find a new trustee to be appointed in accordance with Clause 28.5 of the Trust Deed.
- (iv) The Trustee may be removed, and shall retire, from office in accordance with Clause 30.2.3 of the Trust Deed and in which case the Manager or the Supervisory Committee shall give notice to the Trustee accordingly.
- (v) Any trustee of the Fund shall be incorporated in Singapore, and shall be a public company approved under Section 289 of the Securities and Futures Act.
- (vi) The new trustee of the Fund shall as soon as practicable after its appointment give notice to the Holders specifying the name and the address of the offices of the new trustee.
- (vii) To the extent permissible, the stipulation of any statute that a trustee shall not be discharged from its trust unless there will be either a trust corporation or at least two (2) individuals to act as trustees to perform the trust is hereby excluded. In any event, each and every person actually or prospectively interested in the Deposited Property is hereby excluded from asserting any claim against a trustee or any former trustee on the basis of the said stipulation save to the extent of any trust moneys or other trust assets actually in the possession or control of that trustee or former trustee.
- (viii) Every trustee which shall retire from its position as trustee of the Fund shall in respect of its period of trusteeship of the Fund and notwithstanding that it shall have retired continue to have the benefit of all indemnities, powers and privileges given to such trustee of the Fund by the Trust Deed and any deeds supplemental hereto executed during such period in addition to the indemnities powers and privileges given by law to a retiring trustee.
- (ix) Upon effective retirement under the Trust Deed, the retiring Trustee shall be discharged and shall no longer be liable in any manner hereunder except as to acts or omissions occurring prior to such retirement, and the new trustee shall thereupon undertake and perform all duties and be entitled to all rights and compensation as trustee under the Trust Deed. The successor trustee shall not be under any liability hereunder for occurrences or omissions prior to the execution of such instrument.

- (x) Upon effective retirement under the Trust Deed, the retiring Trustee shall use its reasonable endeavours to assign or novate to the new trustee on terms reasonably acceptable to the Manager (and to obtain the consent of its counterparts thereto) of all agreements to which it, as trustee, is a party concerning the Fund including without limitation, the Licence Agreement.

IV OTHER PARTIES

- 8.1 The registrar of the Fund is HSBC Institutional Trust Services (Singapore) Limited (Company Registration No.: 194900022R) (the "**Registrar**"). The Registrar maintains the Register of Holders which 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).
- 8.2 For so long as the Units are listed, quoted and traded on the SGX-ST, the Manager shall appoint The Central Depository (Pte.) Limited (Company Registration No.: 198003912M) (the "**CDP**") as the Unit Depository for the 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 Manager or the Registrar shall issue to CDP not more than ten (10) 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 date of such moratorium and for the purposes of the Trust Deed, such confirmation note shall be deemed to be a certificate evidencing title to the Units issued.
- 9.1 The current designated market makers of the Fund are Flow Traders Asia Pte. Ltd. and Phillip Securities Pte Ltd. The auditors of the Fund are PricewaterhouseCoopers LLP of 7 Straits View, Marina One, East Tower, Level 12, Singapore 018936 (the "**Auditors**").
- 9.2 The following is a summary of the provisions in the Trust Deed regulating the appointment, retirement and replacement of the auditors of the Fund:
- (i) the auditors of the Fund shall be an accounting firm or corporation as defined in the Accountants Act 2004 and for the time being appointed as auditors of the Fund by the Manager with the approval of the Trustee and the Supervisory Committee;
 - (ii) the auditors of the Fund may voluntarily retire by notice in writing to the Manager. Upon the retirement of the auditors, the Manager shall, with the prior written approval of the Trustee, appoint other auditors in their place;
 - (iii) the Manager, with the consent of the Trustee, may from time to time remove the auditors and appoint other auditors in their place; and
 - (iv) the auditors may be removed, and other auditors appointed, by Extraordinary Resolution duly passed at a meeting of Holders or (as the case may be) the Depositors.
- 10.1 Under the terms of the Trust Deed, a supervisory committee (the "**Supervisory Committee**") has been constituted to direct and oversee the Trustee and the Manager on certain matters relating to the management and administration of the Fund including the power to direct the Trustee and the Manager on matters relating to the overall structure of the Fund and strategic issues relating to its management and administration and the power to recommend that the Manager or the Trustee should be removed.

10.2 Up to seven (7) members may be appointed to the Supervisory Committee. The initial members of the Supervisory Committee were appointed by the Trustee. The Supervisory Committee itself on an on-going basis shall make appointments to and removals from the Supervisory Committee. The Supervisory Committee shall meet as and when required and at least annually. The names and occupations of the current members of the Supervisory Committee are:

- (i) Ms Christina Ong. Ms Christina Ong is the Chairman and Senior Partner of Allen & Gledhill LLP, as well as Co-Head of its Financial Services Department. Her areas of practice include banking, securities, investment funds and capital markets.

Christina provides corporate and corporate regulatory and compliance advice, particularly to listed clients. Further, she regularly reviews and provides feedback on legal and securities developments, particularly amendments to Singapore company and securities law and the listing rules.

Christina sits on the Board of Directors of SIA Engineering Company Limited, Singapore Telecommunications Limited, Oversea-Chinese Banking Corporation Limited and Hongkong Land Holdings Limited.

She is a member of the SGX Catalist Advisory Panel which is established by the SGX to review/advise on Catalist sponsor and registered professional applicants and a member of the Corporate Governance Advisory Committee, a standing committee established by The Monetary Authority of Singapore to advocate good corporate governance practices among entities listed on the SGX.

She is also a member of Civil Aviation Authority of Singapore, a national aviation authority and a statutory body under the Ministry of Transport.

- (ii) Professor Annie Koh. Professor Annie Koh is Professor Emeritus of Finance (Practice) at Lee Kong Chian School of Business, Singapore Management University (SMU).

She is a renowned conference speaker, panel moderator and commentator. In addition to being a member of the World Economic Forum Global Future Council on New Agenda for Work, Wages and Job Creation, Professor Koh also chairs the Asian Bond Fund 2 supervisory committee of the Monetary Authority of Singapore and a committee member of Singapore's Customs Advisory Council and HR Transformation Advisory Panel. She is currently an independent director of AMTD International Inc., PBA Group, Prime US REIT, Prudential Assurance Company Singapore Pte Ltd and Yoma Strategic Holdings Ltd. She previously served on GovTech, Singapore's CPF, HMI and K1 Ventures boards.

Professor Koh also advises privately owned enterprises such as Flexxon Pte Ltd, Hendricks Corp. Pte Ltd, TOP International, and startups such as AvePoint EduTech, Dedoco, Elevate Tech, RootAnt Global, StashAway, StaffOnDemand, SWAT Mobility, and non-profits such as Cyber Youth Singapore and WWF Singapore. She has been an investment committee member of iGlobe Partners since July 2010 and advisor to CUBE3 Ventures since October 2021. Previously held leadership positions at SMU include Vice President for Business Development; V3 Group Professor of Family Entrepreneurship; Academic Director of Business Families Institute and International Trading Institute; Associate Dean, Lee Kong Chian School of Business; and Dean, Office of Executive and Professional Education.

Professor Koh received her Ph.D. degree in International Finance as a Fulbright scholar from Stern School of Business, New York University in 1988. Her research interests are in Family Office and Family Business, Investor Behaviour, Alternative Investments

and Enterprise Risk Management. She co-authored *Financial Management: Theory and Practice*, 2nd edition (2021), and *Financing Internationalisation – Growth Strategies for Successful Companies* (2004), co-editor of *Asian Family Business: Succession, Governance and Innovation* (2020) and author of a number of Asian family business cases and survey reports. In recognition of her contribution to education and the public sector, she was awarded the bronze and silver Singapore Public Administration medal in 2010 and 2016 respectively, and the Adult Education Prism Award in 2017.

- (iii) Ms Merilyn Ang. Ms Merilyn Ang is the Head of the External Fund Management Division of the Reserve Management Department in the Monetary Authority of Singapore (MAS), which is charged with the management of the portion of the reserves that is outsourced to external fund managers and invested in a diverse range of asset fund managers and invested in a diverse range of asset classes across equities and fixed income.

Ms Merilyn Ang will remain a member of the Supervisory Committee until, and including, 6 April 2022. Ms Merilyn Ang will cease to be a member of the Supervisory Committee with effect from 7 April 2022.

- (iv) Mr Jeremy Hor. Mr Jeremy Hor is the Head of the External Fund Management Division of the Reserve Management Department in the Monetary Authority of Singapore (MAS), which is charged with the management of the portion of the reserves that is outsourced to external fund managers. MAS' reserves are invested in a diverse range of asset managers as well as asset classes, spanning across equities and fixed income.

Mr Jeremy Hor will be a member of the Supervisory Committee with effect from 7 April 2022.

10.3 The Supervisory Committee shall be entitled to, amongst other things:

- (i) direct the Trustee and the Manager on matters relating to the overall structure of the Fund and strategic (but not day to day) issues related to the management and administration of the Fund;
- (ii) (but without being obliged to) require the Trustee and the Manager to report to the Supervisory Committee on any matter, act or thing pertaining to their management or administration of the Fund, and in relation to the exercise of any discretion by the Trustee or the Manager pursuant to the Trust Deed, including without limitation, in respect of the appointment or removal of any service provider and the Manager's current and future marketing plan for the Fund;
- (iii) consider and recommend to the Trustee and the Manager, and approve, proposals for the registration or authorization of the Units or the Fund in any other jurisdiction;
- (iv) approve, consent or agree, direct or make recommendations to the Trustee and/or the Manager on such other matters as are set out in the Trust Deed requiring the approval, consent or agreement of the Supervisory Committee or in respect of which the Supervisory Committee may direct or make recommendations to the Trustee and/or the Manager; and
- (v) recommend the removal of the Trustee and/or the Manager.

- 10.4 The members of the Supervisory Committee will be entitled to be indemnified out of the Fund's portfolio for any liabilities they may incur as a result of acting as members of the Supervisory Committee, except to the extent of any fraud, recklessness, bad faith or wilful default on their part, and except to the extent provided by applicable law. None of the members of the Supervisory Committee shall be entitled to receive any remuneration from the Fund in respect of their appointment as members of the Supervisory Committee.
- 10.5 There is an established set of eligibility criteria for members of the Supervisory Committee in the Trust Deed. Amongst other things, the members of the Supervisory Committee must have demonstrable knowledge of financial affairs and must not have been convicted of any criminal offence which is of direct relevance to their fitness and propriety as members of the Supervisory Committee or have been found by a court or regulatory authority to have acted fraudulently or dishonestly.
- 10.6 The members of the Supervisory Committee may by unanimous decision dissolve the Supervisory Committee permanently in which event any matter requiring the approval, consent or agreement of the Supervisory Committee under the Trust Deed shall no longer require such approval.
- 10.7 The Manager has delegated its fund administration and valuation functions in respect of the Fund to HSBC Institutional Trust Services (Singapore) Limited, the administrator of the Fund, whose registered office is at 10 Marina Boulevard, Marina Bay Financial Centre, Tower 2, #48-01, Singapore 018983.
- 10.8 Counterparties, brokers and/or prime brokers (if any) that are used by the Fund are selected from an approved panel and their appropriateness for continuous use by the Manager is reviewed on a regular basis. The Manager must complete due diligence on the counterparties, brokers and/or prime brokers and obtain the relevant internal approvals for their inclusion onto the panel. However, for inclusion onto the panel of counterparties, brokers and/or prime brokers to transact in foreign exchange, over-the-counter derivatives, secured/unsecured call loan or securities lending, approval must also be sought from the risk management department of the Manager's parent company, Nikko AM.

V STRUCTURE OF THE SCHEME

- 11.1 The Fund is constituted as a stand-alone unit trust known as the ABF Singapore Bond Index Fund pursuant to the Trust Deed. The interests issued or offered are represented by Units comprised in the Fund, the property of which shall be invested in Investments (as defined in the Trust Deed).
- 11.2 Each Unit represents an undivided interest in the underlying securities held by the Fund. The rights, interests and obligations of Holders are contained in the Trust Deed.

VI INVESTMENT OBJECTIVE, FOCUS & APPROACH

- 12.1 The investment objective of the Fund is to provide investors with investment returns that correspond closely to the total return of the iBoxx ABF Singapore Bond Index (the "**Index**"), before fees and expenses. This Fund is only suitable for investors who seek medium to long-term capital appreciation, believe that the Index will increase in value, are willing and able to accept that their principal will be at risk and seek an "index-based" approach to investing in a portfolio of Singapore government (or any other Asian Government) sovereign and quasi-sovereign bond securities in a cost effective and easy to access manner. **You should consult your financial advisers if in doubt as to whether the Fund is suitable for you.**

- 12.2 The Index is created, maintained and calculated by the Index Provider. A Licence Agreement has been entered into between the Manager and the Index Provider under which the Fund has been licensed to use certain trademarks and any copyright in the Index. The Index is an indicator of investment returns of debt obligations denominated in Singapore dollars issued or guaranteed by the government of Singapore (or any other Asian Government), by an agency or instrumentality of the Singapore government (or any other Asian Government), by a Singapore government (or any other Asian Government) sponsored entity or a quasi-Singapore government (or any other Asian Government) entity and Singapore dollar denominated debt obligations issued by supranational financial institutions. The Index Provider determines the composition of the Index in accordance with its rules and procedures for the Index (which may change from time to time), and publishes information regarding the composition, investment characteristics and return of the Index. Please refer to Appendix 1 of this Prospectus for more information regarding the composition and index methodology of the Index.
- 12.3 If the Index ceases to be compiled or published by the Index Provider or if the Licence Agreement with respect to the Index is terminated for any reason, the Manager with the prior approval of the Trustee and the Supervisory Committee, shall select an alternate or successor index (customized by the Index Provider, the other index provider for that alternate or successor index or the Manager, if necessary) using in the opinion of the Manager the same or substantially similar formula for the method of calculation as the Index. The Manager will manage the Fund's portfolio using this index, taking into account the interests of Holders.
- 12.4 If no such replacement index is immediately available, then the Manager shall consider the possibility of seeking an index provider to create an index that is substantially similar to the Index or, if necessary, to consider whether liquidating the Fund would be in the overall best interests of Holders. The consent of the Trustee and Supervisory Committee is required before the Manager is permitted to proceed. During the period of transition when a benchmark index is not available, the Manager will continue to manage the Fund's portfolio in a manner consistent with the passive style of an index-tracking fund and in accordance with the methodology of the Index to the extent that the Manager is able to determine.
- 13.1 The Manager will seek to achieve the Fund's investment objective by causing the Fund to invest substantially all of the Fund's assets in debt obligations denominated in Singapore dollars issued or guaranteed by the government of Singapore (or any other Asian Government), by an agency or instrumentality of the Singapore government (or any other Asian Government), by a Singapore government (or any other Asian Government) sponsored entity or a quasi-Singapore government (or any other Asian Government) entity and Singapore dollar denominated debt obligations issued by supranational financial institutions, in each case as determined by the Index Provider and which are for the time being constituent securities of the Index ("**Index Securities**") in the same approximate proportion as their weightings within the Index (i.e. using a full replication strategy). The composition and weightings of the constituent securities of the Index are disclosed in Appendix 1 of this Prospectus. The Manager may also invest in certain securities other than Index Securities ("**Non-Index Securities**") by adopting a representative sampling strategy or similar strategy. Representative sampling is a strategy investing in a representative sample of securities in the Index which have a similar investment profile as that of the Index. Securities selected have aggregate characteristics (such as yield and duration) similar to those of the Index. Under the representative sampling strategy, the Fund will generally not hold all the securities that are included in the Index.
- 13.2 The Fund will invest substantially all of the Fund's assets in debt obligations determined by the Index Provider as being constituent securities of the Index. The Fund may therefore invest in debt obligations denominated in Singapore dollars issued or guaranteed by any Asian Government, by an agency or instrumentality of any Asian Government, by an Asian Government sponsored entity or a quasi-Asian Government entity if such Asian Government

debt obligations are determined by the Index Provider as being constituent securities of the Index.

- 13.3 In view of Singapore's fixed income market liquidity, the Manager may cause the Fund to invest in certain Non-Index Securities in order to minimise the Fund's tracking error relative to the performance of the Index. Eligible Non-Index Securities are Singapore dollar denominated securities which are not Index Securities but which are issued by an issuer of Index Securities, and having a minimum issue size of S\$100 million (or such other amount as determined by the Manager from time to time with the prior approval of the Trustee and the Supervisory Committee) and in the opinion of the Manager, the Non-Index Securities are substantially similar to comparable Index Securities and have characteristics that are consistent with the investment objective of the Fund. The total exposure to Non-Index Securities is limited to twenty per cent. (20%) of the Value of the Fund's Deposited Property.
- 13.4 The Manager will rebalance the Fund's portfolio of investments from time to time to reflect any changes to the composition of, or the weighting of securities in, the Index with a view to minimising tracking error of the Fund's overall returns relative to the performance of the Index. Such rebalancing may be in the form of investments in Non-Index Securities.
- 13.5 The Fund does not use or invest in any financial derivative instruments. The Fund does not have exposures to commodities through financial derivatives or investments referred to in paragraph 2.10 or 2.12(b) of Appendix 1 – Investment: Core Requirements of the CIS Code.
- 13.6 The Fund does not engage in any securities lending and repurchase transactions.
- 13.7 You should note that the Units are Excluded Investment Products and prescribed capital markets products. Accordingly, the Fund does not invest and will not invest in any product and does not engage and will not engage in any transaction which may cause the Units not to be regarded as Excluded Investment Products and prescribed capital markets products.
- 13.8 The Manager has a dedicated and independent risk and performance management team which oversees the individual portfolio risks. The Manager's portfolio risk management philosophy encompasses the whole investment process from formulation to implementation. Risk management and performance analysis is an integral part of the Manager's investment process. The risks are quantified and broken down into its components through tools employed by the risk and performance management team and monitored closely.
- 13.9 Neither the Manager nor the Trustee shall alter the investment objective of the Fund, unless otherwise agreed by an Extraordinary Resolution in a meeting of Holders duly convened and held in accordance with the provisions of the Trust Deed.
- 13.10 The investment policy has been adhered to for 3 years following the issue of the first prospectus of the Fund and will continue to be adhered to unless otherwise agreed by the Holders by an Extraordinary Resolution in a meeting of Holders duly convened and held in accordance with the provisions of the Trust Deed.
- 14.1 Unlike "actively managed" unit trusts and mutual funds, in its management of the Fund, the Manager does not attempt to outperform the Index nor does it seek temporary defensive positions when markets decline or appear overvalued by some standards. Accordingly, a fall in the Index may result in a corresponding fall in the NAV of the Fund. The other aspects of the passive management methodology to be employed by the Manager are described as follows:
- 14.2 Correlation. Correlation measures the degree to which the periodically measured total return of one investment resembles that of another investment. An index is a theoretical financial calculation while the Fund is an actual investment portfolio. The performance of the Fund and

the Index will vary somewhat due to fees and expenses, transaction costs, variations in their constituent securities, market impact and timing variances. You should therefore note that there is no assurance that the Fund will be able to fully track the performance of the Index. The Manager expects that, over time, the correlation between the Fund's total return and that of the Index, before fees and expenses, will be ninety-five per cent. (95%) or better. A figure of one-hundred per cent. (100%) would indicate perfect correlation. The Manager expects that the tracking error between pre-expense total returns of the Fund and the Index will not be more than 40 basis points on an annual basis. The tracking error is a measure of the variation between the Fund's total return and the total return of the Index; the Fund's pre-expense total returns should differ from the total return of the Index by less than this tracking error amount most of the time. While the Manager expects to achieve the above correlation, neither the Manager nor the Trustee shall be liable if the actual correlation of the Fund's total returns, before fees and expenses, and that of the Index is less than the anticipated correlation. The Manager will make an announcement on the SGXNET if the tracking error for any month exceeds 40 basis points on an annual basis. In order to minimize the tracking error, it is the intention of the Manager that the Fund will be passively managed with its portfolio's duration, yield curve and credit risk matched closely to that of the Index at all times. The Fund's portfolio securities will be chosen in a way that the Fund's average portfolio duration, sector, maturity bucket distribution, yield curve risk and credit risk is similar to that of the Index, subject always to availability of the relevant Index Securities in the market at the time of investment or purchase. Index Securities are always preferred to Non-Index Securities as portfolio holdings in order to match the Index. It is therefore the intention of the Manager to invest in Non-Index Securities as a substitute for Index Securities when the required Index Securities are unavailable at a reasonable price in the market at the time of investment or purchase.

14.3 Investment restrictions. Under the CIS Code, the Fund is classified as an index fund and the Fund will be subject to the investment guidelines for index funds set out in Appendix 5 of the CIS Code as well as the investment guidelines in Appendix 1 of the CIS Code. As the Fund is registered by the Central Provident Fund Board as an eligible investment under the CPF Investment Scheme, the Trust Deed requires the Manager to also comply with the CPF Investment Guidelines in the management of the Fund. In addition to the CIS Code and the CPF Investment Guidelines, the Fund is subject to a number of additional investment limitations in the Trust Deed. The Fund shall:

- (i) hold Non-Index Securities not exceeding twenty per cent. (20%) of the Value of the Deposited Property;
- (ii) hold cash and deposits not exceeding ten per cent. (10%) of the Value of the Deposited Property (except upon receipt of cash subscriptions or in order to fund cash payments on redemptions) or five per cent. (5%) of the Value of the Deposited Property with any one single institution;
- (iii) not invest in equities;
- (iv) not use or invest in derivatives; and
- (v) not invest in warrants, commodities and/or precious metals.

The Fund will also not invest in any product and/or engage in any transaction which may cause the Units not to be regarded as Excluded Investment Products and prescribed capital markets products.

14.4 The Manager will apply the following credit rating requirements for any counterparty or bank with which it deposits or invests cash:

- (i) banks must be rated A3 and above by Moody's Investors Services, Inc. ("**Moody's**") or its equivalent rated by Standard and Poor's, a division of the McGraw-Hill Companies, Inc. ("**S&P's**") or Fitch Inc., Fitch Ratings Ltd and its subsidiaries ("**Fitch**") for at least one of the following rating types:
 - (a) long-term senior unsecured debt or equivalent rating type;
 - (b) issuer rating from Moody's; or
 - (c) long-term issuer credit rating from S&P's;
 - (ii) if a long-term senior unsecured debt or issuer rating is not available, banks in relation to fixed deposits maturing in less than one (1) year must be rated Prime-1 and above by Moody's or its equivalent rated by S&P's or Fitch; and
 - (iii) a bank which does not meet the rating requirements in paragraphs 14.4(i) or (ii) above can still be appointed provided it is an approved counterparty as set out in the Trust Deed (the list set out in the Trust Deed can be updated from time to time by the Manager upon approval of the Trustee).
- 14.5 The Manager has established a set of internal credit assessment standards and has put in place a credit assessment process to ensure that its investments are in line with these standards. Information on the Manager's credit assessment process will be made available to investors upon request.
- 14.6 In order to achieve the Fund's investment objective, the Manager may invest in both Index Securities and Non-Index Securities. Such Index Securities and Non-Index Securities may include both listed and unlisted securities.
- 15.1 Under the terms of the Trust Deed, the Fund may at any time and from time to time borrow, on a temporary basis for a borrowing period not exceeding one (1) month, for the purposes of meeting redemption and bridging requirements. Aggregate borrowings for such purposes should not exceed ten per cent. (10%) of the NAV of the Fund at the time the borrowing is incurred.
- 15.2 The base currency of the Fund is SGD and the Fund will issue Units denominated in SGD.

VII CPF INVESTMENT SCHEME

- 16.1 The Fund is included under the Central Provident Fund ("**CPF**") Investment Scheme ("**CPFIS**") – Ordinary Account (the "**CPF Ordinary Account**") for subscription by members of the public using their CPF monies and is classified under the category of Low to Medium Risk – Narrowly Focused – Country Singapore.
- 16.2 The CPF interest rate for the CPF Ordinary Account is based on the 12-month fixed deposit and month-end savings rates of the major local banks. Under the CPF Act, the CPF Board pays a minimum interest of 2.5% per annum when this interest formula yields a lower rate.

Savings in the Special Account and Medisave Account ("**SMA**") are invested in Special Singapore Government Securities (SSGS) which earn an interest rate pegged to either the 12-month average yield of 10-year Singapore Government Securities (10YSGS) plus 1%, or 4% whichever is the higher, adjusted quarterly.

New Retirement Account ("**RA**") savings are invested in SSGS which earn a fixed coupon rate equal to either the 12-month average yield of the 10YSGS plus 1% computed for the year, or

4%, whichever is the higher. The interest credited to the RA is based on the weighted average interest rate of the entire portfolio of these SSGS invested using new and existing RA savings and is adjusted yearly in January.

As announced by the CPF Board, the Singapore government will maintain the 4% p.a. minimum rate for interest earned on all SMA and RA monies until 31 December 2022. Thereafter, interest rates on all CPF account monies will be subject to a minimum rate of 2.5% p.a..

The first \$60,000 of a CPF member's combined CPF accounts earns an extra 1% interest. To enable members to earn extra interest, only monies in excess of \$20,000 in a member's CPF Ordinary Account and \$40,000 in the Special Account can be invested.

You should note that the applicable interest rates for each of the CPF accounts may be varied by the CPF Board from time to time.

- 16.3 You may use your CPF monies in your CPF ordinary account to acquire Units on the SGX-ST. Units acquired using CPF monies may only be disposed of through trading on the SGX-ST.

VIII FEES AND CHARGES

- 17.1 You will have to pay the following fees and charges:

For purchase and sale of Units on the SGX-ST using cash, CPF monies or SRS monies

- | | | |
|--|---|---|
| (a) Subscription fee or preliminary charge | - | Nil. |
| (b) Realisation Charge | - | Nil. |
| (c) Switching fee | - | Not applicable. |
| (d) Any other fee | - | <u>Cost of Dealing on the SGX-ST</u>
If you deal on the SGX-ST, you will typically not bear any costs related to the creation and redemption of Units. However, you will need to pay brokers' commissions, clearing fees and other costs associated with dealing on the SGX-ST. These amounts are subject to your individual agreement with, and are paid directly by you to, your broker, the CDP and your other service providers (including CPF agent banks and SRS operators). |

For subscription and/or redemption of Units in cash by or through Participating Dealers

- | | | |
|--|---|---|
| (a) Subscription fee or preliminary charge | - | Nil. |
| (b) Realisation Charge | - | Nil. |
| (c) Switching fee | - | Not applicable. |
| (d) Duties and Charges | - | Up to a maximum of 0.50% of the subscription or redemption amount (as the case may be) will be payable to the Fund. |

Under the terms of the Trust Deed, for subscription and/or redemption of Units in cash, the Manager is entitled to charge Duties and Charges for the account of the Fund which would be used to defray the Fund's costs in the form of stamp duties and taxes in investing cash for assets or realising Fund's assets for cash, and where there are large subscription or redemption requests, to prevent the NAV of the Fund from being diluted by the high transactional costs which would be incurred by the Fund, the Manager has the discretion to charge higher Duties and Charges. The Manager may, in its absolute discretion, waive either absolutely or subject to such conditions as it deems fit all or part of the Duties and Charges.

- (e) Any other fee - Nil. However, the Participating Dealers may charge you a commission to act on your behalf in submitting subscription and/or redemption requests to the Registrar. Please contact the relevant Participating Dealer for further details.

For subscription and/or redemption of Units in-kind by or through Participating Dealers

- (a) Subscription fee or preliminary charge - Nil.
- (b) Realisation Charge - Nil.
- (c) Switching fee - Not applicable.
- (d) Transaction Fee for each Creation Request - Currently S\$2,500 per request. Maximum S\$2,500 per request.
- (e) Transaction Fee for each Redemption Request - Currently S\$2,500 per request. Maximum S\$2,500 per request.

Under the terms of the Trust Deed, for subscription and/or redemption of Units in-kind, the Manager is entitled to charge the Participating Dealers the Transaction Fee for the account of the Fund. The Transaction Fee would be used to defray the Fund's expenses in transfer and other administrative costs involved in creating Units. The Transaction Fee is charged per request, regardless of the number of Creation Units being created or redeemed. The Manager will waive the Transaction Fee for Market Makers of the Fund. The level of the Transaction Fee may be changed with the approval of the Manager, and in case such fee is increased, at least three months' notice will be given to the Participating Dealers. Participating Dealers may require the investors to bear the Transaction Fee.

- (f) Any other fee - Nil. However, Participating Dealers may charge you a commission to act on your behalf in submitting Creation Requests and/or Redemption Requests to the Registrar. Please contact the relevant Participating Dealer for further details.

17.2 The Fund will have to pay the following fees and charges out of its assets:

Payable by the Fund from invested proceeds

- (a) Annual Management Fee - Currently 0.15% per annum of the Fund's NAV; maximum 0.15% per annum of the Fund's NAV.

The Annual Management Fee is retained by the Manager as the Manager does not pay any trailer fees with respect to the Fund.

- (b) Annual Trustee Fee - Currently up to 0.045% per annum of the Fund's NAV; maximum 0.15% per annum of the Fund's NAV.
 - (c) Other fees and charges - Other fees and charges including *inter alia* Custodian fees and Registrar fees may amount to or exceed 0.10% per annum, depending on the proportion that each fee or charge bears to the net asset value of the Fund.
- 17.3 Save for the above, there is no other substantial fee or charge (i.e. 0.10% or more of the Fund's asset value) for the financial year ended 30 June 2021 to be disclosed.

IX RISKS

18. The general risks of investing in the Fund are as follows:
- (a) while the Manager believes that the Fund offers income revenue and potential for capital appreciation, no assurance can be given that these objectives will be achieved. You should read this Prospectus and discuss all risks with your financial and legal advisers before making an investment decision;
 - (b) investments in the Fund are designed to produce returns over the medium to long-term and are not suitable for short term speculation. You should be aware that the price of Units, and the income from them, may go up as well as down, and that past performance is not necessarily a guide to the future performance of the Fund. A possible loss of the principal invested cannot be ruled out;
 - (c) the risks of investments made by a collective investment scheme include economic, political, foreign exchange, liquidity, regulatory, interest rate, default and repatriation risks; and
 - (d) dealings in the Units and the calculation of the NAV may be suspended in certain circumstances and the redemption of Units may be suspended or deferred in certain circumstances as provided for in the Trust Deed and described in the section entitled "Suspension of Dealings" in paragraph 34 below.
19. The specific risks of investing in the Fund are as follows:
- (a) Market risk. The Fund's NAV and trading prices will react to securities markets movements. You may lose money over short periods due to fluctuation in the Fund's NAV and trading price in response to market movements, and over longer periods during market downturns.
 - (b) Interest rate risk. Because the Fund invests in fixed-income securities, the Fund is subject to interest rate risk. Interest rate risk is the risk that the value of the Fund's portfolio will decline because of rising interest rates. Interest rate risk is generally lower for shorter-term investments and higher for longer-term investments.

- (c) Income risk. There is a risk that the income from the Fund's portfolio will decline because of falling market interest rates. This can result when, in a declining interest rate market, the Fund receives in-kind deposits of portfolio securities in connection with creations of new Units, or reinvests proceeds of securities maturing or sold out of the portfolio in longer-term securities as part of the Fund's attempt to match the maturity or duration of the Index, at market interest rates that are below the portfolio's then-current earnings rate.
- (d) Credit risk. The value of the Fund is subject to risk resulting from changes in the credit worthiness of its underlying investments. For example, an issuer of a bond might not be able to meet its obligation to make interest and principal payments, or bond investors as a whole may downgrade their view of the issuer resulting in a deterioration of the price of the issuer's debt.
- (e) Tracking error risk. Changes in the NAV of the Fund are unlikely to replicate exactly changes in the Index due to various factors. Factors such as fees and expenses of the Fund, liquidity of the market, imperfect correlation of returns between the Fund's securities and those in the Index, changes to the Index and regulatory policies may affect the Manager's ability to achieve close correlation with the Index of the Fund. Imperfect correlation between the returns of portfolio securities and the Index is more likely to happen to the extent that the Fund invests in securities that are Non-Index Securities or invests in those Index Securities with different weighting from that of the Index. The Fund's returns may therefore deviate from those of the Index. However, a fall in the Index may result in a corresponding fall in the NAV of the Fund.
- (f) Fees and expenses. The level of fees and expenses payable by the Fund may fluctuate. Accordingly, no assurances can be given as to the actual level of the Fund's expenses.
- (g) Absence of prior active market. Although the Units are currently 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 Index.
- (h) Liquidity risk. The price at which portfolio securities may be purchased or sold by the Fund upon any rebalancing activities or otherwise and the value of the Units will be adversely affected if trading markets for the Fund's portfolio securities are limited or absent or if bid-offer spreads are wide.
- (i) Trading in Units on the SGX-ST may be suspended. You will not be able to purchase or sell Units on the SGX-ST during any period that the SGX-ST suspends trading in the Units. 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 Creation Units may also be suspended if the trading of Units on the SGX-ST is suspended.
- (j) Units may be delisted from the SGX-ST. The SGX-ST imposes certain requirements for the continued listing of securities, including the Units, on the SGX-ST. There is no assurance that the 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 Fund may be terminated if its Units are delisted from the SGX-ST.

- (k) Units may trade at prices other than NAV. The NAV of the Fund 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 NAV. There is a risk, therefore, that Holders may not be able to buy or sell at a price close to this NAV. The deviation from NAV 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. However, since Units can be created and redeemed (in Creation Unit aggregations at NAV), the Manager believes that large discounts or premiums to the NAVs of Units should not be sustained. The "bid/ask" spread (being the difference between the prices being bid by potential purchasers and the prices being asked by potential sellers) is another source of deviation from NAV. The bid/ask spread can widen during periods of market volatility or market uncertainty, thereby increasing the deviation from NAV.
- (l) Minimum creation and redemption size. Units will only be issued or redeemed in-kind in Creation Unit aggregations (currently 20,000,000 Units, and multiples thereof). Currently, Units will only be issued and redeemed for cash at a minimum of 50,000 Units on a Cash Dealing Day. If you do not hold the minimum redemption number of Units (which is currently 50,000 Units), you may only be able to realise the value of your Units by selling your Units on the SGX-ST at the prevailing trading price of the Units or (if you hold at least such minimum redemption number of Units) by redeeming your Units in multiples of the minimum redemption number of Units on a Cash Dealing Day. However, you should note that the Participating Dealers are under no obligation to redeem your Units. It is expected that most Holders will dispose of their Units by selling them on the SGX-ST.
- (m) Maximum daily dealing limits. The Fund has maximum limits in respect of redemption orders. If you wish to redeem a large number of Units, the order may not be, or may only be partially, accepted on that Dealing Day if the size of the order exceeds the daily limits, or if the combined size of the net redemptions requested for that Dealing Day including those of other Holders exceed the daily limit.
- (n) Risk Associated with the Investment Strategy of the Fund/Lack of discretion of the Manager to adapt to market changes. Unlike many conventional unit trusts, the Fund is not "actively managed". Therefore, the Fund will not adjust the composition of its portfolio except in order to seek to closely correspond to the duration and total return of the Index. The Fund does not try to "beat" the market it tracks and does not seek temporary defensive positions when markets decline or is judged to be overvalued. Accordingly, a fall in the Index may result in a corresponding fall in the NAV of the Fund.
- (o) Reliance on Participating Dealers. The creation and redemption of Units may only be effected through Participating Dealers. The number of Participating Dealers at any given time will be limited. Participating Dealers are under no obligation to accept instructions to apply for or redeem Units on your behalf, and may charge a fee for providing this service. 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 Index is not compiled or published. In addition, Participating Dealers will not be able to create or redeem Units if some other event occurs which impedes the calculation of the NAV of the Fund or disposal of the Fund's portfolio securities cannot be effected.
- (p) Suspension of creations and redemptions. Dealings of Units on the SGX-ST may not necessarily be suspended if the creation and redemption of Units is temporarily suspended by the Manager in accordance with the terms of the Trust 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 market value of the Fund's underlying assets.

- (q) Concentration of the Index in certain issuers. The Index and the investments of the Fund may be concentrated in securities of a single or several issuers. Changes in the financial condition of an issuer, changes in specific economic or political conditions that affect a particular issuer, and changes in general economic or political conditions can affect the value of an issuer's securities. Such issuer-specific changes may have an impact on the securities held by the Fund.
- (r) Asset class risk. The returns generated from the securities in which the Fund invests may not provide returns equivalent to that of other classes of securities or different asset classes. The securities in which the Fund invests may be subject to cycles of underperformance relative to that of other classes of securities.
- (s) EMEAP's investment in the Fund. The Executives' Meeting of East Asia and Pacific Central Banks ("**EMEAP**") member central banks and monetary authorities are like any other investors in the Fund and each of them is entitled to dispose of their respective interest in the Units they hold. There are no guarantees that the EMEAP member central banks and monetary authorities will continue to be investors in the Fund. Should the EMEAP member central banks and monetary authorities decide to sell or redeem all or a portion of their Units, this may have a materially adverse effect on the Fund and the price of the Units.
- (t) Minimum commercial size. The Fund is structured as an index fund with a low total expense ratio (including such items such as Management Fee and Trustee Fee). As with any fund, in order to remain viable, the size of the Fund must be sufficient to cover at least its fixed operating costs; given the low fees, the size of the Fund needs to be significantly larger than other typical unit trusts to remain viable.
- (u) Illiquidity of Singapore dollar bonds. The Fund is invested in Singapore dollar bonds and in certain markets, there may be low levels of liquidity. There is a risk, therefore, that creation or redemption orders (requiring the Manager to respectively buy or sell Index Securities and Non-Index Securities) may have a high cost of dealing, or take some time to be fully integrated into the portfolio holdings of the Fund and thereby cause a disruption in the Fund's asset allocation. Also, it is anticipated that the initial size of the Fund will be relatively large, with the potential effect of more costly periodic portfolio rebalancing.
- (v) Registration or cross-listing of Fund in other markets. The Fund may in the future be registered on other markets, or cross-listed on other exchanges, or otherwise offered in other jurisdictions. As this is expected to improve the liquidity for existing Holders and result in more efficient secondary market pricing due to increased scope for arbitrage, the Manager may be permitted by the Trustee and the Supervisory Committee to charge the related costs to the Fund.
- (w) Licence to use the Index may be terminated. The Manager has been granted a licence by the Index Provider to use the Index in order to create the Fund based on the Index and to use certain trademarks and any copyright in the Index. The Fund may not be able to achieve its objective and may be terminated if the licence agreement between the Manager and the Index Provider is terminated. The Fund may also be terminated if the Index ceases to be compiled or published and there is no replacement index using the same or substantially similar formula for the method of calculation as used in calculating the Index.

- (x) Compilation of the Index. The securities which comprise the Index are determined and composed by the Index Provider without regard to the performance of the Fund. The Fund is not sponsored, endorsed, sold or promoted by the Index Provider. The Index Provider makes no representation or warranty, express or implied, to investors in the Fund or other persons regarding the advisability of investing in securities generally or in the Fund particularly. The Index Provider has no obligation to take the needs of the Trustee, the Manager or investors in the Fund into consideration in determining, composing or calculating the Index. There is no assurance that the Index Provider will compile the Index accurately, or that the Index will be determined, composed or calculated accurately, and consequently there can be no guarantees that its actions will not prejudice the interests of the Fund, the Manager or investors.
- (y) Errors or inaccuracies in the Index. There may be inaccuracies, errors, omissions or mistakes in the compilation or calculation of the Index, which may result in significant deviations between the NAV of the Units and the Index. The accuracy and completeness of the calculation of the Index may be affected by, without limitation, the availability and accuracy of prices for its constituent securities, market factors and errors in its compilation. The Manager and the Trustee are not responsible or involved in the compilation or calculation of the Index, and thus cannot be held responsible or liable for any inaccuracies, errors, omissions or mistakes in such compilation or calculation.
- (z) Composition of the Index may change. The composition of the Index will change as Index Securities mature or are redeemed or as new securities are included in the Index. When this happens the weighting or composition of the securities owned by the Fund would be changed as considered appropriate by the Manager in order to achieve the investment objective. Thus, an investment in Units will generally reflect the Index as its constituents change and not necessarily the way it is comprised at the time of an investment in Units. Appendix 1 of this Prospectus describes how the Index is computed.
- (aa) Singapore Government Political, Economic and Social Risk. Any material changes in the political, economic or social conditions prevailing in the Singapore economy could have a material adverse effect on the NAV of the constituent securities of the Index and consequently on the value of Units.
- (bb) Emerging Market Risk. The Fund may invest in securities issued by certain Asian Governments whose economies are considered to be emerging markets. These markets are subject to special risks associated with foreign investment in these emerging markets including, but not limited to: generally less liquid and less efficient securities markets; generally greater price volatility; exchange rate fluctuations and exchange controls; imposition of restrictions on the expatriation of funds or other assets; less publicly available information about issuers; the imposition of taxes; higher transaction and custody costs; settlement delays and risk of loss; difficulties in enforcing contracts; lesser regulation of securities markets; smaller market capitalisation; different accounting and disclosure standards; governmental interference; greater risk of market shutdown; the risk of expropriation of assets; higher inflation; social, economic and political uncertainties; and the risk of war.

The above is not an exhaustive list of the risks which you should consider before investing in the Fund. You should be aware that an investment in the Fund may be exposed to other risks of an exceptional nature from time to time.

X SUBSCRIPTION OF UNITS

20. How to purchase Units with cash, CPF monies or SRS monies

- 20.1 You may apply for Units using cash (but not CPF monies or SRS monies) through Participating Dealers on any Cash Dealing Day. You may, through the Participating Dealers, submit Creation Requests to the Registrar on every Dealing Day for in-kind subscription of Units (see paragraphs 22 to 23 of this Prospectus for more details) but it is expected that smaller investors who wish to acquire Units will do so by trading in the Units on the SGX-ST. You may buy Units on the SGX-ST through brokers in the same way as how you may buy shares in companies listed on the SGX-ST. You may buy Units in the Fund on the SGX-ST using cash, CPF monies or SRS monies. The use of CPF monies shall be subject to such regulations, directives, requirements or terms and conditions as may be imposed by the CPF Board or the relevant CPF agent bank. Subject to the applicable terms and conditions imposed by the relevant SRS operator and any relevant competent authority, if you wish to subscribe for Units with your SRS monies, you will have to give a written authorisation to the relevant SRS operator for monies to be withdrawn from your SRS account to pay for the subscription of Units.
- 20.2 Payment for Units with cash may be made in such manner stipulated by the Participating Dealers from time to time.
- 20.3 In respect of institutional clients, an investment form may also be obtained directly from the Participating Dealers and, once duly completed, forwarded by the Participating Dealers to the Registrar, together with the subscription monies in respect of the application for Units. You may obtain a list of the Participating Dealers from the Manager.
- 20.4 Notwithstanding anything in this paragraph, the Manager shall retain the absolute discretion to accept or reject any application for Units (including, but not limited to, rejecting any application for Units that is received or deemed received by the Registrar on or before the Dealing Deadline of a Cash Dealing Day that is also an Ex. Dividend Date). If an application for Units is rejected by the Manager, the application monies shall be refunded (without interest) to you within a reasonable time in such manner as the Manager shall determine. No certificates will be issued by the Manager.
- 20.5 Currently, the minimum initial investment and subsequent minimum investment for the Fund in respect of cash subscriptions through Participating Dealers is 50,000 Units or such other investment amount as may be determined from time to time by the Manager upon giving prior notice to the Trustee and with the approval of the Supervisory Committee. If you wish to invest more than the minimum initial investment and subsequent minimum investment, you may do so in increments of 1,000 Units.
- 21.1 The amount that you will have to pay for the number of Units applied for is calculated by multiplying the number of Units applied for by the Issue Price of the Units together with any Duties and Charges and/or the Transaction Fee. The Issue Price of the Units shall be ascertained as follows:
- (i) by dividing the Value of the Deposited Property as at the Valuation Point of the relevant Cash Dealing Day on which applications for Units are deemed to be received by the Manager by the number of Units then in issue and deemed to be in issue; and
 - (ii) by adjusting the resulting total per Unit to the nearest S\$0.0001 (with fractions of S\$0.00005 being round up).

The Manager may add to the Issue Price calculated (but not include within it) such sum (if any) as the Manager may consider represents the appropriate provision for Duties and Charges

and/or the Transaction Fee, which shall be for the account of the Fund. The Issue Price shall be calculated in Singapore dollars. The Issue Price 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.

21.2 Requests for subscription of Units using cash must reach the Registrar on or before the Dealing Deadline (12 noon (Singapore time) or such other time as the Manager may determine with the prior approval of the Trustee and prior notification to the Holders at such time and in such manner as the Trustee may require) for the Cash Dealing Day. If the request for subscription of Units using cash is received by the Registrar after the Dealing Deadline or on a day which is not a Cash Dealing Day, it shall be deemed to be received by the Registrar before the Dealing Deadline for the next Cash Dealing Day. This means that if an application is received by the Registrar on or before the Dealing Deadline on the relevant Cash Dealing Day, the Issue Price you pay will be based on the Value of the Deposited Property on the Dealing Day. You may obtain the Issue Price on the next Business Day from the Manager's website at www.nikkoam.com.sg.

21.3 The following is an illustration of the amount that you will have to pay based on an investment of 50,000 Units through a Participating Dealer and a notional Issue Price of S\$1.05 (the actual Issue Price of the Units will fluctuate according to the Value of the Deposited Property):

50,000 Units Number of Units proposed to be subscribed	x	S\$1.05 Issue Price	=	S\$52,500	+	S\$262.50 Duties and Charges*	=	S\$52,762.50 Total amount payable by investor
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* Assuming that you are charged 0.50% of the subscription amount by the Manager. You should note that in addition to such Duties and Charges, you will also have to bear all commissions charged by the relevant Participating Dealer.

You should note that there may be additional fees and charges (including brokerage fees and charges) payable to the Participating Dealers (as may be determined by the relevant Participating Dealer. The above numerical example has not included the applicable fees and charges payable by you (if any). You should therefore consult the relevant Participating Dealer for the actual amount of all fees and charges that would be payable to the Participating Dealer for assisting you with your subscription application. You should also note that in addition to any additional fee and charges payable to the Participating Dealers, you will also have to bear all brokerage fees charged by your stockbrokers.

The price of Units traded on SGX-ST shall be based on their market prices throughout the trading day for SGX-ST.

You should note that all bank charges (if any) payable in connection with your subscription of Units and the refund of the balance subscription monies (if any) will be borne by you.

21.4 Applications for subscription of Units using cash will only be accepted and processed if the application monies and/or the Duties and Charges in respect of that application have been received in full in cleared funds by or to the order of the Trustee by no later than the second Dealing Day after the Cash Dealing Day, or such other number of Dealing Days after the Cash Dealing Day as may be determined and agreed between the Trustee and the Manager ("**Cash Settlement Date**").

If the above is not satisfied, the application for subscription of Units will be cancelled. Participating Dealers will be liable for all direct and indirect losses incurred by the Fund resulting

from applications submitted by them that are cancelled, including, the Duties and Charges, interest costs incurred by the Fund and any losses arising in respect of the Fund's purchase and sale of Investments in connection with such cancellation (including the difference between the NAV on the Cash Settlement Date compared to the relevant Dealing Day).

- 21.5 The Issue Price excludes any subscription fee or preliminary charge as no subscription fee or preliminary charge is payable.

How to subscribe for Units in-kind

- 22.1 For so long as the Units are listed, quoted and traded on the SGX-ST, the Manager may issue Units in blocks of 20,000,000 Units (each a "**Creation Unit**") or multiples thereof on a continuous basis on every Dealing Day to Participating Dealers at the Issue Price for that Creation Unit. The Issue Price for the Creation Unit shall be ascertained as follows:
- (i) by dividing the Value of the Deposited Property at the Valuation Point of the relevant Dealing Day on which applications for Creation Units are deemed to be received by the Manager by the number of Units then in issue and deemed to be in issue;
 - (ii) by adjusting the resulting total per Unit to the nearest S\$0.0001 (with fractions of S\$0.00005 being rounded up);
 - (iii) by multiplying the resulting total by the number of Units comprising a Creation Unit aggregation; and
 - (iv) thereafter by adjusting the amount to the nearest S\$0.01 (with fractions of S\$0.005 being rounded up).

The Manager may add to the Issue Price calculated (but not include within it) such sum (if any) as the Manager may consider represents the appropriate provision for the Transaction Fee, which shall be for the account of the Fund. The Issue Price for the Creation Unit shall be calculated in Singapore dollars. The Issue Price for the Creation Unit shall be based on forward pricing which means that the Issue Price of the Units shall not be ascertainable at the time of request to create the Creation Unit.

Procedures for Creation of Units

- 22.2 If you wish to create Units by subscribing for Units in-kind, you must approach a Participating Dealer to do so on your behalf. The Participating Dealer may require you to complete a form. In addition, the Participating Dealer may request that you make certain representations or enter into agreements with respect to the order, for example, to provide for payments of cash, when required. You should be aware that your broker or dealer may not have executed a Participant Agreement and that, therefore, your broker or dealer may have to place orders to create Units through a Participating Dealer that has entered into a Participant Agreement. In such cases, you may have to pay additional charges. At any given time, there may be only one or a limited number of Participating Dealers.
- 22.3 Creation Requests received from Participating Dealers and accepted by the Manager on or before the Dealing Deadline (5.30 p.m. (Singapore time) or such other time as the Manager may determine with the prior approval of the Trustee and prior notification to the Holders at such time and in such manner as the Trustee may require) on each Dealing Day will be issued at that Dealing Day's Issue Price as calculated in accordance with paragraph 22.1 of this Prospectus. Creation Requests received from Participating Dealers after the Dealing Deadline or on a day which is not a Dealing Day shall be deemed to be received by the Registrar before the Dealing Deadline for the next Dealing Day. If you place an order for Units, you should afford

sufficient time for the order to be properly submitted by the Participating Dealers to the Registrar prior to the Dealing Deadline on the relevant Dealing Day.

- 22.4 When submitting the Creation Request, the Participating Dealer should tender to the Custodian of the Fund the Index Securities and Non-Index Securities as comprising a Deposit Basket for each Creation Unit no later than two (2) Dealing Days following the relevant Dealing Date, or such other number of Dealing Days following the relevant Dealing Date as may be determined and agreed between the Trustee and the Manager (the "**Settlement Date**") in accordance with the terms of the Participant Agreement. The delivery of Units properly applied for will occur in accordance with the terms of the Participant Agreement which is normally no later than the Settlement Date in accordance with the terms of the Participant Agreement.
- 22.5 The creation of Units in Creation Unit aggregations will only be done if the following are satisfied:
- (i) the Index Securities and Non-Index Securities delivered to the Custodian in respect of that issue of Creation Units have been approved by the Manager as comprising a Deposit Basket with respect to the relevant Dealing Date and the Value of any Non-Index Securities does not exceed twenty per cent. (20%) (or such other percentage as determined by the Manager from time to time and approved by the Trustee and the Supervisory Committee) of the Issue Price on the previous Dealing Day;
 - (ii) the aggregate of (a) the Value of the Index Securities and Non-Index Securities on the relevant Dealing Date delivered to the Custodian and (b) the amount of cash paid to or to the order of the Trustee or Custodian in respect of the Cash Issue Component for the Creation Unit aggregation (as described in paragraph 22.6 below) is equal to the Issue Price for that Creation Unit aggregation;
 - (iii) the Index Securities and Non-Index Securities have been vested upon the trusts hereof in the Trustee to the Trustee's satisfaction or satisfactory evidence of title and instruments of transfer shall have been produced to or to the order of the Trustee by such time and date as determined therefor by the Manager in its discretion, provided that such date shall occur no later than the relevant Settlement Date; and
 - (iv) the full amount of the Cash Issue Component, the Duties and Charges and/or Transaction Fee in respect of that Creation Unit size shall have been received in full in cleared funds by or to the order of the Trustee by such time and date as determined therefor by the Manager in its discretion, provided that such date shall occur no later than the relevant Settlement Date.

If any of the above is not satisfied, the creation order will be cancelled. Participating Dealers will be liable for all direct and indirect losses incurred by the Fund resulting from creation orders submitted by them, including, the Transaction Fee, interest costs incurred by the Fund and any losses arising in respect of the Fund's purchase and sale of Investments in connection with such cancellation (including the difference between the NAV on the Settlement Date compared to the relevant Dealing Day).

- 22.6 The Cash Issue Component of a Creation Unit is the difference between the Value of the Index Securities and Non-Index Securities constituting a Deposit Basket on the relevant Dealing Date delivered to the Custodian and the Issue Price of the Creation Unit as calculated in paragraph 22.1. If the Cash Issue Component, after taking into account of any Duties and Charges and/or Transaction Fee is a negative amount no cash shall be payable or paid by a Participating Dealer, but a cash amount equal to the negative shall be paid by the Trustee to the Participating Dealer no later than two (2) Dealing Days following the relevant Dealing Date, or such other

number of Dealing Days following the relevant Dealing Date as may be determined and agreed between the Trustee and the Manager.

Acceptance of Orders for Creation Unit aggregations

22.7 The Trustee and the Manager reserve the absolute right without giving any reason therefor to reject a Creation Request transmitted to the Registrar (including, but not limited to, rejecting any Creation Request that is received or deemed received by the Registrar on or before the Dealing Deadline of a Dealing Day that is also an Ex. Dividend Date). The Manager currently intends to reject a Creation Request if:

- (i) the order is not in proper form; or
- (ii) under applicable law or regulation, the applicant (on whose behalf the Participating Dealer is acting) is not eligible to subscribe for, purchase or hold Units, or in the discretion of the Trustee or the Manager the purchase or holding of Units by the applicant might result in the Fund, the Manager or the Trustee incurring any liability to tax or suffering any other financial disadvantage or becoming subject to any law or regulation which they might not otherwise have incurred or suffered or become subject to.

The Registrar will notify the Participating Dealer of any rejection of an order placed by that Participating Dealer. The Trustee, the Manager and the Custodian are under no duty to provide reasons for rejecting a Creation Request in respect of the Fund.

23. The Manager may, with the approval of the Trustee, at its discretion change the number of Units comprising a Creation Unit aggregation for the purpose of effecting creations of Units.

The following Paragraphs 24 and 25 are applicable to subscribing for Units in cash and in-kind

24. For every successful application for Units, the Participating Dealer will be sent a confirmation detailing the number of Units allotted within seven (7) Business Days of the receipt of the application by the Registrar. All Units created through subscription of Units through the Participating Dealers will be entered on the records of CDP in the name of the Participating Dealer or its nominee.

25. No Units will be issued and no Creation Requests will be accepted during any period when the creation and redemption of Units is suspended (see paragraph 34 entitled "Suspension of Dealings" below).

XI REALISATION OF UNITS

26. How to sell Units for cash or Units which were purchased with CPF monies or SRS monies

26.1 You may apply to redeem Units for cash (but not CPF monies or SRS monies) through Participating Dealers on any Cash Dealing Day. If you wish to dispose of less than the minimum redemption number of Units (as set out in paragraph 27), you may only do so on the SGX-ST. You may, through the Participating Dealers, submit Redemption Requests on every Dealing Day for in-kind redemption of Units (see paragraph 29 of this Prospectus for more details) but it is expected that smaller investors who wish to redeem Units will do so by trading in the Units on the SGX-ST. You may sell your Units for cash or sell your Units which were purchased with CPF monies or SRS monies on the SGX-ST through brokers in the same way as how you may sell shares in companies listed on the SGX-ST.

- 26.2 You may redeem Units in cash through completing the realisation request (or such other form as the Manager may approve from time to time) and forwarding the same to Participating Dealers. However, if you have applied to subscribe for Units using cash on the Cash Dealing Day in any week, you shall not be entitled to redeem the Units to be issued to you until the following Cash Dealing Day.
27. There is no minimum holding amount for the Units. The minimum redemption number of Units in respect of cash redemptions through Participating Dealers is 50,000 Units or such other number of Units as may be determined from time to time by the Manager upon giving prior notice to the Trustee and with the approval of the Supervisory Committee. Holders with less than the minimum redemption number of Units may only sell their Units for cash by trading in the Units on the SGX-ST.
- 28.1 The net redemption proceeds are calculated by multiplying the number of Units to be redeemed by the Redemption Value of the Units on the Cash Dealing Day which shall be ascertained as follows:
- (i) by dividing the Value of the Deposited Property at the Valuation Point of each Dealing Day on which applications to redeem Units are deemed to be received by the Manager by the number of Units then in issue and deemed to be in issue; and
 - (ii) by adjusting the resulting total per Unit to the nearest S\$0.0001 (with fractions of S\$0.00005 being round up).

The Manager may deduct from the redemption proceeds such sum (if any) as the Manager may consider represents the appropriate provision for Duties and Charges and/or the Transaction Fee, which shall be for the account of the Fund. The Redemption Value shall be calculated in Singapore dollars and shall be based on forward pricing which means that the Redemption Value of the Units shall not be ascertainable at the time of application to redeem Units.

- 28.2 Applications to redeem Units for cash must reach the Registrar on or before the Dealing Deadline (12 noon (Singapore time) or such other time as the Manager may determine with the prior approval of the Trustee and prior notification to the Holders at such time and in such manner as the Trustee may require) on the Cash Dealing Day. If the request to redeem Units for cash is received by the Registrar after the Dealing Deadline or on a day which is not a Cash Dealing Day, it shall be deemed to be received by the Registrar before the Dealing Deadline for the next Cash Dealing Day. This means that if an application is received by the Registrar on or before the Dealing Deadline on the Cash Dealing Day, the Redemption Value you will get will be based on the Value of the Deposited Property on the Dealing Day. You may obtain the Redemption Value on the next Business Day from the Manager's website at www.nikkoam.com.sg.
- 28.3 The following is an illustration of the net redemption proceeds that you will receive based on the redemption of 50,000 Units through a Participating Dealer and a notional Redemption Value of S\$1.05 (the actual Redemption Value of the Units will fluctuate according to the Value of the Deposited Property).

50,000	x	S\$1.05	=	S\$52,500	–	S\$262.50	=	S\$52,237.50
No. of Units Redeemed		Redemption Value		Gross Redemption Proceeds		Duties and Charges*		Net Redemption Proceeds

* Assuming that you are charged 0.50% of the gross redemption proceeds by the Manager. You should note that in addition to such Duties and Charges, you will also have to bear all commissions charged by the relevant Participating Dealer.

- 28.4 Where Units are to be redeemed for cash, the Manager shall proceed to effect any sales of Investments necessary to provide the cash required to pay the realisation proceeds and notify the Trustee that those Units are to be redeemed and cancelled. In such event the Fund shall be reduced by the cancellation of those Units on the Cash Settlement Date and for settlement on that Cash Settlement Date the Trustee shall pay the realisation proceeds to the relevant Holder. Notwithstanding the foregoing, no realisation proceeds shall be paid unless Units, the subject of the application to redeem Units for cash, have been delivered to the Trustee for redemption by such time on the Cash Settlement Date as the Trustee and the Manager shall for the time being prescribe. If Units are not delivered to the Trustee for redemption in accordance with the foregoing: (i) the application for redemption for cash shall be deemed never to have been made (except that the Duties and Charges shall remain due and payable) and (ii) the Manager may, but shall not be bound to, charge the applicant (for the account of the Fund) a cancellation fee of such amount as it may from time to time determine to represent the administrative costs involved in processing the redemption request, and any losses arising in respect of the Fund's sale and purchase of Investments and any interest costs incurred by the Fund in connection with such failed redemption. In addition, the Manager may, but shall not be bound to require the Participating Dealer to pay to the Trustee for the account of the Fund in respect of each Unit, the subject of the application for redemption of Units for cash, 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 as if the Manager had received on the relevant Cash Settlement Date in relation to such Units to be redeemed an application from such applicant for the subscription of such Units in accordance with the provisions of paragraph 21 of this Prospectus.
- 28.5 The Redemption Value excludes Realisation Charge as no Realisation Charge is payable.
- 28.6 Payment will be made within two (2) Business Days after the Cash Dealing Day, or such other number of Business Days after the Cash Dealing Day as may be determined and agreed between the Trustee and the Manager, subject to the provisions of the Trust Deed. For Units purchased with cash, the net redemption proceeds shall be paid to the Participating Dealer.

How to redeem Units in-kind

- 29.1 For so long as the Units are listed, quoted and traded on the SGX-ST, the Manager shall determine and designate the Index Securities and Non-Index Securities comprising the Redemption Basket applicable to requests to redeem Units in Redemption Unit aggregations submitted with respect to that Dealing Day. The Manager shall permit redemption of a Creation Unit or whole-number multiples thereof on a continuous basis on every Dealing Day to Participating Dealers at the Redemption Value for that Creation Unit. On receipt of a Redemption Request by the Registrar from a Participating Dealer on behalf of a Holder which complies with the requirements as set out in paragraph 29.7 below, the Manager shall effect the redemption of the Units, in Redemption Unit aggregations, specified in the Redemption Request for proceeds equivalent to the Redemption Value of each Creation Unit aggregation to be redeemed, such proceeds to be by way of a transfer by or on behalf of the Trustee *in specie* of the Redemption Securities (as defined in paragraph 29.4) and payment by or on behalf of the Trustee in cash of the Cash Redemption Component (if positive) determined as at the Dealing Day. The Redemption Value for the Redemption Unit shall be ascertained as follows:

- (i) by dividing the Value of the Deposited Property at the Valuation Point of each Dealing Day on which applications to redeem the Creation Unit are deemed to be received by the Manager by the number of Units then in issue and deemed to be in issue;
- (ii) by adjusting the resulting total per Unit to the nearest S\$0.0001 (with fractions of S\$0.00005 being rounded up);
- (iii) by multiplying the resulting total by the number of Units comprising a Creation Unit aggregation; and
- (iv) thereafter by adjusting the amount to the nearest S\$0.01 (with fractions of S\$0.005 being rounded up).

The Manager may set off against any Cash Redemption Component payable to a Participating Dealer such sum (if any) as the Manager may consider represents the appropriate provision for the Transaction Fees, which deduction shall be for the account of the Fund. To the extent that the Cash Redemption Component is insufficient to pay such Transaction Fees payable on such redemption, the Participating Dealer shall promptly pay the shortfall in Singapore dollars to or to the order of the Trustee and the Trustee shall not be obliged to deliver (and shall have a general lien over) the Redemption Securities until such shortfall is paid in full to or to the order of the Trustee. The Redemption Value for the Redemption Unit shall be based on forward pricing which means that the Redemption Value of the Units shall not be ascertainable at the time of request to redeem the Redemption Unit.

Procedures for Redemption of Units in-kind

- 29.2 If you have applied to subscribe for Units in-kind on any Dealing Day, you will not be entitled to redeem the Units to be issued to you until after the Settlement Date in respect of that Dealing Day. If you wish to redeem Units in-kind, you must approach a Participating Dealer to do so on your behalf. The Participating Dealer may require you to complete a form. In addition, the Participating Dealer may request that you make certain representations or enter into agreements with respect to the order, for example, to provide for payments of cash, when required. You should be aware that your broker or dealer may not have executed a Participant Agreement and that, therefore, your broker or dealer would have to place orders to redeem Units through a Participating Dealer that has entered into a Participant Agreement. In such cases, you may have to pay additional charges. At any given time, there may be only one or a limited number of Participating Dealers.
- 29.3 Redemption Requests received from Participating Dealers and accepted by the Registrar on or before the Dealing Deadline (5.30 p.m. (Singapore time) or such other time as the Manager may determine with the prior approval of the Trustee and prior notification to the Holders at such time and in such manner as the Trustee may require) on each Dealing Day will be redeemed at that Dealing Day's Redemption Value as calculated in accordance with paragraph 29.1 of this Prospectus. Redemption Requests received from Participating Dealers after the Dealing Deadline or on a day which is not a Dealing Day shall be deemed to be received by the Registrar before the Dealing Deadline for the next Dealing Day. If you place an order to redeem Units, you should afford sufficient time for the order to be properly submitted by the Participating Dealers to the Registrar prior to the Dealing Deadline on the relevant Dealing Day.
- 29.4 The Index Securities and Non-Index Securities comprising the Redemption Basket ("**Redemption Securities**") distributable and Cash Redemption Component (less any Transaction Fees) in respect of the redemption of Units may be transferred or paid sooner but shall, subject to the provisions of paragraph 32 of this Prospectus, be distributable and payable no later than the Settlement Date provided that the Units, which are the subject of the redemption request, have been delivered to the Trustee by the Settlement Date and the full

amount of the Cash Redemption Component (if negative) and any additional sums payable under paragraph 31 and/or the Transaction Fees payable have been deducted and set-off or otherwise paid in full by the Settlement Date. For the purposes of this paragraph 29.4, the Holder on whose behalf a Redemption Request is made by a Participating Dealer shall be deemed to authorise (i) the transfer of the Redemption Securities by book entry to the designated stock account and (ii) the payment of the Cash Redemption Component by book entry payment to the designated cash account or by telegraphic transfer to a bank account in the name or to the order, in each case, of that Participating Dealer by or through whom that redemption request was made. The Cash Redemption Component shall be paid in Singapore dollars and, if paid by telegraphic transfer, shall be paid to a Singapore dollar account of a Singapore bank, unless otherwise agreed by the Manager.

29.5 Where Units are to be redeemed, the Manager shall proceed to effect any sales of Investments necessary to provide the cash required to pay the Cash Redemption Component and notify the Trustee that those Units are to be redeemed and cancelled. In such event the Fund shall be reduced by the cancellation of those Units on that Settlement Date and for settlement on that Settlement Date (or such later date as may from time to time be determined by the Manager with the consent of the Trustee) the Trustee shall transfer the applicable Redemption Securities out of the Deposited Property to or to the order of the Participating Dealer through which the redeeming Holder made his redemption request and shall pay the Cash Redemption Component to the relevant Holder within two (2) Dealing Days after the relevant Dealing Day, or such other number of Dealing Days after the relevant Dealing Day as may be determined and agreed between the Trustee and the Manager. Notwithstanding the foregoing, no Redemption Securities shall be delivered and no Cash Redemption Component shall be paid unless Units, the subject of the Redemption Request, have been delivered to the Trustee for redemption by such time on the Settlement Date as the Trustee and the Manager shall for the time being prescribe for such Redemption Request. The Manager, with prior approval of the Trustee, may at its discretion extend the settlement period, such extension to be on such terms and conditions (including as to the payment of any fees it may determine to represent the administrative costs involved in extending the Settlement Date) as the Manager may determine. If Units are not delivered to the Trustee for redemption in accordance with the foregoing: (i) the Redemption Request shall be deemed never to have been made (except that the Transaction Fee therefor shall remain due and payable) and (ii) the Manager may, but shall not be bound to, charge the applicant (for the account of the Fund) a cancellation fee of such amount as it may from time to time determine to represent the administrative costs involved in processing the redemption request, and any losses arising in respect of the Fund's sale and purchase of Investments and any interest costs incurred by the Fund in connection with such failed redemption. In addition, the Manager may, but shall not be bound to require the Participating Dealer to pay to the Trustee for the account of the Fund in respect of each Unit, the subject of the Redemption Request, 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 as if the Manager had received on the relevant Settlement Date in relation to such Units to be redeemed an application from such applicant for the creation of such Units in accordance with the provisions of paragraphs 21 to 22 of this Prospectus.

29.6 The Cash Redemption Component of a Creation Unit is the difference between the Value of the Index Securities and Non-Index Securities constituting a Deposit Basket and the Redemption Value of the Creation Unit as calculated in paragraph 29.1 of this Prospectus.

Acceptance of Orders for Redemption of Creation Unit aggregations

29.7 To be effective, a Redemption Request:

- (i) must be given to the Participating Dealer in accordance with a Participant Agreement;

- (ii) must specify the (round) number of Redemption Unit aggregations the subject of the Redemption Request; and
 - (iii) may not be in respect of Units other than as comprising a Redemption Unit aggregation.
30. A Redemption Request once given cannot be revoked or withdrawn without the consent of the Manager.
31. The Manager may from time to time in its absolute discretion substitute an amount of cash to replace any Index Security or Non-Index Security comprised in a Redemption Basket in connection with a request to redeem any Redemption Unit aggregation provided that the aggregate Value of all replaced Index Securities and Non-Index Securities substituted by cash shall not exceed forty per cent. (40%) (or such other percentage as determined by the Manager from time to time and approved by the Trustee and the Supervisory Committee) of the Redemption Value. If the Manager exercises such discretion, the cash in lieu amount shall be equal to the Value of any substituted Index Security or Non-Index Security and shall comprise part of the Cash Redemption Component and each such substituted Index Security or Non-Index Security shall be deemed not to be a Redemption Security comprising part of the Redemption Basket. The Manager shall be entitled in its discretion to charge (for the account of the Fund) to the applicant of any Units for which cash is paid in lieu of delivering any Redemption Securities such additional sum it may consider represents the appropriate provision for expenses incurred by the Fund.

Applicable to redeeming Units in cash and in-kind

32. The Manager shall be entitled to limit the total number of Units which Holders are entitled to redeem on a Dealing Day to ten per cent. (10%) (or such higher percentage as the Manager may determine in any particular case) of the total number of Units in issue (disregarding any Units which have been agreed to be issued), such limitation to be applied (subject as provided in the last sentence of this paragraph) *pro rata* to all Participating Dealers who have validly requested redemptions to be effected on such Dealing Day so that the proportion redeemed of each holding so requested to be redeemed is the same for all Participating Dealers. Any Units which, by virtue of the powers conferred on the Manager hereby, are not redeemed in respect of a particular Dealing Day (a "**first relevant Dealing Day**") shall be carried forward for redemption (subject to any further application of the provisions of this paragraph) on the Dealing Day next following the first relevant Dealing Day (such Dealing Day shall be referred to as a "**second relevant Dealing Day**"). The Manager will inform the Participating Dealers of Units the redemption of which has been deferred within one Business Day after the relevant Dealing Day and that (subject as aforesaid) they shall be redeemed on the second relevant Dealing Day. If on the second relevant Dealing Day the Manager shall decide to apply the limitation described in the first sentence of this paragraph, Units the subject of redemption requests first carried forward from the first relevant Dealing Day shall then (subject to the application of such limitation) be redeemed in priority to Units the subject of redemption requests received on the second relevant Dealing Day, and such second relevant Dealing Day shall be treated as the first relevant Dealing Day for Holders whose redemption requests are to be carried forward hereunder after such second relevant Dealing Day.

XII OBTAINING PRICES OF UNITS

33. The Issue Price and Redemption Value of Units will be available on the Business Day following each Dealing Day.

You may check such Issue Price and Redemption Value on the Manager's website at www.nikkoam.com.sg.

XIII SUSPENSION OF DEALINGS

34. Subject to the second proviso in Clause 14.3.1 of the Trust Deed and provisions in the CIS Code, the Manager may at any time with the prior approval of the Trustee suspend the right of the Holders to require the creation and/or redemption of Units and/or delay the payment of any moneys and distribution of any Redemption Securities in respect of any redemption during any of the following periods:
- (a) any period when the SGX-ST is closed;
 - (b) any period when dealings of the Units on the SGX-ST are restricted or suspended;
 - (c) any period when settlement or clearing of securities in CDP is disrupted;
 - (d) the existence of any state of affairs as a result of which delivery of Index Securities or Non-Index Securities comprised in a Deposit Basket or Redemption Basket or disposal of Investments for the time being comprised in the Deposited Property cannot, in the opinion of the Manager, be effected normally or without prejudicing the interests of Holders;
 - (e) any period when, in the opinion of the Manager, funds cannot be normally remitted from Deposited Property without prejudicing the interests of Holders;
 - (f) any period when the Index is not compiled or published;
 - (g) any breakdown in the means normally employed in determining the Value of the Deposited Property or liability of the Fund or when for any other reason the Value of any Investment or other property for the time being comprised in the Deposited Property or the liabilities of the Fund cannot be promptly and accurately ascertained;
 - (h) any 48 hours (or such longer period as the Manager and the Trustee may agree) prior to the date of any meeting of the Holders or any adjourned meeting thereof;
 - (i) any period when the business operations of the Manager or the Trustee in relation to the operations of the Fund are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God;
 - (j) any period when the dealing of Units is suspended pursuant to any order or direction issued by the Authority; or
 - (k) such circumstances as may be required under the provisions of the CIS Code.
35. Such suspension (which expression shall include the aforesaid right to delay payment) shall take effect forthwith upon the declaration thereof by the Manager and thereafter there shall be no redemption of Units and/or transfer of such Redemption Securities and payment of the Cash Redemption Component or cash Redemption Value in respect of any such redemption until the Manager shall declare the suspension at an end, except that subject to the provisions of the CIS Code, the suspension shall terminate as soon as practicable when (a) the condition giving rise to the suspension shall have ceased to exist and (b) no other condition under which suspension is authorised under the Trust Deed shall then exist, and in any event, within 21 days of the commencement of the suspension. The period of suspension may be extended if the Manager satisfies the Trustee that it is in the best interest of the Holders for the dealing in Units to remain suspended. Such extension should be subject to weekly review by the Trustee.

Each declaration by the Manager pursuant to the Trust Deed shall be consistent with such official rules, regulations, codes and guidelines, if any, relating to the subject matter thereof as shall have been promulgated by any authority having jurisdiction over the Fund and as shall be in effect at the time. To the extent not inconsistent with such official rules, regulations, codes or guidelines and subject to the foregoing provisions hereof, the declaration of the Manager shall be conclusive. During any such suspension by reason of any of the circumstances set out in paragraphs 34(a) to (k) above, the calculation of the Value of the Deposited Property and each Unit (including the Issue Price and Redemption Value) may also be suspended and the Manager shall be under no obligation to rebalance or adjust the Deposited Property, in either case at the discretion of the Manager and with the prior approval of the Trustee. The Manager shall publish the fact that the calculation of the Value of the Deposited Property and each Unit is suspended immediately following such suspension and at least once a month during the period of such suspension in such newspaper or newspapers in Singapore or elsewhere as the Manager may from time to time think fit.

36. Any Participating Dealer may at any time after such a suspension has been declared and before termination of such suspension withdraw any redemption request or any application for the issue of Units by notice in writing to the Manager to whom the relevant request or application had originally been submitted. If no such notification of the withdrawal of any such request or application has been received by the Manager before termination of such suspension, the Manager shall, subject to and in accordance with the provisions of the Trust Deed, redeem Units in respect of which Manager have received a valid Redemption Request and the Trustee and the Manager shall consider applications for the issue of Units as at the Dealing Day next following the termination of such suspension. In addition, the period for distributing any proceeds the distribution of which has been delayed pursuant to the suspension shall be extended by a period equal to the length of the period of the suspension.

XIV PERFORMANCE OF THE SCHEME AND THE BENCHMARK

- 37.1 The performance of the Fund as at 31 December 2021 is shown in the table below:

	Return over 1 year	Return over 3 years (A.C.R.)	Return over 5 years (A.C.R.)	Return over 10 years (A.C.R.)	Return since Inception (A.C.R.)
*Fund	-5.38%	2.34%	2.61%	1.91%	2.54%
Benchmark	-5.03%	2.68%	2.95%	2.23%	2.83%

*Calculated on a NAV-to-NAV basis, S\$, with all dividends and distributions reinvested (net of reinvestment charges), if any.

Source: Nikko Asset Management Asia Limited & Markit Indices Limited.

Benchmark: iBoxx ABF Singapore Bond Index total return series

Inception Date of ABF Singapore Bond Index Fund: 31 August 2005

"A.C.R." means Average Annual Compounded Return

- 37.2 The returns on the Fund as shown in the table in paragraph 37.1 above are calculated on a single pricing basis. There is no subscription fee or Realisation Charge for the Fund payable presently or during the duration of the periods for which the returns are calculated.
- 37.3 The returns for the Fund are calculated on the assumption that all dividends and distributions (if any) made by the Fund are reinvested, taking into account all charges which would have been payable upon such reinvestment.

37.4 You should note that the past performance of the Fund indicated in paragraph 37.1 above is not necessarily indicative of the future performance of the Fund.

37.5 As required under the regulations made under the Securities and Futures Act, this Prospectus does not contain any information on past performance based on simulated results of a hypothetical collective investment scheme.

Expense ratio

37.6 The expense ratio of the Fund (calculated in accordance with Investment Management Association of Singapore's guidelines on the disclosure of expense ratios and based on figures in the Fund's latest audited accounts) for the financial period ended 30 June 2021 is 0.24%.

The following expenses (where applicable) are excluded from the calculation of the expense ratios:

- (a) brokerage and other transaction costs associated with the purchase and sales of investments (such as registrar charges and remittance fees);
- (b) foreign exchange gains and losses of the 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 from income received, including withholding tax;
- (e) interest expenses; and
- (f) dividends and other distributions paid to Holders.

Turnover ratio

37.7 The audited turnover ratio of the Fund (calculated based on the lesser of purchases or sales of underlying investments of the Fund expressed as a percentage of daily average NAV of the Fund) for the financial period ended 30 June 2021 is 29.23%.

Benchmark

38. The benchmark against which the performance of the Fund will be measured is the iBoxx ABF Singapore Bond Index total return series.

XV SOFT DOLLAR COMMISSIONS/ARRANGEMENTS

39. In its management of the Fund, the Manager currently does not receive or enter into any soft dollar commissions or arrangements.

XVI CONFLICTS OF INTEREST

40.1 The Manager is part of a financial group, and the Manager and its affiliates provide the full suite of financial services to clients, and act simultaneously for a number and range of clients with various interests, requirements and positions.

40.2 Other than the Fund, the Manager is also the manager of other collective investment schemes including but not limited to:

- (a) Nikko AM Shenton Japan Fund
- (b) Nikko AM Shenton Thrift Fund
- (c) Nikko AM Shenton Income Fund
- (d) Nikko AM Shenton Asia Pacific Fund
- (e) Nikko AM Global Green Bond Fund
- (f) Nikko AM Shenton Emerging Enterprise Discovery Fund
- (g) Nikko AM Shenton Global Opportunities Fund
- (h) Nikko AM Shenton Horizon Investment Funds
- (i) Nikko AM Asia Umbrella Funds
- (j) Nikko AM Asia Investment Funds
- (k) Nikko AM Shenton Short Term Bond Funds
- (l) Nikko AM Singapore STI ETF
- (m) Nikko AM Japan Dividend Equity Fund
- (n) Nikko AM Asia High Yield Bond Fund
- (o) MSIG Asian Bond Fund
- (p) Nikko AM Global Multi Asset Conservative Fund
- (q) Nikko AM Asia Healthcare Fund
- (r) Nikko AM China Onshore Fund Series
- (s) Nikko AM All China Equity Fund
- (t) Nikko AM ASEAN Equity Fund
- (u) NikkoAM-StraitsTrading Asia ex Japan REIT ETF
- (v) Nikko AM Asia Limited Investment Fund Series
- (w) Nikko AM SGD Investment Grade Corporate Bond ETF
- (x) NikkoAM-ICBCSG China Bond ETF
- (y) Nikko AM Dynamic Bond Fund
- (z) Nikko AM Asia Fund Series
- (aa) Nikko AM Impact Investing Multi Asset Fund
- (bb) Nikko AM Asia Limited VCC

40.3 The Manager may from time to time have to deal with competing or conflicting interests arising from such other funds managed by the Manager. For example, the Manager may make a purchase or sale decision on behalf of some or all of the other funds managed by the Manager without making the same decision on behalf of the Fund, as a decision whether or not to make the same investment or sale for the Fund depends on factors such as the cash availability and

portfolio balance of the Fund. However, the Manager will use its reasonable endeavours at all times to act fairly and in the interests of the Fund. In particular, after taking into account the availability of cash and the relevant investment guidelines of the other funds managed by the Manager and the Fund, the Manager will endeavour to ensure that securities bought and sold will be allocated proportionately as far as possible among the other funds managed by the Manager and the Fund. The Manager may also transact on the Fund's behalf with its affiliates. The Manager intends to deal with any conflicts of interests in a manner consistent with any applicable guidelines which may be issued from time to time by the Investment Management Association of Singapore.

- 40.4 The Manager is of the view that it is not in a position of conflict in managing its other funds as these funds and the Fund have different investment universes and investment restrictions. To the extent that there are overlapping investment objectives, the Manager will, as far as practicable, endeavour to have the same securities holdings for such overlapping areas with such securities allocated on a pro-rata basis among the relevant funds. The Manager will conduct all transactions with or for the Fund at arm's length.
- 41.1 The Trustee, the Manager and any Connected Persons or associate of the Trustee or the Manager may:
- (a) purchase, hold, deal in or dispose of Units and may contract or enter into any financial, banking, insurance, brokerage or other transaction with one another, the Holders, Participating Dealers or any corporation or body any of whose securities form part of the Deposited Property, make profits from such contracts or other transactions and be interested in any such corporation or body; and
 - (b) invest in and deal with securities or any property of the kind included in the property of the Fund or any other investments for their respective individual accounts or for the account of a third party or enter into contracts or other arrangements with one another and make profits from these activities.
- 41.2 Neither the Manager nor any of the directors of the Manager or any of their associates is or will become entitled to receive any part of the brokerage charged to the Fund, or any part of the fees, allowances, benefits, etc received on purchases charged to the Fund.
- 41.3 Except in the case of a purchase for the account of the Fund of any unit, share or other interest in a money market fund managed by the Manager or any Connected Person of the Manager for which the Trustee's prior written consent has been obtained, neither the Trustee nor the Manager shall as principal to buy or sell or otherwise deal in the purchase or sale of Investments from or to the Trustee for the account of the Fund or otherwise deal as principal with the Fund. However, with the prior written consent of the Trustee, any Connected Person of the Manager may as principal buy or sell or otherwise deal in the purchase or sale of Investments from or to the Trustee for the account of the Fund or otherwise deal as principal with the Fund provided that all such transactions are entered into on an arm's length basis and at the best price available to the Fund having regard to the kind, size and time of the transaction. If any Connected Person of the Manager shall so buy, sell or deal, such Connected Person may retain for its own absolute use and benefit any profit which it may derive therefrom or in connection therewith.
- 41.4 Any cash of the Fund may be deposited with any Connected Person or invested in certificates of deposit or banking investments issued by any Connected Person. Banking or similar transactions may also be undertaken with or through a Connected Person.

- 41.5 Subject to applicable law, regulations and the CIS Code, and with the prior written consent of the Trustee, the Manager may effect transactions by or through the agency of another person for the account of the Fund with whom the Manager or any of its Connected Persons have an arrangement under which that party will from time to time provide to or procure for the Manager or any of its Connected Persons goods, services or other benefits (such as research and advisory services, computer hardware associated with specialized software or research services and performance measures) the nature of which is such that their provision can reasonably be expected to benefit the Fund as a whole and may contribute to an improvement in the performance of the Fund, provided that such transactions are executed at the best price available to the Fund having regard to the kind, size and time of the transaction.
- 41.6 Where the Manager or any Connected Person of the Manager receives any cash rebate of all or any part of any commission paid out of the Fund, the Manager or that Connected Person shall not be entitled to retain that cash rebate but shall account for and pay the same to the Trustee to be held as property of the Fund.
- 41.7 The Manager may effect agency cross transactions where both the sale and purchase of an investment are effected for clients (including the Fund on the one hand) of the Manager and/or its Connected Persons. The Manager shall only undertake such transactions in accordance with the CIS Code and applicable law and regulation and, specifically, may only do so if the sale and purchase decisions are in the interests of both clients, permitted within the investment guidelines/objectives of both clients and the transactions are executed on an arm's length basis at the then prevailing market rates and at the best price available to the Fund having regard to the kind, size and time of the transaction. The Manager will ensure that such transactions are effected on terms which result in fair treatment to the Fund and ensure that the Fund is not at any time disadvantaged.
- 41.8 The Manager may, in the course of its business, have potential conflicts of interest with the Fund. In such circumstances, the Manager will have regard to their obligations under the Trust Deed and, in particular, to their obligation to act in the best interests of the Fund and the Holders so far as practicable, having regard to its obligations to other clients when undertaking any investments where conflicts of interest may arise. If such conflicts do arise, the Manager will use its best efforts to resolve such conflicts fairly and if material to report them to the Supervisory Committee.
- 41.9 In respect of voting rights where the Manager may face a conflict between its own interest and that of the Holders, the Manager shall cause such voting rights to be exercised in consultation with the Trustee.
- 41.10 The Trustee is presently also offering registrar and valuation services to the Fund. These services are provided on an arm's length basis and the fees for these services are permitted to be paid out of the Deposited Property of the Fund under the provisions of the Trust Deed.
- 41.11 The Manager and the Trustee will conduct all transactions with or for the Fund on an arm's length basis.
- 41.12 The Manager or its affiliates (together the "**Parties**") are or may be involved in other financial, investment and professional activities (including but not limited to providing discretionary investment management or investment advisory services to other clients) which may on occasion cause conflicts of interest with the management of the Fund. Notwithstanding paragraph 40.4 above, the Parties will be free, in their absolute discretion, to make recommendations to others, or effect transactions on behalf of themselves or for others which may be the same as or different from those effected for the Fund, and to do so prior to, at the

same time as, or after effecting such transactions. The Parties shall not be obliged to purchase, retain or sell for the Fund any security which the Parties may purchase, retain or sell on behalf of themselves or for others, or which the Parties may recommend to others to purchase, retain or sell. Furthermore, the Parties shall be free to purchase, sell, deal in or compete for the same financial instruments as the Fund or to take positions opposite to the positions of the Fund, on behalf of themselves or for others, or to recommend others to take positions opposite to the position of the Fund. Each of the Parties will ensure that the performance of their respective duties will not be impaired by any such involvement and that any such activities will be conducted on an arm's length basis. If a conflict of interest does arise, the Parties will endeavour to ensure that it is resolved fairly and in the interest of the Holders.

- 41.13 The Trustee or its affiliates (the "**Trustee Parties**") are or may be involved in other financial, investment and professional activities which may on occasion cause conflicts of interest with the management of the Fund. Each of the Trustee Parties will ensure that the performance of their respective duties will not be impaired by any such involvement and that any such activities will be conducted on an arm's length basis. If a conflict of interest does arise, the Trustee Parties will endeavour to ensure that it is resolved fairly and in the interest of the Holders.
- 41.14 Subject to the provisions of the Trust Deed, the Manager or the Trustee may acquire, purchase, hold, deal in or dispose of Units as though they were not a party to the Trust Deed. If any conflict of interest arises as a result of such dealing, the Manager and the Trustee, following consultation with the other, will resolve such conflict in a just and equitable manner as they shall deem fit. Such dealings, where entered into, will be on an arm's length basis.
- 41.15 Markit Indices Limited is the Index Provider for the Index. The Index Provider and the Manager are not related to each other, and the Index Provider is not a Connected Person of the Trustee, the Manager or the SGX-ST. However, the Trustee and/or the Manager or their respective affiliates may from time to time have an interest in or be connected with the Index Provider. The Manager, the Trustee, the Custodian and the Registrar will act independently of the Index Provider.

XVII REPORTS

42. The Fund's financial year ends on 30 June in each year. Holders may obtain electronic copies of the annual accounts of the Fund, reports of the auditors on the annual accounts of the Fund and the annual reports of the Fund for the relevant financial year (collectively, the "**Reports**") from the Manager's website at www.nikkoam.com.sg. The Reports will be made available on the Manager's website within three (3) months of the financial year-end of the Fund and will remain on the Manager's website for at least 12 months from the date of posting on the Manager's website. Printed copies of the Reports are not sent to Holders. However, Holders who would like to receive printed copies of the Reports may submit the relevant request to the Manager.
43. Holders may obtain electronic copies of the semi-annual report and semi-annual accounts of the Fund (collectively, the "**Semi-Annual Reports**") from the Manager's website at www.nikkoam.com.sg. The Semi-Annual Reports will be made available on the Manager's website within two (2) months of the end of the period covered by the relevant report and accounts and will remain on the Manager's website for at least 12 months from the date of posting on the Manager's website. Printed copies of the Semi-Annual Reports are not sent to Holders. However, Holders who would like to receive printed copies of the Semi-Annual Reports may submit the relevant request to the Manager.

XVIII QUERIES AND COMPLAINTS

44. You may call the telephone number 1800 535 8025 to reach the Manager to raise any queries or make complaints.

XIX OTHER MATERIAL INFORMATION

Trading Units on the SGX-ST

45. Units are listed for trading on the secondary market on the SGX-ST. Units can be bought and sold throughout the trading day like other publicly traded shares. There is no minimum investment. When buying or selling Units through a broker, investors will incur customary brokerage commissions and charges and stamp duty, and investors may pay some or all of the spread between the bid and the offered price in the secondary market on each leg of a round trip (purchase and sale) transaction. Unit prices are reported in Singapore dollars and cents per Unit.

Book-Entry Securities

46. Units will be deposited, cleared and settled by the CDP. Units are held in book-entry form, which means that no Unit certificates are issued. CDP is the registered owner (i.e. the sole Holder of record) of all outstanding Units deposited with the CDP and is therefore recognised as the legal owner of such Units. Investors owning Units are beneficial owners as shown on the records of CDP or the Participating Dealers (as the case may be).

Units' Trading Prices and Market Makers

47. The trading prices of Units on the SGX-ST may differ in varying degrees from their daily NAVs and can be affected by market forces such as supply and demand, economic conditions and other factors.
48. It is the intention of the Manager to assist in the creation of liquidity for investors by appointing Market Makers before the listing of the Fund to maintain a market for the Units. Units may be purchased from and sold through the Market Makers. However, there is no guarantee or assurance as to the price at which a market will be made. You may obtain a list of appointed Market Makers from the Manager. In maintaining a market for Units, 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 shall not be liable to account to the Fund in respect of such profits.

Additional Listing

49. The Manager may, with the approval of the Supervisory Committee, seek a listing of the Units on any other internationally recognised regulated stock or investment exchange or marketplace having regard to such factors as commercial viability of the proposed listing, legal and regulatory readiness of the market concerned, prevailing market environment, operational requirements and market development. Any costs associated with any such listing will be funded out of the Deposited Property.

Distributions

50. Distributions, if any, will be determined by the Manager. The Manager currently intends to make semi-annual distributions, less the expenses of the Fund, to the Holders around January and July of each year. There is currently no dividend reinvestment service.

On each distribution, in relation to each fiscal year period as determined by the Manager, the Trustee will allocate for distribution among the Holders of the Fund as at the Record Date such amount that the Manager determines to be distributed in their absolute discretion. Amounts to be distributed in respect of each Unit will be rounded down to the nearest S\$0.01 per Unit. The Record Dates may be changed, or added to, as determined by the Manager with the approval of the Trustee. Distributions will only be paid to the extent that they are available for distribution pursuant to the Trust Deed and covered by income received from the underlying investments of the Fund. Income received by the Fund pending distribution may be invested by the Manager in a manner consistent with achieving the investment objective of the Fund. Any monies payable to a Holder which remain unclaimed after a period of 12 months shall be accumulated by the Trustee in a special account (the "**Unclaimed Monies Account**") and, subject to Clause 32 of the Trust Deed, the Trustee shall cause such sums which represent monies unclaimed by a Holder for more than six (6) years and interest, if any, earned thereon 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.

Taxation Considerations

- 51.1 As with any investment, you should consider how your investment in Units will be taxed. The tax information in this Prospectus is provided as general information and does not constitute tax or legal advice. You should consult your own tax advisers about the tax consequences of an investment in Units.

Singapore Tax

- 51.2 The following summary of certain Singapore income tax consequences of the purchase, ownership and disposition of Units is based upon laws and regulations now in effect, all of which are subject to change (possibly with retroactive effect). The summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of Units and does not purport to deal with the consequences of application to all categories of investors, some of which may be subject to special rules. The comments herein are not binding on the Singapore tax authorities and there can be no assurance that it will not take a position contrary to any of the comments herein. You are advised to consult your own tax advisers concerning the application of Singapore tax laws to your particular situation as well as any consequences of the purchase, ownership and disposition of Units arising under the laws of any other tax jurisdictions.

- 51.3 Taxation of the Fund

The Fund was granted the Designated Unit Trust status by the Inland Revenue Authority of Singapore ("**IRAS**") on 8 September 2005. With effect from 1 September 2014, the Designated Unit Trust scheme ("**DUT scheme**") is administered on a self-assessment basis. To benefit from the tax treatment accorded under the DUT scheme for a year of assessment, the Fund must meet the specified conditions of the DUT scheme throughout the basis period for that year of assessment and a declaration form has to be submitted to the IRAS. The DUT scheme has expired on 31 March 2019. However, the Fund may continue to enjoy the Designated Unit Trust status if it continues to meet all the specified conditions of the DUT scheme and the annual declaration form is submitted to the IRAS within the specified time limit.

Under Section 35(12) of the Income Tax Act 1947 (the "**Income Tax Act**"), subject to meeting certain conditions, the following income (hereinafter termed as "**Designated Income**") will not form part of the statutory income of the Fund and is thus not taxable in the hands of the Trustee:

- (a) gains or profits derived from Singapore or elsewhere from the disposal of securities;
- (b) interest (other than those where Singapore withholding tax has been deducted);
- (c) dividends derived from outside Singapore and received in Singapore;
- (d) gains or profits derived from foreign exchange transactions, transactions in futures contracts, transactions in interest rate or currency forwards, swaps or option contracts and transactions in forwards, swaps or option contracts relating to any securities or financial index;
- (e) distributions from foreign unit trusts derived from outside Singapore and received in Singapore;
- (f) fees and compensatory payments (other than those where Singapore withholding tax has been deducted) from securities lending or repurchase arrangements with certain specified counterparties;
- (g) rents and any other income derived from any immovable property situated outside Singapore and received in Singapore;
- (h) discount derived from outside Singapore and received in Singapore;
- (i) discount from Qualifying Debt Securities ("**QDS**") (as defined under Section 13(16) of the Income Tax Act) issued during the period from 17 February 2006 to 31 December 2023;
- (j) gains or profits derived from the disposal of debentures, stocks, shares, bonds or notes issued by supranational bodies;
- (k) prepayment fee, redemption premium and break cost from QDS issued during the period from 15 February 2007 to 31 December 2023; and
- (l) such other income directly attributable to QDS issued on or after a prescribed date, as may be prescribed by regulations.

Unless otherwise exempt from tax, any income not falling within the prescribed list of Designated Income ("**non-Designated Income**") will generally be subject to tax at the prevailing corporate income tax rate, currently 17%. The tax on such income will be assessed on the Trustee in its capacity as the trustee of the Fund.

Distributions made by the Fund to all Holders will not attract Singapore withholding tax.

51.4 Taxation of Holders

Distributions from the Fund

Individuals

Individuals (whether resident in Singapore or not) are exempt from Singapore income tax on distributions made by the trustee of any collective investment scheme constituted as a unit trust authorised under Section 286 of the Securities and Futures Act and the units of which are offered to the public for subscription. This tax exemption does not apply to distributions derived by individuals through a partnership in Singapore or from the carrying on of a trade, business or profession.

As the Fund is a collective investment scheme constituted as a unit trust authorised under Section 286 of the Securities and Futures Act and the units of which are offered to the public for subscription, the aforesaid tax exemption will apply to distributions made by the Fund. Individuals who derive the distributions through a partnership in Singapore or from the carrying on of a trade, business or profession will be subject to tax on distributions of Designated Income at their own applicable tax rates.

Non-individuals

Foreign investors

All distributions of Designated Income to Holders who are "foreign investors" are exempt from Singapore income tax.

A "foreign investor", in relation to a non-individual, is defined in Section 10(23) of the Income Tax Act as:

- a company which is neither resident in Singapore nor carrying on business through a permanent establishment in Singapore where not less than 80% of the total number of its issued shares are beneficially owned, directly or indirectly, by persons who are not citizens of Singapore and not resident in Singapore; and
- a trust fund where at least 80% of the value of the fund is beneficially held, directly or indirectly, by individuals who are not resident in Singapore or by companies which are foreign investors or by both and, unless waived by the Singapore Minister for Finance or such person as he may appoint, where:
 - the fund is created outside Singapore; and
 - the trustee of the fund is neither a citizen of Singapore nor resident in Singapore, nor does it carry out duties as such trustee through a permanent establishment in Singapore.

In general, any non-Designated Income is subject to a final tax in the hands of the Trustee. Any distributions made out of non-Designated Income will not be subject to further Singapore income tax in the hands of a foreign investor.

Distributions paid by the Fund out of non-Designated Income that is exempt from income tax will be exempt in the hands of a foreign investor. Non-Designated Income that is exempt from income tax includes Singapore one-tier tax exempt dividends (i.e. dividends received from Singapore tax resident companies).

Other Holders

Other Holders (i.e. those who are neither individuals nor foreign investors) are generally subject to Singapore income tax on the gross amount of the distributions paid out of Designated Income by the Fund. Such distributions are deemed to be income of such Holders and will be taxed at the Holders' own applicable tax rates. In the case of a corporate Holder, the current income tax rate is 17%. In general, any non-Designated income is subject to a final tax at the Fund's level. Any distributions made out of non-Designated Income will not be subject to further Singapore income tax in the hands of such Holders.

Distributions paid by the Fund out of non-Designated Income that is exempt from income tax will be exempt in the hands of such Holders. Non-Designated Income that is exempt from income tax includes Singapore one-tier tax exempt dividends (i.e. dividends received from Singapore tax resident companies).

Deeming of undistributed Designated Income as taxable income to certain Holders

Under Section 10(20B) of the Income Tax Act, any undistributed Designated Income as at the applicable relevant date (which is a date on or after 1 June 2015) will be deemed as income taxable on such relevant date in the hands of certain Holders under the following scenarios:

- (a) the unit trust is dissolved, and is a DUT for the year of assessment for the basis period in which the dissolution occurred;

- (b) the unit trust is not a DUT within the meaning of Section 35 for any year of assessment;
- (c) the trustee fails to elect under Section 35(12B) for Section 35(12) to apply to his income for any year of assessment;
- (d) the trustee elects under Section 35(12B) for Section 35(12) to apply to his income derived in only a part of the basis period for any year of assessment.

Section 10(20B) of the Income Tax Act applies to the following persons:

- (i) a Holder who is not an individual and not a foreign investor;
- (ii) a Holder who is an individual and not a foreign investor, and who holds the Units for the purposes of a trade, profession or business;
- (iii) a partner who is not an individual and not a foreign investor, of a partnership which is a Holder;
- (iv) a partner who is an individual and not a foreign investor, of a partnership in Singapore which is a Holder.

An individual is not a foreign investor if the individual is resident in Singapore.

Such Holders will be taxed on their proportionate share of the undistributed Designated Income based on the terms of the trust deed or their respective holdings in the Fund as at the applicable relevant date. However, this does not apply to undistributed Designated Income that relates to gains or profits derived from Singapore or elsewhere from the disposal of securities in the case where the Holder is an individual referred to in (ii) or (iv) above.

51.5 Disposal or redemption of Units

Singapore does not impose tax on capital gains. Any gains on disposal or redemption of Units are not liable to Singapore income tax provided Units are held as investment assets. Where Units are held as trading assets of a trade or business carried on in Singapore, any gains on disposal or redemption of Units are liable to Singapore income tax under Section 10(1)(a) of the Income Tax Act. Where Units were purchased with the intention or purpose of making a profit by disposal or redemption and not with the intention to be held for long-term investment purposes, any gains on disposal or redemption of Units could be construed as "gains or profits of an income nature" liable to tax under Section 10(1)(g) of the Income Tax Act.

Holders who have adopted or are required to adopt Financial Reporting Standard 109 – Financial Instruments ("**FRS 109**"), Financial Reporting Standard 39 – Financial Instruments: Recognition and Measurement ("**FRS 39**") or their equivalents under the Singapore Financial Reporting Standard International ("**SFRS(I)**") for financial reporting purposes may, for Singapore income tax purposes, be required to recognise gains or losses (not being gains or losses in the nature of capital) on Units, irrespective of disposal.

Holders and prospective Holders should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of Units arising from the adoption of FRS 39, FRS 109 or their equivalents under SFRS(I).

Meetings of Holders

- 52. The Trust Deed sets out procedures to be followed in respect of meetings of the Holders, including provisions as to the giving of notice, appointment of proxies and quorum. The Holders shall in addition to all other powers conferred upon them by statute or by the Trust Deed or

otherwise have the following powers exercisable by Extraordinary Resolution which includes, *inter alia*, the following:

- (i) power to assent to any modification or alteration of the provisions contained in the Trust Deed;
- (ii) power to increase the maximum Management Fee and Trustee Fee;
- (iii) power to permit other types of fees; or
- (iv) power to terminate the Fund.

All expenses of and incidental to the holding of a meeting in accordance with the provisions of the First Schedule of the Trust Deed or the circulation of resolutions shall be paid out of the Deposited Property. The Manager, Trustee, Custodian, any investment adviser appointed by the Manager or their respective Connected Persons are prohibited from voting their beneficially held Units at or be counted in the quorum for a meeting at which they have a material interest in the business to be contracted.

Amending the Trust Deed without Holders' Approval

- 53.1 Subject as hereinafter provided, the Trustee and the Manager (with the consent of the Supervisory Committee) may from time to time alter, modify or vary the terms of the Trust Deed by deed supplemental hereto in such manner and to such extent as they may consider expedient for any purpose provided that unless the Trustee certifies in writing that such alteration, modification or variation is in the opinion of the Trustee not materially prejudicial to the interest of the Holders, does not to any material extent release the Trustee, the Manager or any other person from any liability to the Holders (other than upon any retirement or removal of the Trustee or the Manager) and does not increase the costs and charges payable out of the Fund (other than costs incurred in altering, modifying or varying the Trust Deed), no such alteration, modification or variation shall be made without the sanction of an Extraordinary Resolution. All amendments to the Trust Deed (whether with or without approval of the Holders) shall be publicly announced on the SGXNET and such announcement shall be posted on the internet at the SGX-ST website: <http://www.sgx.com>.
- 53.2 Without prejudice to paragraph 53.1, the Trustee and the Manager (with the consent of the Supervisory Committee) shall be entitled to alter, modify or vary the terms of the Trust Deed by deed supplemental hereto (and without the sanction of an Extraordinary Resolution) if the alteration, modification or variation to be made thereby is:
- (i) made in order either that the Fund should comply with fiscal or other statutory or official requirements (whether or not having the force of law) of any country or authority and the Trustee certifies in writing that in its opinion such change is necessary to so comply; or
 - (ii) to correct a manifest error and the Trustee certifies in writing accordingly.
- 53.3 No alteration, modification or variation whether or not approved by Extraordinary Resolution shall impose upon any Holder any obligation to make further payments in respect of any of the Units held by him or to accept any liability in respect thereof.
- 53.4 Notwithstanding paragraph 53.1 above, provided that the Trustee shall certify in writing that any modification, alteration or addition is directly or indirectly necessary or desirable in the Trustee's opinion for the purposes of listing or maintaining a listing of the Units on the SGX-ST or any other recognised exchange approved by the Supervisory Committee, then the Trustee and the

Manager (with the consent of the Supervisory Committee) may by deed supplemental hereto modify, alter or add to the provisions of the Trust Deed in such manner and to such extent as they may consider expedient for that purpose without the sanction of an Extraordinary Resolution.

- 53.5 All of the costs and expenses incurred by the Trustee or the Manager in connection with any such supplemental deed referred to in this paragraph 53 or entered into to effect a modification, alteration or replacement of a kind referred to in this paragraph 53 (including expenses incurred in the holding of a meeting of the Holders, where necessary) may be charged against the Fund.

Indemnities in favour of Trustee and Manager

54. The Trust Deed contains the duties and responsibilities of the Trustee and the Manager. The Trust Deed requires that (subject as provided in the Trust Deed) the Trustee and the Manager shall in the exercise of their respective powers, authorities and discretions act in the exclusive interests of the Holders. Neither the Trustee nor the Manager (and their respective directors, officers and employees) shall be exempted from any liability to any of the Holders, under Singapore law, for any fraud, negligence, bad faith or willful default on its (or their) part, nor may they be indemnified against such liability by the Holders or at the expense of the Holders. The Trust Deed includes certain exclusions of liability and indemnities in favour of the Trustee and the Manager, other than in respect of the Trustee's or Manager's fraud, negligence, bad faith or wilful default.

Termination of the Fund

- 55.1 Notwithstanding the termination of the Fund, the Holder of any Unit in respect of which any amount remains unpaid shall remain liable for such amount until payment to that Holder by the Trustee of the final distribution to be made in accordance with paragraphs 55.7 to 55.10 below.
- 55.2 The Fund is of indeterminate duration and can only be terminated as described in paragraphs 55.1 to 55.6. The Fund may be terminated by the Trustee, with the prior approval of the Manager (except in the case of sub-paragraph (vii) below) and the Supervisory Committee (except in the case of sub-paragraphs (iii), (iv) and (ix) below) by notice in writing as hereinafter provided in any of the following events, namely:
- (i) if it becomes illegal, or in the opinion of the Trustee, impossible or impracticable to continue the Fund;
 - (ii) if the Fund shall become liable to taxation (whether in Singapore or elsewhere) in respect of income or capital gains at a rate considered by the Manager to be excessive in relation to the rate which would be borne by the Holders if they owned directly the Index Securities and Non-Index Securities in question;
 - (iii) if the Units cease to be listed on the SGX-ST or any successor thereto;
 - (iv) if the Fund ceases to be authorised under the Securities and Futures Act;
 - (v) if the Index ceases to be compiled or published, and there is no successor index;
 - (vi) if the Licence Agreement is terminated and a new licence agreement relating to the Index or any successor index is not entered into by the Manager;
 - (vii) if the Manager goes into liquidation (other than voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or shall be adjudged a bankrupt or insolvent or appoints liquidators or if a receiver shall be appointed in respect of the property or undertaking of the Manager or

any part thereof or the Manager is the subject of any analogous proceedings or procedure in each case under the law of Singapore or such other law as may be applicable in the circumstances where, after the expiration of a period of three (3) months, the Trustee has not appointed a new manager in accordance with Clause 29.4 of the Trust Deed;

- (viii) if on the expiration of three (3) months after notifying the Manager that in the Trustee's opinion a change of manager is desirable in the interests of the Holders pursuant to Clause 29.1.2 of the Trust Deed the Trustee has not found another company ready to accept the office of the manager of the Fund of which the Trustee and the Supervisory Committee and the Authority shall approve; or
- (ix) if the average of the daily Value of the aggregate Deposited Property is less than S\$200 million over any rolling three (3) month period.

The decision of the Trustee and the Manager in any of the events specified in this paragraph (with the exception of sub-paragraph (vii)) shall be final and binding upon all parties concerned but the Trustee and the Manager shall be under no liability on account of any failure to terminate the Fund in any of the events described in paragraphs 55.1 to 55.6 or otherwise.

- 55.3 The Manager (failing which the Trustee) shall give written notice of termination of the Fund to the Holders in the manner herein provided and shall by such notice fix 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 (except where the Fund is terminated by reason that it is illegal to continue as described in paragraph 55.2(i) above in which case termination may take effect forthwith without any prior notice to the Holders).
- 55.4 The Fund may be terminated at any time by Extraordinary Resolution of the Holders and such termination shall take effect from the date on which such Extraordinary Resolution is passed or such later date (if any) as the Extraordinary Resolution may provide.
- 55.5 The Manager shall give prior written notice of the termination of the Fund to the Authority in accordance with the CIS Code and the Securities and Futures Act.
- 55.6 In the event of termination of the Fund, the Manager shall provide such information, documents and assistance as may be necessary or reasonably requested by the Trustee to enable the Trustee to fulfil its duties and obligations under the Trust Deed, the CIS Code and the Securities and Futures Act.

Liquidation of the Fund

- 55.7 Upon the Fund being terminated, the Trustee shall sell or realise all Investments in the manner provided in Clause 32.1 of the Trust Deed. Subject to paragraph 55.8 below, the Trustee may at such time or times as it may deem convenient distribute *in specie* to the Holders pro rata to the number of Units held or deemed to be held by them respectively all Index Securities and Non-Index Securities then remaining in its hands as part of the relevant Deposited Property. Each Holder shall be entitled to receive approximately a proportionate amount of each type of Index Security and Non-Index Security (provided that no fraction of any Index Security or Non-Index Security shall be distributed) available for distribution together with a balancing payment in cash in the case of Holders who shall not receive the full proportionate amount of any Index Securities and Non-Index Securities and for such purpose the Trustee may sell any Index Securities and Non-Index Securities remaining in its hands as part of the Deposited Property. Such distribution, and the distribution of any income from the Income Account (as defined in the Trust Deed), shall be carried out and completed in such manner and within such period after the termination of the Fund as the Trustee in its absolute discretion thinks advisable.

- 55.8 The Trustee shall be entitled to retain any monies or Index Securities or Non-Index Securities in its hands under the provisions of Clause 32 of the Trust Deed to the extent required, in its absolute discretion, to make full provision for all costs, charges, expenses, claims and demands incurred, made or apprehended by the Trustee being either in connection with or arising out of the liquidation of the Fund or otherwise properly payable out of the Deposited Property in accordance with the Trust Deed or law and out of the monies so retained to be indemnified and saved harmless against any costs, charges, expenses, claims and demands.
- 55.9 Any unclaimed Index Securities and Non-Index Securities held by the Trustee as described in this paragraph 55.9 may at any time after the expiration of twelve (12) months from the date on which the same were to be distributed under Clause 32.2 of the Trust Deed be sold by the Trustee and the net proceeds together with any unclaimed cash held by the Trustee at such time be paid into Court subject to the right of the Trustee to deduct therefrom any expenses it may incur in carrying out this provision.
- 55.10 No further Units shall be issued and no outstanding Units may be redeemed from the time of and upon liquidation of the Fund.

Remuneration of Manager and Trustee

- 56.1 The Manager shall, in addition to any other amounts which it is entitled to receive or retain for its own use and benefit under the Trust Deed, be entitled to receive for its own account out of the Deposited Property as soon as practicable after the last Dealing Day in each month in each year, commencing with the month in which the Initial Issue Date falls (until, upon determination of the Fund, the final distribution shall have been made as described in paragraphs 55.7 to 55.10 above), the amount of Management Fee payable in respect of such month accrued and remaining unpaid. The Management Fee shall accrue on a daily basis. The amount of the Management Fee shall not exceed a maximum of zero-point-one-five per cent. (0.15%) per annum of the daily Value of the Fund provided that (i) the Manager may at any time charge a smaller percentage with authority, on giving notice to the Trustee and with the prior approval of the Supervisory Committee, to increase it to a larger percentage, not greater than the percentage permitted by the Trust Deed with effect from the expiry of three (3) months' notice in writing given by the Manager to the Holders; (ii) the Manager may, on giving notice to the Trustee and with the prior approval of the Supervisory Committee, at any time alter the dates of payment and basis of accrual provided that, in the opinion of the Trustee, it does not materially prejudice the interests of the Holders; and (iii) the Manager may not increase the Management Fee to a percentage greater than the percentage permitted by the Trust Deed or change the structure of the fees payable to the Manager without the sanction of an Extraordinary Resolution. The current and maximum level of the Management Fee is stated in paragraph 17 above. Neither the Manager nor the Trustee shall alter the investment objective of the Fund without the sanction of an Extraordinary Resolution.
- 56.2 The Trustee shall, in addition to any other amounts which it is entitled to receive or retain for its own use and benefit under the Trust Deed, be entitled to receive for its own account out of the Deposited Property as soon as practicable after the last Dealing Day in each month in each year, commencing with the month in which the Initial Issue Date falls (until, upon determination of the Fund, the final distribution shall have been made as described in paragraphs 55.7 to 55.10 above) the amount of Trustee Fee payable in respect of such month accrued and remaining unpaid. The Trustee Fee shall accrue on a daily basis. The amount of Trustee Fee (together with the fee of any Custodian, if payable out of the Deposited Property in addition to the Trustee Fee) shall not exceed a maximum of zero-point-one-five per cent. (0.15%) per annum of the daily Value of the Fund provided that (i) the Trustee may at any time charge a smaller percentage with authority, with the prior approval of the Manager and the Supervisory Committee, to increase it to a larger percentage, not greater than the percentage permitted by

the Trust Deed with effect from the expiry of three (3) months' notice in writing given by the Trustee to the Holders; (ii) the Trustee may, with the prior approval of the Manager and the Supervisory Committee, at any time alter the dates of payment and basis of accrual if, in the opinion of the Trustee, it does not materially prejudice the interests of the Holders; and (iii) the Trustee may not increase the Trustee Fee to a percentage greater than the percentage permitted by the Trust Deed or change the structure of the fees payable to the Trustee without the sanction of an Extraordinary Resolution. The current and maximum level of the Trustee Fee is stated in paragraph 17 above.

Costs and Expenses Payable by the Fund

57.1 The following is a summary of the fees, costs and expenses which under the provisions of the Trust Deed, the Trustee and the Manager shall be entitled to make payment out of the Deposited Property to the extent they have been incurred in relation to the Fund:

- (i) all fees paid to the Authority in connection with or arising out of the Fund and/or its authorisation pursuant to the Securities and Futures Act and, if and for so long as the Fund is designated a CPFIS Included Fund, all fees paid to the CPF Board and its agents in connection with the Fund being designated as a CPFIS Included Fund;
- (ii) any costs, fees and expenses to be paid under any licence and data supply contracts entered into by the Trustee and/or the Manager in respect of the Fund (including, without limitation, the Licence Agreement);
- (iii) all stamp and other duties, taxes, governmental charges, brokerage, commissions, exchange costs and commissions and bank charges in relation to transactions involving the whole or any part of the Deposited Property or on the creation, cancellation or redemption of Units;
- (iv) all professional fees relating to the agreeing and/or contesting of taxation liabilities or recoveries to be discharged out of or paid into the Fund;
- (v) the fees and expenses of any person acting as the Registrar and the Custodian, pursuant to the terms of the agreements entered into by the Trustee and/or the Manager with the Registrar or the Custodian respectively;
- (vi) the charges, expenses and disbursements of any legal counsel, accountant, auditor, investment adviser, valuer, broker or other professional person appointed by the Trustee or the Manager in connection with their respective duties in relation to the Fund, the trusteeship and/or the management and administration of the Deposited Property;
- (vii) all charges, expenses and disbursements incurred in relation to the safe-custody, acquisition, holding, realisation of or other dealing with any Investment for the account of the Fund (including bank charges, telex and facsimile and other communication charges);
- (viii) all charges and expenses incurred by the Manager and the Trustee insuring the assets and property of the Fund;
- (ix) all charges and expenses incurred by the Manager and the Trustee in conducting legal proceedings or applying to any court for any purposes related to the Trust;

- (x) all charges and expenses incurred by the Manager and the Trustee in communicating with each other and with the Holders, the Registrar, the Custodian, or otherwise in relation to the Fund;
- (xi) all charges and expenses incurred by the Manager and the Trustee in connection with the meetings of the Holders or the Supervisory Committee;
- (xii) the fees and expenses incurred by the Manager and the Trustee in obtaining and/or maintaining the listing of Units on the SGX-ST or any successor thereto, and/or the authorisation or other official approval or sanction of the Fund under the Securities and Futures Act or any other law or regulation in any part of the world and/or the designation of the Fund as a CPFIS Included Fund (if and for so long as the Fund is designated as a CPFIS Included Fund);
- (xiii) the fees and expenses incurred in connection with depositing and holding Units in the CDP;
- (xiv) all costs incurred in respect of the calculation and publication of the Value per Unit and/or the Issue Price and the Redemption Value and/or prices for Units and/or the suspension of creations and issues and redemptions of Units in such newspaper or newspapers in Singapore and elsewhere as the Manager may from time to time think fit;
- (xv) to the extent permitted by the CIS Code, all costs incurred in respect of the maintenance of a website or webpage dedicated entirely to the Fund, as approved by the Authority;
- (xvi) all fees, costs and expenses incurred in respect of preparing, printing, distributing and updating this Prospectus and any supplemental and replacement prospectus relating to the Fund;
- (xvii) all fees, costs and expenses incurred in respect of preparing any deeds supplemental to the Trust Deed and in respect of preparing any agreement in connection with the Fund;
- (xviii) all costs incurred in respect of the preparation, publication and distribution of the audited accounts and unaudited interim accounts in accordance with Clause 20 of the Trust Deed and of all statements, notices and other documents to the Fund;
- (xix) all premiums, fees, costs and expenses incurred in purchasing and maintaining insurance for members or any member of the Supervisory Committee in accordance with Clause 30.6 of the Trust Deed;
- (xx) all fees and expenses of any delegate of the Supervisory Committee and of any attorney, banker, accountant, broker, lawyer or other professional person instructed by the Supervisory Committee in accordance with Clause 30.2.5 of the Trust Deed;
- (xxi) all fees and expenses of the Auditors in connection with the Fund;
- (xxii) all fees and expenses incurred in connection with the retirement or removal of a Manager, the Trustee or the Auditors or the appointment of a new manager, a new trustee or new auditors;
- (xxiii) all expenses incurred in the collection of income for the Income Account (as defined in the Trust Deed);

- (xxiv) all expenses associated with the distributions declared pursuant to the Trust Deed;
 - (xxv) all fees and expenses incurred by the Manager and the Trustee in terminating the Fund;
 - (xxvi) all other reasonable costs, charges and expenses which in the opinion of the Trustee and the Manager are properly incurred in the administration of the Fund and the Deposited Property and pursuant to the performance of their respective duties under the Trust Deed; and
 - (xxvii) all such charges, costs, expenses and disbursements as under the general law the Trustee is entitled to charge to the Fund.
- 57.2 Except to such extent as the Manager may from time to time determine that the whole or any part of the Management Fee, the Trustee Fee or any costs, charges, fees or expenses (including, without limitation, any interest and expenses referred to in paragraph 57.1 above) that may be charged against the Deposited Property shall be charged against the Deposited Property, the same shall be charged as far as possible against the Income Account (as defined in the Trust Deed) first.
- 57.3 The Manager shall be entitled to determine in relation to any costs, charges, fees and expenses that may be charged against the Deposited Property that the same shall be amortised over such period (which shall not exceed 10 years) as the Manager may think fit.
- 57.4 The preliminary expenses of establishing the Fund, which amount to not more than S\$300,000, have been paid out of the Deposited Property as permitted under paragraph 57.1 above and have been amortised over a period of one (1) year from the Initial Issue Date.

Valuation of the Fund

- 58.1 The Trustee shall calculate or procure the calculation of the Value of the Fund and determine its NAV as at each Valuation Point by valuing the Deposited Property as described in paragraphs 58.2 and 58.3 below, and deducting the liabilities of the Fund as described in paragraph 58.3 below, as at such Valuation Point. The Trustee may appoint any other professional person (other than the Manager) who is approved by the Manager to perform such calculation.
- 58.2 The Value of the Deposited Property shall be ascertained on the following basis:
- (i) The Value of Index Securities and Non-Index Securities shall be determined by reference to the bid price or official closing price or last known transacted price for such Investments furnished by the Index Provider, or a pricing service or by selected brokers approved by the Manager and the Trustee.
 - (a) The Value of Index Securities may be taken from the Index Provider (where available). Other acceptable pricing sources for Index Securities (where appropriate Values are not available from the Index Provider) and Non-Index Securities include, but are not limited to, FT Interactive, Bloomberg, Reuters and Citigroup Yield Book or any successors thereto.
 - (b) Index Securities and Non-Index Securities for which quotations are not readily available are valued at fair value as determined by the pricing service or by selected brokers using methods which include consideration of the following: yields or prices of bonds of comparable quality, type of issue, coupon, maturity and rating; indications as to value from dealers; and general market conditions.

- (c) The pricing service or selected brokers may employ electronic data processing techniques and/or a matrix system to determine valuations.
- (ii) The Value of any other Investments quoted, listed or normally dealt in on a Recognised Exchange shall be determined by reference to prices for such Investments furnished by a pricing service approved by the Manager and the Trustee.
 - (a) The pricing service shall be required to determine or estimate the price of each such Investment based on the bid price or official closing price or last known transacted price on the most appropriate Recognised Exchange at the Valuation Point.
 - (b) Investments for which quotations are not readily available are valued at fair value as determined by the pricing service using methods which include consideration of prices of Investments of comparable quality, type, expiration date, strike price, and the like; indications as to value from dealers; and general market conditions.
- (iii) Cash, deposits and similar properties shall be valued at face value (together with accrued interests) unless, in the opinion of the Manager, any adjustment should be made to reflect the fair value thereof.
- (iv) Notwithstanding any of the foregoing sub-paragraphs, the Manager may with the written consent of the Trustee adjust the Value of any Investment or permit some other method of valuation to be used if, having regards to currency, applicable rates of interest, maturity, marketability and such other considerations as the Manager may deem relevant, the Manager considers that such adjustment or other method of valuation is required to reflect more fairly the Value of such Investment or other property.
- (v) Other Investments, and property other than Investments shall be valued in such manner and at such time or times as the Manager and the Trustee shall from time to time agree.

58.3 In calculating the Value of the Fund at any Valuation Point:

- (i) every Unit agreed to be issued in relation to an application received on or before the Dealing Deadline on a Transaction Date shall be deemed to be in issue (and, in particular but without limitation, every Unit applied for in accordance with Clause 11 of the Trust Deed shall be deemed to be in issue on the Dealing Day immediately following the Transaction Date) and the Deposited Property shall be deemed to include the amount of any cash and/or Value of any Deposit Securities to be paid and/or received in respect of each such Unit on the Dealing Day immediately following the Transaction Date;
- (ii) where, in consequence of any redemption request duly given pursuant to Clause 14 of the Trust Deed on or before the Dealing Deadline on a Transaction Date, the Units in question shall be deemed not to be in issue with effect from the Dealing Day immediately following the Transaction Date (and, in particular, every Unit the subject of a redemption request given in accordance with Clause 14 of the Trust Deed shall be deemed not to be in issue with effect from the Transaction Date) and any amount payable in cash and the Value of the Redemption Securities transferable out of the Deposited Property in pursuance of such reduction shall be deducted with effect from the Dealing Day immediately following the Transaction Date;

- (iii) where any Investment has been agreed to be purchased or otherwise acquired or sold or otherwise disposed of but such purchase, acquisition, sale or disposal has not been completed, such Investment shall be included or excluded and the gross purchase or acquisition or net sale consideration excluded or included as the case may require as if such purchase, acquisition or sale had been duly completed on the Dealing Day immediately following the date of the agreement to so purchase or acquire or sell or dispose of the Investment;
- (iv) there shall be included in the assets an amount equal to all such costs, charges, fees and expenses as the Manager may have determined to amortise pursuant to the provisions of Clause 21.5 of the Trust Deed less the amount thereof which have previously been or are then to be written off;
- (v) income derived from loans and deposits and from Investments (other than Index Securities and Non-Index Securities) bearing fixed interest shall be deemed to accrue from day to day;
- (vi) the outstanding liabilities, costs and expenses attributable to the Fund shall be deducted from the Deposited Property which shall include (without limitation):
 - (a) any amount of Management Fee and Trustee Fee accrued up to and including the relevant time but remaining unpaid;
 - (b) the amount of tax (if any) on gains or profits accrued up to the end of the last Accounting Period or part thereof but remaining unpaid;
 - (c) the aggregate amount for the time being outstanding of any borrowing effected under Clause 16 of the Trust Deed and the amount of any interest and expenses referred to in Clause 16 of the Trust Deed but not paid;
 - (d) an amount equal to the Value of any Investment which is a negative amount;
 - (e) any other costs or expenses payable but not paid which are expressly authorised by any of the provisions of the Trust Deed to be payable out of the Deposited Property;
 - (f) an appropriate allowance for any contingent liabilities; and
 - (g) there shall be taken into account such sum (if any) as in the estimate of the Manager will fall to be paid or reclaimed in respect of taxation related to income and transactions prior to or on the relevant Dealing Day; and
- (vii) liabilities shall (where appropriate) be treated as accruing from day to day.

Valuation policy and performance measurement standards of the Manager

58.4 Valuations shall be done on every Dealing Day. There will not be a suspension of valuation by reason of an exchange holiday. In such cases, the last available security prices shall continue to be applied for valuation purposes.

Notwithstanding the foregoing, the Manager's pricing committee will subject to the provisions of the CIS Code and the conditions set out in section XIII of this Prospectus retain the discretion to suspend valuation if deemed necessary. The Manager's pricing committee is responsible for considering and arriving at a consensus decision to address any pricing disputes or valuation methodology that requires ad hoc decision due to market situation. Subject to the provisions of

the CIS Code, the Manager may request for approval to suspend the valuation and dealing of the Fund if the fair value of a material portion of the Fund's assets cannot be determined.

The Manager collates and maintains portfolio and series data in the performance systems on a periodic basis and generates performance results to meet reporting requirements. Time-weighted rate of return (TWRR) methodology is adopted for portfolio returns calculation.

Hard-to-value or illiquid assets

- 58.5 If the most recent available price for a security invested into by the Fund exceeds one month for reasons of non-availability of prices from regular market sources and/or counterparties, an appropriate liquidity reserve shall be applied on the last available price in accordance with the Manager's pricing and valuation policy. The adjusted price shall be approved by the Manager's pricing committee prior to application.

Liquidity Risk Management

59. The Manager has established liquidity risk management policies which enable the Manager to identify, monitor, and manage the liquidity risks of the Fund. Such policies, combined with the liquidity management tools available, seek to achieve fair treatment of Holders, and safeguard the interests of remaining Holders against the redemption behaviour of other investors and mitigate against systemic risk.

The Manager's liquidity risk management policies take into account the Fund's liquidity terms, asset class, liquidity tools and regulatory requirements.

The liquidity risk management tools available to manage liquidity risk include the following:

- (a) The Fund may, subject to the provisions of the Trust Deed, borrow up to 10% of its latest available net asset value (or such other percentage as may be prescribed by the Code) at the time the borrowing is incurred and the borrowing period should not exceed one month, provided always and subject to the borrowing restrictions in the Code;
- (b) The Manager may, pursuant to the Trust Deed, suspend the realisation of Units of the Fund with the prior written approval of the Trustee, and if the Manager and the Trustee so agree, delay the payment of any moneys and distribution of any Redemption Securities; and
- (c) The Manager shall, and pursuant to the Trust Deed, be entitled to limit the total number of Units which Holders are entitled to redeem on a Dealing Day to ten per cent (10%) (or such higher percentage as the Manager may determine) of the total number of Units in issue (disregarding any Units which have been agreed to be issued), such limitation to be applied (subject as provided in the last sentence of Clause 14.16 of the Trust Deed) *pro rata* to all Participating Dealers who have validly requested redemptions to be effected on such Dealing Day so that the proportion redeemed of each holding so requested to be redeemed is the same for all Participating Dealers.

The Trust Deed

60. You and your professional advisers should note that this Prospectus only summarises selected provisions of the Trust Deed. The Trust Deed is a legal document which sets out the rights, responsibilities and obligations of the Manager, Trustee and Holders. You may wish to inspect a copy of the Trust Deed at the business address of the Manager indicated in paragraph 5.1 above. If you have any doubt regarding the contents of this Prospectus, you should contact the

Manager at the telephone number provided in paragraph 44 above, or consult your solicitor, financial adviser or other professional adviser.

Document Available for Inspection

61. You may inspect copies of the following documents at the business address of the Manager during normal business hours for a period of 12 months from the date of this Prospectus:
- (i) the Trust Deed;
 - (ii) the Depository Agreement between the Manager, the Trustee and the CDP;
 - (iii) the Licence Agreement; and
 - (iv) sample agreement between the Manager, Trustee and Participating Dealers.

XX GLOSSARY

62. Unless the context otherwise requires, the following words or expressions shall have the meanings respectively assigned to them, namely:-

"Accounting Date" means 30 June in each year, or such other date in each year as the Manager may from time to time determine with the prior approval of the Trustee, or (in the case of the final Accounting Period) the date on which the final distribution is transferred to the Distribution Account;

"Accounting Period" means a period ending on and including the next Accounting Date and commencing (in the case of the first such period) on the Initial Issue Date and ending on 30 June 2006 or (in any other case) from the end of the preceding Accounting Period;

"Asian Government" means the government of the People's Republic of China, Hong Kong SAR, Indonesia, Korea, Malaysia, the Philippines, Singapore or Thailand;

"Authority" means Monetary Authority of Singapore;

"Business Day" means any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore and the SGX-ST are open for business and the iBoxx Singapore Index is compiled and published;

"Cash Dealing Day" means every Dealing Day and/or such other day(s) as from time to time determined by the Manager with the prior approval of the Trustee;

"Cash Settlement Date" has the meaning as ascribed to it in paragraph 21.4 of this Prospectus or such other time/date as from time to time determined by the Manager with the prior approval of the Trustee;

"CDP" means The Central Depository (Pte) Limited (Company Registration No: 198003912M), a wholly-owned subsidiary of the Stock Exchange;

"CIS Code" means the Code on Collective Investment Schemes issued by the Authority pursuant to the Securities and Futures Act, as may be amended, modified, or supplemented from time to time by the Authority;

"Connected Persons" has the meaning ascribed to it under the Securities and Futures Act, and the Listing Rules, and in relation to any firm or corporation or company (as the case may be) means:

- (a) another firm or corporation in which the first mentioned firm or corporation has control of not less than twenty per cent. (20%) of the voting power in that other firm or corporation; or
- (b) 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;

"CPF" means Central Provident Fund;

"CPF Investment Guidelines" mean the CPF Investment Guidelines issued by the CPF Board for CPFIS Included Funds, as the same may be modified, amended, supplemented or revised by the CPF Board from time to time;

"Creation Request" means a request for the Creation of Units in-kind as set out in paragraphs 22 and 23 of this Prospectus;

"Creation Unit" has the meaning ascribed to it in paragraph 22.1 of this Prospectus;

"Custodian" means the person or persons for the time being appointed by the Trustee with the prior approval of the Manager as the custodian of the Fund to hold all the assets and property of the Fund;

"Dealing Day" means any day on which commercial banks are open for business in Singapore and the SGX-ST is open for normal trading (other than a day on which trading on the SGX-ST is scheduled to close prior to its regular weekday closing time) and/or such other day or days as the Manager may from time to time determine with the prior approval of the Trustee;

"Dealing Deadline" means:

- (a) 12 noon (Singapore time) on the relevant Cash Dealing Day, for purposes of the subscription of Units in cash or redemption of Units for cash on any Cash Dealing Day (or such other time as the Manager may determine with the prior approval of the Trustee and prior notification to the Holders at such time and in such manner as the Trustee may require); and
- (b) 5.30 p.m. (Singapore time) on the relevant Dealing Day, for purposes of the subscription or redemption of Units in-kind on any Dealing Day (or such other time as the Manager may determine with the prior approval of the Trustee and prior notification to the Holders at such time and in such manner as the Trustee may require);

"Deposited Property" means all the assets (including cash) for the time being held or deemed to be held upon the trusts of the Trust Deed excluding any amount for the time being standing to the credit of the Distribution Account;

"Depositor" means:

- (a) direct account-holder with the Depository; or
- (b) a Depository Agent, but, for the avoidance of doubt, does not include a Sub-Account Holder,

whose name is entered in the Depository Register in respect of Units held by him;

"Depository" means CDP or any successor thereof established by the SGX-ST as a depository company which operates a central depository system for the holding and transfer of book-entry securities;

"Depository Agent" means a member company of the SGX-ST, a trust company (licensed under the Trust Companies Act 2005), a banking corporation or merchant bank (approved by the Authority under the Monetary Authority of Singapore Act 1970) or any other person or body approved by the Depository who or which:

- (a) performs services as a depository agent for holders of accounts maintained by a depository agent in accordance with the terms of a depository agent agreement entered into between the Depository and the depository agent;
- (b) deposits book-entry securities with the Depository on behalf of Sub-Account Holders; and
- (c) establishes an account in its name with the Depository;

"Depository Register" means the electronic register of Units deposited with the Depository maintained by the Depository;

"Distribution Account" means any account entitled Distribution Account referred to in Clauses 18.1 and 18.2 of the Trust Deed;

"EMEAP" means the Executives' Meeting of East Asia and Pacific Central Banks, a group of Central Banks and Monetary Authorities comprising: Reserve Bank of Australia, People's Bank of China, Hong Kong Monetary Authority, Bank Indonesia, Bank of Japan, The Bank of Korea, Bank Negara Malaysia, Reserve Bank of New Zealand, Bangko Sentral ng Pilipinas, the Authority and Bank of Thailand;

"Excluded Investment Products" means any capital markets products that belong to a class of capital markets products listed in the Schedule to the Securities and Futures (Capital Markets Products) Regulations 2018;

"Ex. Dividend Date" means each date in each year which falls one (1) Business Day (or such other number of days as may from time to time be determined by the Manager with the prior approval of the Trustee) immediately before a Record Date being the date or dates in each year for the purpose of allocating the income from the Income Account (as defined in the Trust Deed) for distribution to Holders of record on the following Record Date;

"Extraordinary Resolution" means a resolution proposed and passed as such by a majority consisting of seventy-five per cent. (75%) or more of the total number of votes cast for and against such resolution at a meeting of Holders or (as the case may be) Depositors in the Depository Register as at 48 hours before the time of such meeting as certified by the CDP to the Manager;

"Fund" means the ABF Singapore Bond Index Fund. It is an authorised scheme under the Securities and Futures Act;

"Holder" means the person for the time being entered in the register (kept and maintained in Singapore by the Trustee in such manner as may be required by applicable law and regulation) as the holder of a Unit and (where the context so admits) persons jointly so entered;

"Index" means the iBoxx ABF Singapore Bond Index;

"Index Provider" means Markit Indices Limited;

"Index Securities" means Singapore dollars (S\$) denominated debt obligations issued or guaranteed by the Singapore government (or any other Asian Government), by an agency or instrumentality of the Singapore government (or any other Asian Government), by a Singapore government (or any other Asian Government) sponsored entity or a quasi-Singapore government (or any other Asian Government) entity and Singapore dollar (S\$) denominated debt obligations issued by supranational financial institutions, in each case as determined by the Index Provider and which are for the time being constituent securities of the Index;

"Initial Issue Date" means the date of the first issue of Units, as determined by the Manager with the prior approval of the Trustee;

"Listing Rules" means the listing rules for the time being applicable to the listing of the Fund as an investment fund on the SGX-ST as the same may be modified, amended, supplemented, revised or replaced from time to time;

"Market Day" means any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore and the SGX-ST are open for business;

"Market Maker" means persons who have entered into an agreement with the Manager and Trustee to make a market in the Units on the SGX-ST;

"NAV" means net asset value;

"Non-Index Securities" means securities other than Index Securities;

"Notice on the Sale of Investment Products" means the Notice on the Sale of Investment Products issued by the Authority, as the same may be modified, amended or revised from time to time;

"OTC" means over-the-counter;

"Participant Agreement" means an agreement entered into between the Trustee, the Manager, and a Participating Dealer setting out, *inter alia*, the arrangements in respect of the issue of Units for Deposit Baskets and the related Cash Issue Component and the redemption and cancellation of Units for Redemption Baskets and the related Cash Redemption Component;

"Participating Dealer" means any participant who is a broker or dealer and who has entered into a Participant Agreement in form and substance acceptable to the Manager and the Trustee;

"prescribed capital markets products" shall have the meaning as set out in the Securities and Futures (Capital Markets Products) Regulations 2018, as the same may be modified, amended or revised from time to time;

"Record Date" means the date or dates, in each six (6)-month period, determined by the Manager (with the prior approval of the Trustee) as the date or dates for the purpose of determining the Holders of record entitled to receive any distributions of income from the Income Account (as allocated on the immediately preceding Ex. Dividend Date) on or before the following Distribution Date in accordance with paragraph 50 of this Prospectus;

"Recognised Exchange" means an internationally recognised stock or investment exchange or marketplace which is regulated, operates regularly and is open to the public and which is approved by the Trustee and the Manager;

"Redemption Basket" means a portfolio of Index Securities and Non-Index Securities determined and designated, or approved, by the Manager in respect of each Dealing Day for the purposes of the redemption of Units in a Redemption Unit aggregation for that Dealing Day;

"Redemption Request" means a request for the Redemption of Units in-kind as set out in paragraphs 29 to 31 of this Prospectus;

"Redemption Unit" means a multiple of 20,000,000 Units or such other multiple as from time to time determined by the Manager, with the prior approval of the Trustee and specified in this Prospectus;

"Registrar" means HSBC Institutional Trust Services (Singapore) Limited (Company Registration No.: 194900022R) as described in paragraph 8.1 of this Prospectus;

"S\$" or "Singapore dollars and cents" means Singapore dollars and cents, the lawful currency of the Republic of Singapore;

"Securities Accounts" means Securities account or sub-account maintained by a Depositor (as defined in Section 130A of the Companies Act) with CDP;

"Securities and Futures Act" means Securities and Futures Act 2001;

"Settlement Date" has the meaning ascribed to it in paragraph 22.4 of this Prospectus or such other time/date as from time to time determined by the Manager with the prior approval of the Trustee;

"SRS" means Supplementary Retirement Scheme;

"Stock Exchange" or **"SGX-ST"** means the Singapore Exchange Securities Trading Limited or any successor thereto;

"Sub-Account Holder" means a holder of an account maintained with a Depository Agent;

"Transaction Date" means the Dealing Day (Singapore time) on which the Registrar receives or is treated as having received a valid application for Units in accordance with Clause 9.5 of the Trust Deed or a valid request to redeem Units in accordance with Clause 14.2 of the Trust Deed;

"Unclaimed Monies Account" has the meaning ascribed to it in paragraph 50 of this Prospectus; and

"Valuation Point" means the close of business of the relevant Dealing Day or Cash Dealing Day (as the case may be) (or such other time or times as from time to time determined by the Manager with the prior approval of the Trustee provided that there shall always be a Valuation Point on each Dealing Day or Cash Dealing Day (as the case may be)).

APPENDIX 1: THE INDEX

The information presented in this Appendix has been extracted from publicly available documents that have not been prepared or independently verified by the Manager, the Trustee, the Supervisory Committee 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 or completeness of this Appendix. The information presented in this Appendix is subject to change by the Index Provider from time to time. The published figures of the value of the Index, a description of the index methodology and the latest information on the Index are available at www.markit.com.

The Index

The iBoxx ABF Singapore Bond Index, an indicator of investment returns of Singapore denominated debt obligations issued or guaranteed by the Singapore government (or any other Asian Government), by an agency or instrumentality of the Singapore government (or any other Asian Government), by a Singapore government (or any other Asian Government) sponsored entity or a quasi-Singapore government (or any other Asian Government) entity and Singapore dollar denominated debt obligations issued by a supranational financial institution or by an agency or instrumentality of any supranational financial institution or by an entity sponsored by any supranational financial institution, in each case as determined by the Index Provider and which are for the time being constituent securities of the Index.

Composition of the Index

Only government, sovereign and sub-sovereign debt (subject to certain credit rating requirements as determined by the Index Provider) are eligible for the Index.

Constituent securities of the Index

As at 21 February 2022, the composition and weightings of the constituent securities of the Index were as follows:

No.	Issuer	Coupon (%)	Maturity	Weighting
1	Cagamas Global Plc	1.25	8/12/2023	0.13%
2	Housing & Development Board	1.645	23/11/2026	0.63%
3	Housing & Development Board	1.971	25/1/2029	0.60%
4	Housing & Development Board	1.54	12/10/2028	0.56%
5	Housing & Development Board	1.37	16/3/2028	0.56%
6	Housing & Development Board	1.73	19/5/2031	0.55%
7	Land Transport Authority of Singapore	3.45	30/7/2058	1.08%
8	Land Transport Authority of Singapore	3.38	30/1/2059	1.07%
9	Land Transport Authority of Singapore	3.3	3/6/2054	0.99%
10	Land Transport Authority of Singapore	3.35	19/3/2048	0.85%
11	Land Transport Authority of Singapore	3.43	30/10/2053	0.72%
12	Singapore Government Bond	2.875	1/9/2030	6.61%
13	Singapore Government Bond	1.75	1/2/2023	6.48%
14	Singapore Government Bond	3	1/9/2024	5.90%
15	Singapore Government Bond	3.5	1/3/2027	5.86%
16	Singapore Government Bond	2.75	1/7/2023	5.80%

No.	Issuer	Coupon (%)	Maturity	Weighting
17	Singapore Government Bond	2.125	1/6/2026	5.59%
18	Singapore Government Bond	2.25	1/8/2036	5.39%
19	Singapore Government Bond	2.75	1/3/2046	5.30%
20	Singapore Government Bond	2.875	1/7/2029	5.21%
21	Singapore Government Bond	3.375	1/9/2033	5.02%
22	Singapore Government Bond	2.75	1/4/2042	4.62%
23	Singapore Government Bond	2	1/2/2024	4.57%
24	Singapore Government Bond	1.875	1/3/2050	4.39%
25	Singapore Government Bond	2.375	1/6/2025	4.25%
26	Singapore Government Bond	0.5	1/11/2025	3.65%
27	Singapore Government Bond	2.625	1/5/2028	3.65%
28	Singapore Government Bond	2.375	1/7/2039	2.45%
29	Singapore Government Bond	1.625	1/7/2031	2.00%
30	Singapore Government Bond	1.875	1/10/2051	1.58%
31	Singapore Government Bond	1.25	1/11/2026	1.58%
32	SP PowerAssets Ltd	3.4	19/9/2032	0.17%
33	Temasek Financial I Ltd	4.2	2/8/2050	0.81%
34	Temasek Financial I Ltd	4.0475	5/3/2035	0.38%
35	Temasek Financial I Ltd	3.785	5/3/2025	0.35%
36	Temasek Financial I Ltd	2.7	25/10/2023	0.33%
37	Temasek Financial I Ltd	1.8	24/11/2026	0.32%

Source: Markit Indices Limited.

Bond Selection rules and Index re-balancing

The following five criteria are used to derive the Index: (i) bond type; (ii) rating requirements and issuer classification; (iii) bond life at issuance; (iv) time to maturity; and (v) amount outstanding.

Bond Type

The following types of securities are eligible for inclusion in the Index: (i) fixed, zero coupon and step-up coupon bonds; and (ii) sinking funds and amortizing bonds with a fixed redemption schedule.

Securities with any of the following attributes are excluded from the Index: (i) bonds with embedded call or put options; (ii) floating rate notes and fixed-to-floater bonds; (iii) bonds with warrants; (iv) convertible securities; (v) undated bonds; and (vi) index-linked and credit-linked notes.

Only bonds with predetermined cash flows are eligible for the Index.

The Index may be rebalanced from time to time. Please see the section below entitled "Index re-balancing procedure".

Retail bonds are excluded from the Index.

Private placements that are only offered to a few select investors are excluded from the Index.

Credit Rating requirement and Issuer classification

Only government, sovereign and sub-sovereign debt (subject to certain credit rating requirements) are eligible for inclusion in the Index.

Issuer Restrictions

Collateralized bonds are excluded from the Index. This applies to both sovereign and quasi-sovereign issuers.

Quasi-sovereign bonds are split into sub-sovereign bonds and other sovereign bonds.

Sub-sovereign bonds are issued by entities with explicit or implicit government backing due to legal provisions, letters of comfort or the public service nature of their business. The issuer requires strong central government ownership if its bonds are not explicitly guaranteed by the central government.

The four main sub-sovereign categories are: (i) Agencies; (ii) Government-guaranteed; (iii) Local governments; and (iv) Supranationals.

Supranational issuers are entities owned and/or supported by more than one central government, including the Asian Development Bank, the European Investment Bank and the International Bank for Reconstruction & Development.

Local government bonds issued by local or regional governments are eligible only if they are explicitly guaranteed by the central government.

Bonds from issuers that are explicitly guaranteed by a central government are classified as "Government guaranteed" and are eligible for the Index. Guaranteed bonds and issuers are classified into that category, even though the underlying issuer may be a quasi-sovereign.

Agencies are entities whose major business is to fulfill a government-sponsored role to provide public, non-competitive services. Often, such business scope is defined by a specific law, or the issuer is explicitly backed by the government. There are three main categories of agencies: (i) financial; (ii) infrastructure & transport; and (iii) public utilities.

In principle, the business scope and legal provisions in combination with strong government ownership determines whether an issuer is a quasi-sovereign or a corporate. In addition, the rating differential between government and quasi-sovereign is also taken into consideration. For instance, a considerable rating differential (e.g. three notches) below the sovereign suggests that the issuer does not belong in the quasi-sovereign sector.

Further information in respect of the Index may be obtained from www.markit.com.

Rating requirements

Domestic central government debt does not require a rating. In order to ensure high credit quality of the Index, most quasi-sovereign bonds need to be rated investment grade. Ratings from the following three credit rating agencies are considered: (i) Fitch Inc., (ii) Moody's, or (iii) Standard & Poor's.

If a bond is rated by more than one agency, the average rating of all ratings is used. The average rating is calculated as the arithmetical average of all ratings, whereby each rating is converted into a numerical number. All rating notches have the same numerical distance, e.g. from A1 to A2 has the same distance as Aaa to Aa1.

Prior to 30 September 2006, the lowest rating was used. Investment grade is defined as BBB or higher from Fitch and Standard & Poor's and Baa3 or higher from Moody's.

During the transition period from 30 September 2006 to 30 June 2007, the lowest rating was still used to determine whether a bond was investment grade rated. Within investment grade, the average rating determines the index rating of the bond.

Supranationals need to have at least AA- rating.

Unrated bonds or issuers from investment grade markets are only eligible in the following quasi-sovereign categories: (i) Government-guaranteed; and (ii) Financial agencies, provided it can be ascertained that the issuer has strong links to and support from the central government (e.g. a reduced risk weighting for the purpose of calculating capital adequacy ratio for commercial banks, senior government representation on the company board etc.). The decision whether to include unrated financial agencies is taken on a case-by-case basis.

Quasi-sovereigns from sub-investment grade rated markets are excluded from the Index unless they have an investment grade rating. The applicable sovereign debt rating is the best rating of the Fitch Inc, Moody's and S&P local currency debt ratings.

Classification review procedure

The issuer classification is reviewed regularly and issuers whose status have changed are included in the Index at the next re-balancing. Additional information documenting the classification decision is provided for quasi-sovereigns that are unrated or where the rating differential between the sovereign and issuer is significant.

The approach described in the section on "Credit Rating requirement and Issuer classification" forms the basis for the inclusion rules. In exceptional circumstances, the iBoxx Asian index committee may propose the inclusion of additional issuers that fall outside these basic rules. The classification decision and the supporting documentation are submitted to the iBoxx Asian oversight committee for review and approval.

Bond life at issuance

All bonds must have a minimum bond life of 18 months at issuance. The minimum life is measured from the first settlement date to the maturity date of the bonds and is rounded to the nearest month.

Time to Maturity

All bonds must have a remaining time to maturity of one year or more at any re-balancing date. The time to maturity is calculated from the re-balancing date to the final maturity date of the bond by using the native day count convention of the bond.

For sinking funds and amortizing bonds, the average life is used instead of the final maturity to calculate the remaining time to maturity.

Index re-balancing procedure

The Index is re-balanced on the last calendar day of the month after close of business. Changes to static data, such as ratings, amount outstanding etc. are only taken into account if they are publicly known three business days before the end of the month. Rating or amount outstanding changes on the last two trading days of the month are accounted for at the next re-balancing. New bonds issued must settle before the end of the month and all relevant information must be known at least three trading days before the end of the month.

The classification of existing bonds is also reviewed at each monthly re-balancing, and resulting classification changes are implemented at the re-balancing. This means that quasi-sovereign issuers, which are no longer considered to have a sufficiently close relationship with the government, are reclassified as corporate issuers and subsequently removed from the index at the monthly re-balancing.

The final membership list for the next month is published two trading days before the end of the month, and is republished with the re-balancing prices on the last trading day of the month after close of business.

Data for Index Calculation

Static Data

Information used in the Index calculation is sourced from standard providers and is routinely checked against a second independent source.

Bond and Index Data

The Index is calculated if there is at least one bond available that matches all inclusion criteria. If no more bonds qualify for the Index, then its level will remain constant. If at least one bond becomes available again, the Index calculation will be resumed at the last calculated level.

Calculation occurs on a daily basis as soon as the consolidated quotes become available. The Index is calculated on each trading day. The Index is also calculated on the last calendar day of each month. If the Index is calculated on a day that is a non-business day in one of the other countries, then the consolidated prices from the previous trading day will be carried forward and the Index will be calculated using those prices and the current accrued interest and coupon payment data.

The calculation of the Index is based on bid quotes. New bonds are included in the Index with their respective ask prices when they enter the index family. In the event that no consolidated price could be established for a particular bond, the Index continues to be calculated based on the last available consolidated prices.

On the last trading day of a month, the re-balancing takes place after the daily index calculation for the current month's list-including the calculation of the last calendar day's indices-has been performed. On the last trading day of the month, price contributors submit bid and ask quotes for all new bonds, which are to be included in the Index for the new month.

Circumstances that may affect the accuracy and completeness in the calculation of the Index

No warranty, representation or guarantee is given as to the accuracy or completeness of the Index and its computation or any information related thereto. The process and the basis of computing and compiling the Index and any of its related formulae, constituent securities and factors may at any time be changed or altered by the Index Provider without notice. In addition, the accuracy and completeness of the calculation of the Index may be affected by, without limitation, the availability and accuracy of prices for constituent securities, market factors and errors in its compilation.

Name of Fund: ABF Singapore Bond Index Fund

NIKKO ASSET MANAGEMENT ASIA LIMITED

BOARD OF DIRECTORS

Seet Oon Hui Eleanor
Director

Kiyotaka Ryu
Director
(signed by Seet Oon Hui Eleanor
for and on behalf of Kiyotaka Ryu)

Hiroki Tsujimura
Director
(signed by Seet Oon Hui Eleanor
for and on behalf of Hiroki Tsujimura)

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