



# **PHILLIP UNIVERSAL FUNDS**

**- PHILLIP GLOBAL QUALITY FUND**

## **Prospectus**

Dated 23 November 2020

## **DIRECTORY**

### **Managers**

Phillip Capital Management (S) Ltd  
250 North Bridge Road, #06-00 Raffles City Tower, Singapore 179101  
(Company Registration Number: 199905233W)

### **Directors of the Managers**

Lim Hua Min  
Linus Lim Wen Sheong  
Jeffrey Lee Chay Khiong  
Lim Wah Sai  
Louis Wong Wai Kit

### **Trustee and Registrar**

Citicorp Trustee (Singapore) Limited  
(Company Registration No. 199604601H)  
5 Changi Business Park Crescent  
Level 5  
Singapore 486027

### **Custodian**

Citibank, N.A., Singapore Branch  
5 Changi Business Park Crescent  
Level 5  
Singapore 486027

**Auditors**

KPMG LLP

16 Raffles Quay

#22-00 Hong Leong Building

Singapore 048581

**Solicitors to the Managers**

Allen & Gledhill LLP

One Marina Boulevard, #28-00, Singapore 018989

**Solicitors to the Trustee**

Shook Lin & Bok LLP

1 Robinson Road, #18-00, AIA Tower, Singapore 048542

## PHILLIP UNIVERSAL FUNDS

### Important Information

The managers of the Phillip Universal Funds (the “**Fund**”) and the sub-fund of the Fund offered under this Prospectus (the “**Sub-Fund**”), Phillip Capital Management (S) Ltd (the “**Managers**”), accept full responsibility for the accuracy of information contained in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this Prospectus misleading.

This Prospectus does not constitute an offer or solicitation for the purchase of units of the Sub-Fund (“**Units**”) 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 be used only in connection with this offering of Units by the Managers or their approved agents or distributors. The delivery of this Prospectus or the issue of Units shall not, under any circumstances, create any impression that the affairs of the Fund or the Sub-Fund (as the case may be) have not changed since the date of this Prospectus. **This Prospectus may be updated from time to time to reflect material changes and you should investigate whether an updated prospectus of the Fund is available.**

Investors should consult the relevant provisions of the deed of trust (as may be amended from time to time) relating to the Fund (the “**Deed**”) and obtain independent professional advice in any event of any doubt or ambiguity relating thereto. Unless otherwise stated, all terms not defined in this Prospectus have the same meanings as used in the Deed.

As at the date of this Prospectus, no application has been made for the Units in the Sub-Fund to be listed on any stock exchange. There is no ready market for the Units in the Sub-Fund. Investors may consequently only realise their Units in accordance with and subject to the provisions of the Deed.

The Units are capital markets products other than prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Specified 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).

Potential investors should seek independent professional advice to ascertain (a) the possible tax consequences; (b) the legal requirements; and (c) any foreign exchange restrictions or exchange control requirements which they may encounter under the laws of the countries of their citizenship, residence or domicile, which may be relevant to the subscription, holding or disposal of Units in the Sub-Fund, and should inform themselves of and observe all such laws and regulations in any related jurisdiction that may be applicable to them.

Investors should consider the risks of investing in the Units which are summarised in paragraph 10 of this Prospectus.

Investors should note that the Managers may from time to time offer Units of the Sub-Fund in jurisdictions other than Singapore.

#### Restriction on U.S. Persons on subscribing to the Fund

Persons to whom a copy of this Prospectus has been issued shall not circulate to any other person, reproduce or otherwise distribute this Prospectus or any information herein for any purpose whatsoever nor permit or cause the same to occur. In particular, please note that the Units have not

been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**U.S. Securities Act**”) or any other applicable law of the United States. The Fund has not been and will not be registered as an investment company under the U.S. Investment Company Act of 1940, as amended. The Units are being offered and sold outside the United States to persons that are not “U.S. persons” (as defined in Regulation S promulgated under the U.S. Securities Act) in reliance on Regulation S promulgated under the U.S. Securities Act. The Units are not being offered or made available to U.S. persons and nothing in this Prospectus is directed to or is intended for U.S. persons.

For the purposes of the U.S. Securities Act, the term “U.S. person” means: (i) any natural person resident in the United States; (ii) any partnership or corporation organized or incorporated under the laws of the United States; (iii) any estate of which any executor or administrator is a U.S. person; (iv) any trust of which any trustee is a U.S. person; (v) any agency or branch of a non-United States entity located in the United States; (vi) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person; (vii) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and (viii) any partnership or corporation if (a) organized or incorporated under the laws of any non-United States jurisdiction and (b) formed by a U.S. person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organized or incorporated, and owned, by “accredited investors” (as defined in Regulation D promulgated under the U.S. Securities Act) who are not natural persons, estates or trusts.

For the purposes of the U.S. Securities Act, the term “U.S. person” does not include: (i) any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-U.S. person by a dealer or other professional fiduciary organized, incorporated, or (if an individual), resident in the United States; (ii) any estate of which any professional fiduciary acting as executor or administrator is a U.S. person if (a) an executor or administrator of the estate who is not a U.S. person has sole or shared investment discretion with respect to the assets of the estate and (b) the estate is governed by non-United States law; (iii) any trust of which any professional fiduciary acting as trustee is a U.S. person, if a trustee who is not a U.S. person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settlor if the trust is revocable) is a U.S. person; (iv) an employee benefit plan established and administered in accordance with the law of a country other than the United States; (v) an agency or branch of a U.S. person located outside the United States if (a) the agency or branch operates for valid business reasons and (b) the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located; and (vi) the International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the United Nations, any other similar international organizations, and their respective agencies, affiliates and pension plans.

#### Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act (“**FATCA**”) includes provisions under which the Managers as a Foreign Financial institution (“**FFI**”) may be required to report to the U.S. Internal Revenue Service (“**IRS**”) certain information about Units held by U.S. persons for the purposes of FATCA and to collect additional identification information for this purpose. FFIs that do not enter into an agreement with the IRS and comply with the FATCA regime could be subject to 30% withholding tax on any payment of

U.S. source income as well as on the gross proceeds deriving from the sale of securities generating U.S. income made to the Fund or the Sub-Fund.

The Fund is obliged to comply with the provisions of FATCA under the terms of the inter-governmental agreement (“**IGA**”) Model 1 signed between the U.S. Government and the Singapore Government and under the terms of Singapore legislation implementing the IGA.

Distributors and investors should note that it is the existing policy of the Managers that Units are not being offered or sold for the account of U.S. Persons for the purposes of FATCA and that subsequent transfers of Units to such U.S. Persons are prohibited. If Units are beneficially owned by such U.S. Person, the Managers (in consultation with the Trustee) may compulsorily realise such Units. Investors should note that under the FATCA legislation, the definition of “Specified U.S. Persons” will include a wider range of investors than the current U.S. Person definition.

#### Common Reporting Standard and Automatic Exchange of Information

Following the development by the Organisation for Economic Cooperation and Development (“**OECD**”) of a common reporting standard (“**CRS**”) to achieve a comprehensive and multilateral automatic exchange of information (“**AEOI**”), the Income Tax (International Tax Compliance Agreements) (Common Reporting Standard) Regulations 2016 (the “**CRS Regulations**”) have been promulgated to allow Singapore to implement the CRS with effect from 1 January 2017. Singapore has committed to commence exchange of information under the CRS in 2018.

The CRS Regulations require certain Singapore financial institutions (as defined in the CRS Regulations) to identify financial asset holders and establish if they are resident for tax purposes in countries with which Singapore has a tax information sharing agreement. Singapore financial institutions will then report financial account information of the asset holder to the Singapore tax authorities, which will thereafter automatically transfer this information to certain competent foreign tax authorities on a yearly basis.

Accordingly, the Managers and/or the Trustee will require investors to provide, amongst other things, information in relation to their identities and tax residences of their accounts (and the controlling persons, if any), account details, reporting entity, account balance/value and income/sale or realisation proceeds and any additional documentation or information, which will then be reported to the Inland Revenue Authority of Singapore and 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 advisors on the possible tax and other consequences with respect to the implementation of the CRS.***

#### Data Protection

For the purposes of, and subject to the provisions in, the Personal Data Protection Act of Singapore (“**PDPA**”) and its regulations, each investor consents and acknowledges that all personal data of the investor provided to the Fund, the Managers, the Trustee or any delegate, agent or distributor appointed by the Managers or Trustee (including but not limited to the administrator, custodian, sub-custodians, registrar and any other third party service provider which may be appointed), may be collected, used, disclosed or otherwise processed to enable each of the aforesaid entities to carry out their respective duties and obligations, or to enforce their respective rights and remedies, in connection

with any investment by the investor into the Fund or Sub-Fund or any law applicable to the respective parties.

Investors acknowledge and agree that the Trustee, the Custodian and their agents and/or each of their affiliates and related corporations (“**Recipients**”, each a “**Recipient**”) may collect, use and/or disclose personal data (as defined under the Personal Data Protection Act 2012), as collected directly from investors, from the Managers, or otherwise, for purposes which may include:

- (a) providing, operating, processing and administering Units as may be required by the Deed (as defined in this Prospectus);
- (b) performing obligations and duties of a trustee under the Deed and/or discharging statutory, legal, equitable and fiduciary duties as a trustee, including updating and maintaining the Register;
- (c) undertaking activities related to the provision of services to the Managers as Trustee or Custodian of the Fund and maintaining service quality and training staff;
- (d) fulfilling foreign and domestic legal, regulatory and compliance requirements (including U.S. anti-money laundering and tax obligations applicable to Citibank and disclosure to any stock exchange) and complying with any applicable treaty or agreement with or between foreign and domestic governments applicable to Citibank;
- (e) verifying the identity of investors or the identity or authority of investors’ representatives who contact or may be contracted by Citibank to carry out or respond to investors’ requests, questions or instructions;
- (f) monitoring and recording calls and electronic communications for quality, training, investigation and fraud prevention purposes;
- (g) for crime detection, prevention, investigation and prosecution;
- (h) enforcing or defending the rights of Citibank, contractual or otherwise;
- (i) performing internal management, operating control (including financial control) and management information systems, and carrying out internal or external audits; and
- (j) complying with any obligations, requirements, policies, procedures, measures or arrangements for sharing data and information within Citibank and any other use of data and information in accordance with any of Citibank’s programmes for compliance with sanctions or prevention or detection of money laundering, terrorist financing or other unlawful activities.

“**Citibank**” means Citibank, N.A. and its branches, subsidiaries, representative offices and affiliates, which shall include, but is not limited to, the Trustee and/or the Custodian.

Where an investor provides personal data relating to third party individuals to a Recipient, directly or indirectly, that investor warrants that the prior consent of such third party individual, which will allow the Recipient to collect, use and disclose that personal data in the manner and for the purposes described above, has been obtained, and consents and acknowledges to all such collection, use and disclosure on behalf of that third party individual. Upon reasonable request by the Recipient, the investor agrees to provide to the Recipient a copy of document(s) containing such consent or which evidences that the relevant individual has given such consent.

Subject to applicable laws and regulations, such personal data may be transferred to other countries or territories outside Singapore for the purposes set out above, including to: (i) any person or entity including government authorities, regulatory bodies, courts and tribunals to whom Trustee is under an obligation to make disclosure pursuant to any domestic or foreign legal process, legal obligation or regulatory obligation; (ii) affiliates or related corporations of the Trustee; and (iii) any agent, contractor or third party service provider who provides administrative, mailing, data processing, business process, human resource, information technology or other service to the Trustee, its affiliates or related corporation in connection with the operation of their business. All such personal data may be retained after Units held by the relevant investor have been realised.

Each investor undertakes to ensure that all information provided to the Recipient is true, accurate and complete and investors should contact the Managers and/or their authorised distributors if there is any change to the personal data provided including inter alia in the application form, subscription form or account opening documents.

Investors may refuse to consent to the collection, use and disclosure of their personal data. Where such refusal is made, the Managers are entitled to reject any application to subscribe for Units and there may be other legal consequences which are applicable as notified to the relevant investor at the relevant time.

Investors may also, after consenting to the collection, use and disclosure of their personal data, withdraw their consent by giving notice in writing to the Managers, whether directly or through their authorised distributors or agents. Where there is such a withdrawal of consent, there may be other legal consequences which are applicable as notified to the relevant investor at the relevant time.

All enquiries in relation to the Fund or the Sub-Fund should be directed to the Managers, Phillip Capital Management (S) Ltd, or any agent or distributor appointed by the Managers.



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## PHILLIP UNIVERSAL FUNDS

*The Sub-Fund of the Fund offered in this Prospectus is an authorised scheme under the Securities and Futures Act, Chapter 289 (“SFA”). 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. The registration of this Prospectus by the Authority does not imply that the SFA or any other legal or regulatory requirements have been complied with. The Authority has not, in any way, considered the investment merits of the Sub-Fund. The meaning of terms not defined in this Prospectus can be found in the Deed.*

### 1. Basic Information

#### 1.1 Phillip Universal Funds

The Fund is an umbrella unit trust constituted in Singapore on 23 November 2020 and comprising separate and distinct sub-funds which are Singapore authorised collective investment schemes.

As at the date of this Prospectus, the following sub-fund under the Fund (the “Sub-Fund”) is available to investors for subscription:

	Sub-Fund
1.	Phillip Global Quality Fund

New sub-funds under the Fund may from time to time be added or be made available to investors for subscription.

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

The date of registration of this Prospectus with the Authority is 23 November 2020.

This Prospectus shall be valid for 12 months after the date of registration (i.e., up to and including 22 November 2021) and shall expire on 23 November 2021.

#### 1.3 Trust Deed

**1.3.1** The deed of trust relating to the interests being offered for subscription or purchase is dated 23 November 2020 (the “Deed”). **The Deed may be amended, updated or supplemented from time to time to reflect material changes and you should investigate whether an amended or updated Deed or a supplement thereto is available.**

**1.3.2** The parties to the Deed are Phillip Capital Management (S) Ltd (the “Managers”) and Citicorp Trustee (Singapore) Limited (the “Trustee”).

**1.3.3** The terms and conditions of the Deed shall be binding on each unitholder (together the “Holders” and each a “Holder”) and persons claiming through such Holder as if such Holder had been a party to the Deed and as if the Deed contained covenants on such Holder to observe and be bound by the provisions of the Deed and an authorisation by each Holder to do all such acts and things as the Deed may require the Managers and/or the Trustee to do.

**1.3.4** A copy of the Deed shall be made available for inspection at all times during usual business hours at the registered address of the Managers at 250 North Bridge Road, #06-00 Raffles City Tower, Singapore 179101, and will be supplied by the Managers

to any person upon request at a charge of SGD30 per copy of the document (or such other amount as the Trustee and Managers may from time to time agree in writing).

“SGD”, “Singapore Dollars” and “S\$” means the lawful currency of the Republic of Singapore.

## **1.4 Accounts and Reports**

Copies of the latest annual and semi-annual reports, the auditor’s report on the annual accounts and the annual and semi-annual accounts relating to the Fund, when available, may be obtained from the Managers upon request at 250 North Bridge Road, #06-00 Raffles City Tower, Singapore 179101.

## **2. The Managers**

### **2.1** The Managers of the Fund are Phillip Capital Management (S) Ltd, whose registered office is at 250 North Bridge Road, #06-00 Raffles City Tower, Singapore 179101. The Managers are regulated in Singapore by the Authority.

The Managers were incorporated in Singapore on 2 September 1999. The Managers hold a capital markets services licence granted by the Authority, and provide fund management and investment advisory services to both institutional and retail clients. The Managers are a member of PhillipCapital, an integrated financial services group established in 1975 (“Group”), providing a comprehensive range of financial services to retail and institutional customers. Today, the Group operates in the financial hubs of 15 countries and regions, including offices in Australia, Cambodia, China (and Hong Kong SAR), France, India, Indonesia, Japan, Malaysia, Singapore, Thailand, Turkey, United Kingdom, United Arab Emirates, United States of America and Vietnam. The Managers are regulated in Singapore by the Authority. The issued and paid-up share capital of the Managers is S\$5 million.

The Managers have been managing collective investment schemes and/or discretionary funds in Singapore since 2000. The investment funds managed by the Managers include the following: Phillip Money Market Fund, Global Opportunities Fund, Phillip US Dollar Money Market Fund, Phillip Singapore Real Estate Income Fund, Phillip SGX APAC Dividend Leaders REIT ETF, Phillip SING Income ETF, Phillip SGD Money Market ETF, Phillip Global Rising Yield Innovators Fund and Phillip Greater India Equity Fund (a restricted fund which is only offered to institutional and accredited/high net worth investors under the Securities and Futures Act). The Managers also acts as sub-manager of Lion-Phillip S-REIT ETF.

The Phillip SGX APAC Dividend Leaders REIT ETF was awarded the “Most Innovative New ETF” award by the SGX-ST in February 2017.

**Investors should note that past performance of the Managers or the funds mentioned above are not necessarily indicative of the future performance of the Managers or the funds.**

### **2.2 Directors and Key Executives of the Managers**

The directors of the Managers of the Fund are as follows:

#### **Lim Hua Min**

Hua Min, of 250 North Bridge Road, #06-00 Raffles City Tower, Singapore 179101 is the Chairman of the Group and director of the Managers. He previously held senior positions in the Stock Exchange of Singapore and the Securities Research Institute. He has served on a number of committees and sub-committees of the Stock Exchange of Singapore. In 1997, he was appointed Chairman of the Stock Exchange of Singapore (SES) Review Committee, which

is responsible for devising a conceptual framework to make Singapore's capital markets more globalised, competitive and robust. Hua Min holds a Bachelor of Science Degree (Honours) in Chemical Engineering from the University of Surrey and obtained a Master's Degree in Operations Research and Management Studies from Imperial College, University of London.

#### **Linus Lim Wen Sheong**

Linus, of 250 North Bridge Road, #06-00 Raffles City Tower, Singapore 179101 is a director and Chief Executive Officer of the Managers and Phillip Tokai Tokyo Investment Management Pte. Ltd. He has been with the Group since 2001 where he was involved in equity research as well as corporate finance, both in Singapore and the United Kingdom. Prior to joining the Group, he was involved in the investments business of Citibank Asia Pacific. Linus is a graduate from the London School of Economics and holds an MBA from the Anderson School of Management at UCLA.

#### **Jeffrey Lee Chay Khiong**

Jeffrey, of 250 North Bridge Road, #06-00 Raffles City Tower, Singapore 179101 is a director and Chief Investment Officer of the Managers and has been with the Group since 1992. His prior appointments include senior investment management positions at AIB Govett (Asia) Ltd, DBS Bank and Mitsubishi Corporation Group, with responsibilities for managing funds across various asset classes including fixed income, equities and venture capital. Jeffrey has more than 30 years of investment experience spanning several market cycles. His track record includes a number of award-winning funds in the Asia Pacific and Global Funds category. A Chartered Financial Analyst (CFA) since 1990, he obtained his Bachelor's (Honours) degree in Chemical Engineering from the National University of Singapore on a Public Service Commission Scholarship.

#### **Lim Wah Sai**

Wah Sai, of 11/F United Centre, 95 Queensway, Hong Kong is a non-executive director of the Managers. He joined the Group in 1988 and has been managing the Group's Hong Kong operations since 1993. He is presently the Managing Director and Responsible Officer of the Group companies in Hong Kong, including Phillip Securities (HK) Ltd, Phillip Commodities (HK) Ltd and Phillip Capital Management (HK) Ltd. Phillip Capital Management (HK) manages assets for retail and institutional clients and acts as Investment Advisor to an authorised fund in Thailand which primarily invests in Hong Kong and China. Wah Sai is currently a member of the Derivatives Market Consultative Panel of HKEx and has over 30 years' experience in the securities, derivatives and banking industries. He holds a Master's Degree in Management Science from Imperial College, University of London and a Bachelor of Science Degree (1st Class Honours) in Control Instrumentation and System Engineering from the City University, London.

#### **Louis Wong Wai Kit**

Louis, of 11/F United Centre, 95 Queensway, Hong Kong is a non-executive director of the Managers. He joined the Group in 1993 and has been the Director of Phillip Securities (HK) Ltd and Phillip Capital Management (HK) Ltd since 1996 and 2002 respectively. He has over 20 years of investment experience in securities dealing and 14 years in asset management. Louis obtained his Bachelor of Arts (Honours) degree from the University of Hong Kong.

The key executives of the Managers of the Fund are as follows:

#### **Tan Teck Leng**

Teck Leng, of 250 North Bridge Road, #06-00 Raffles City Tower, Singapore 179101 is a senior fund manager of the Managers, and a key member of the investment team covering global equity markets, including both active funds and ETFs. He oversees the managed account portfolios and the management of the equity and balanced funds portfolios. Prior to joining the Group in 2008, he worked in the aerospace and defence fields with a Singapore-based engineering conglomerate, and also had project management experience in a regional construction and infrastructure engineering consultancy firm. Teck Leng obtained his Bachelor of Mechanical Engineering degree with First Class Honours from Imperial College London in 1999.

#### **Hitomi Toh Hui En**

Hitomi, of 250 North Bridge Road, #06-00 Raffles City Tower, Singapore 179101 is an assistant fund manager of the Managers, and a member of the investment team covering global equity markets, including both active funds and ETFs. She supports the day to day functions relating to our existing in-house ETFs and product development within the group. Prior to joining the Group in 2019, she worked in Private Banking and interned at another local asset management firm. Hitomi obtained her Bachelor of Commerce degree majoring in Finance from the University of Western Australia in 2013.

### **2.3 Management of Underlying Entities**

The Sub-Fund feeds into the GMO Funds plc – GMO Quality Investment Fund (the “**GMO Underlying Fund**”), which is the underlying fund of the Sub-Fund.

Grantham, Mayo, Van Otterloo & Co., LLC acts as the investment manager of the GMO Underlying Fund (the “**GMO Underlying Fund Manager**”). The GMO Underlying Fund Manager has been managing collective investment schemes and/or discretionary funds since 1977. The GMO Underlying Fund Manager is domiciled in the United States of America and is regulated by the Securities and Exchange Commission.

## **3. The Trustee, the Custodian and the Administrator**

### **3.1 The Trustee**

The Trustee of the Fund is Citicorp Trustee (Singapore) Limited and its registered address is at 5 Changi Business Park Crescent, Level 5, Singapore 486027. It is an approved trustee for unit trust schemes authorised under Section 286 of the SFA and is regulated by the Authority. Please refer to the Deed for details of the Trustee’s role and responsibilities.

### **3.2 The Custodian**

The Trustee has appointed Citibank, N.A., Singapore Branch, a banking association organised under the laws of the United States of America (“**Custodian**”), to act as global custodian of the Fund. The Custodian is a bank licensed under the Banking Act (Chapter 19 of Singapore) and is subject to the supervision of the Authority. As a licensed bank in Singapore, the Custodian is exempt from obtaining a capital markets services licence in relation to the provision of custodial services for securities. Citibank, N.A. is a wholly owned subsidiary of Citigroup Inc. (“**Citigroup**”).

In providing custodial services, the Custodian will tap into Citibank’s global network of sub-custodians. Generally, assets in Singapore are held by the Custodian or its nominees on behalf

of the Sub-Fund, and assets in other countries are held by the sub-custodian(s) operating in the respective countries. The majority of the sub-custodians are subsidiaries, branches and affiliates of Citigroup subject to Citigroup's supervision and governance. Citigroup has in place processes dealing with the selection and ongoing monitoring of sub-custodians. The criteria for selection of sub-custodian(s) may change from time to time and may include factors such as financial strength, market reputation, systems capability, operational and technical expertise. All sub-custodians shall be licensed, authorised or registered under applicable law to carry out the relevant custodial services.

The duties and responsibilities of the Custodian are set out in the Global Custody Services Agreement between the Trustee and the Custodian. These duties include the establishment and maintenance of custodial accounts in which the Deposited Property of the Sub-Fund will be deposited, and the segregation of the assets of customers from the proprietary assets of the Custodian or any sub-custodian.

### **3.3 The Administrator**

The Administrator of the Fund is Citibank N.A., Singapore Branch with its registered address at 5 Changi Business Park Crescent, Level 5, Singapore 486027 (the "**Administrator**"). The Managers have delegated their accounting and valuation functions in respect of the Fund to the Administrator.

## **4. The Register of Holders**

The register of Holders of each Sub-Fund (the "**Register**") is kept and maintained at the office of Citicorp Trustee (Singapore) Limited (the "**Registrar**") at 5 Changi Business Park Crescent, Level 5, Singapore 486027 and is accessible to the public during normal business hours (subject to such reasonable restrictions as the Registrar may impose). The Register is conclusive evidence of the number of Units in each Sub-Fund or Class thereof, held by each Holder and the details in the Register shall prevail in the event of any discrepancy between the entries in the Register and the details appearing on any statement of holding, unless the Holder proves to the satisfaction of the Managers and the Trustee that the Register is incorrect.

## **5. The Auditors**

The auditors for the Fund are KPMG LLP, whose registered address is at 16 Raffles Quay, #22-00, Hong Leong Building, Singapore 048581 (the "**Auditors**").

## **6. Fund Structure**

### **6.1 The Fund and Sub-Fund**

The Fund is an umbrella unit trust offering separate and distinct sub-funds, each having its own investment objective, focus and approach.

Currently, only one sub-fund i.e. the Sub-Fund, is established under the Fund and the Managers are only offering Units in the Sub-Fund.

### **6.2 Classes of Units**

The Managers may from time to time establish classes of Units within the Sub-Fund (each a "**Class**" and collectively the "**Classes**"). Different Classes may have different features including but not limited to different fees, currency denomination or minimum investment amounts. Where a new Class is established, the Managers may at their discretion rename any existing Class as long as there is no prejudice to existing investors of such Class.

Please refer to Appendix 1 for the Classes available for investment and the different features which apply in respect of the Sub-Fund.

You should note that all Classes will constitute the Sub-Fund and are not separate sub-funds. Any expense, income and/or gain which is attributable to a particular Class shall be deducted from or added to (as the case may be) the NAV of the Sub-Fund which is attributable to that Class.

## **7. Inclusion under the Central Provident Fund Investment Scheme (“CPFIS”)**

The Sub-Fund is not currently included under the CPFIS.

## **8. Investment Objective, Focus and Approach**

### **8.1 Investment Objective, Focus and Approach**

The investment objective, focus and approach and other features of the Sub-Fund are set out in Appendix 1.

**You should refer to the risks of investing in the Sub-Fund in paragraph 10 of this Prospectus before subscribing for Units.**

### **8.2 Authorised Investments**

The authorised investments of the Sub-Fund (the “**Authorised Investments**”) include:

- (i) any Quoted Investment<sup>1</sup>;
- (ii) any Investment<sup>2</sup> in respect of which an application for listing for permission to deal has been made to a Recognised Stock Exchange<sup>3</sup> and the subscription for or purchase of which is either conditional upon such listing or permission to deal being granted within a specified period not exceeding twelve weeks (or such other period as may be agreed between the Managers and the Trustee) or in respect of which the Managers are satisfied that the subscriptions or other transactions will be cancelled if the application is refused;
- (iii) any Unquoted Investment<sup>4</sup>;
- (iv) any Investment which is a unit in any unit trust scheme or a share or participation in an open ended mutual fund or other collective investment scheme;
- (v) the currency of any country or any contract for the spot purchase or sale of any such currency or for hedging purposes, any forward contract of such currency; and

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<sup>1</sup> “**Quoted Investment**” means any Investment which is quoted or listed or in respect of which permission to deal is effective on any Recognised Stock Exchange.

<sup>2</sup> “**Investment**” means any Permissible Investment, including any share, stock, bond, note, debenture, debenture stock, unit or sub-unit in any unit trust scheme, participation in a mutual fund, other interests in collective investment schemes, exchange-traded fund, warrant, real estate investment trust, business trust or other stock purchase right, futures, option, index option, loan convertible into security, loan stock, certificate of deposit, banker’s acceptance, bill of exchange, bank bill, commercial paper, promissory note, treasury bill or any other fixed or floating rate debt instrument, money market instrument, index and forward currency exchange contract, swap, cap, collar, floor, sale and repurchase transaction and other derivative or financial transaction or instrument or any other security which may be selected by the Managers for the purpose of investment of the Deposited Property of the Sub-Fund or which may for the time being form part thereof.

<sup>3</sup> “**Recognised Stock Exchange**” means any stock exchange or over-the-counter market or other market of sufficient repute in any part of the world as may be approved by the Managers and the Trustee and includes, in relation to any particular Authorised Investment, any responsible firm, corporation or association in any part of the world which deals in the Authorised Investment as to be expected generally to provide in the opinion of the Managers a satisfactory market for such Authorised Investment.

<sup>4</sup> “**Unquoted Investment**” means any Investment which is not quoted, listed or dealt in on any Recognised Stock Exchange.

- (vi) any Investment which is not covered by paragraphs (i) to (v) but is selected by the Managers and approved by the Trustee,

Provided That each of such Authorised Investments shall be a Permissible Investment<sup>5</sup> under the Code on Collective Investment Schemes issued by the Authority, as amended from time to time (the “Code”).

## **9. Fees and Charges**

Please refer to Appendix 1 for the fees and charges applicable to the Sub-Fund and an investor in the Sub-Fund.

## **10. Risks**

### **10.1 General risks**

Investors should consider and satisfy themselves as to the risks of investing in the Fund (and the Sub-Fund). Generally, some of the risk factors that should be considered by investors are political, regulation and reporting, currency, market, liquidity, settlement, custodial and foreign investment risks, as set out below.

In the case of a sub-fund of the Fund which is a feeder fund, investors should also take into account the risks of the underlying fund(s) in which the sub-fund feeds before investing in the sub-fund.

Prospective investors should be aware that the value of Units and the returns derived from them can fluctuate and can go down as well as up and that investors may not get back their original investment. There can be no assurance that a sub-fund of the Fund (including Sub-Fund) will achieve its investment objectives or that investors will get back their original investment. Past performance of a sub-fund of the Fund (including the Sub-Fund) should not be construed as an indication of its future performance.

An investment in the Fund (and the Sub-Fund) is meant to produce returns over the long-term. Investors should not expect to obtain short-term gains from such investment.

Investors should obtain advice from qualified financial advisers pursuant to a separate engagement before investing or subscribing into the Fund (and the Sub-Fund). In the event that investors choose not to obtain advice from qualified financial advisers, investors should assess and consider whether the Fund (and the Sub-Fund) is suitable for them.

#### **10.1.1 Political and Repatriation Risks**

Investments by the Managers in certain countries included in the investment universe of a sub-fund of the Fund may be adversely affected by requirements for approvals, which may be delayed or denied, by restrictions on investment and repatriation of investment proceeds, and by changes in government policies, regulation, and taxation.

#### **10.1.2 Regulation and Reporting Risks**

Government regulation and supervision of stock markets, brokers and listed enterprises in some of the countries included in the investment universe of a sub-fund of the Fund may not be as extensive as those in the countries of the world's leading stock markets. In addition, accounting, auditing and financial reporting standards, practices and disclosure requirements in such countries are not comparable.

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<sup>5</sup> “Permissible Investment” means such investment as may be permitted to be made by the Fund or Sub-Fund under the Code.



### **10.1.3 Currency/Foreign Exchange Risks**

Investments by a sub-fund of the Fund may be made in a variety of currencies, whereas the NAV of that sub-fund of the Fund at any time will be computed in its base currency. Accordingly, the NAV of that sub-fund of the Fund may be affected favourably or unfavourably by movements in currency exchange rates, although the Managers may seek to minimize exposure to currency fluctuation to the extent practicable. The Managers may from time to time employ currency hedging techniques to manage the impact of the exchange rate fluctuations on the sub-fund of the Fund and/or for the purpose of efficient portfolio management. The Managers reserve the discretion to determine if currency exposure should be hedged actively, passively or not at all, in the best interest of the sub-fund of the Fund.

### **10.1.4 Market Risks**

Trading volumes in stock markets of certain countries included in the investment universe of a sub-fund of the Fund can be significantly lower than on the world's leading stock markets and settlement and custody practices in such markets may not be comparable to those of the world's leading stock markets, which may result in fluctuations in the price of Units in the relevant sub-fund of the Fund.

### **10.1.5 Economic, Political and Interest Rates Risks**

Prices of securities may go up or come down in response to changes in economic conditions, political conditions, interest rates and the market's perception of securities which in turn may cause the price of Units in a sub-fund of the Fund to rise or fall.

### **10.1.6 Settlement Risks**

There may be no guarantee of the operation or performance of settlement, clearing and registration of transactions in certain countries included in the investment universe of a sub-fund of the Fund. Where organised securities markets and banking and telecommunications systems are underdeveloped, concerns inevitably arise in relation to settlement, clearing and registration of transactions in securities where these are acquired other than as direct investments. Furthermore, due to local postal and banking systems in these countries, there may be no guarantee that all investments by the sub-fund of the Fund may be realised.

### **10.1.7 Foreign Investment Risks**

While a sub-fund of the Fund may invest in markets which provide for the freedom from nationalisation and expropriation, such freedom may be curtailed unexpectedly upon a change of government or when such nationalisation or expropriation is deemed to be in the public interest. The affected sub-fund of the Fund may seek, whenever such freedom is curtailed, to obtain adequate compensation.

### **10.1.8 Liquidity Risk**

A sub-fund of the Fund is exposed to the risk that a particular investment or position cannot be easily unwound or offset due to insufficient buyers or market disruption. This can affect the ability of an investor to realise Units from that sub-fund of the Fund, and can also have an impact on the value of that sub-fund of the Fund.

This liquidity risk will be mitigated by having a well-diversified exposure to a broad range of asset classes.

The Managers have established liquidity risk management policies to identify, monitor and manage the liquidity risks of sub-funds 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 realisation behaviour of other investors and mitigate against systemic risk.

The Managers' liquidity risk management policies take into account the liquidity terms, asset class, liquidity tools and regulatory requirements of the sub-funds of the Fund.

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

- (i) a sub-fund of the Fund may, subject to the provisions of the Deed, borrow up to 10% of the latest available NAV of that sub-fund of the Fund (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;
- (ii) the Managers may, with the approval of the Trustee, and pursuant to the Deed, suspend the realisation of Units of a sub-fund of the Fund;
- (iii) the Managers may, with the approval of the Trustee, and pursuant to the Deed, suspend the determination of the NAV<sup>6</sup> per Unit of a sub-fund of the Fund or Class; and
- (iv) the Managers may, with the approval of the Trustee, and pursuant to the Deed, limit the total number of Units in relation to a sub-fund of the Fund which Holders may realise to 10% of the total number of Units in that sub-fund of the Fund then in issue, whereby such limitation is to be applied pro-rated to all Holders of that sub-fund of the Fund who have validly requested realisations on the relevant Dealing Day.

The Managers conduct regular assessments of the liquidity profiles of the assets of the sub-funds of the Fund by reference to both current and anticipated market conditions and testing against internal liquidity limits of the relevant sub-fund of the Fund. The Managers will exercise their professional judgement in determining reasonable and appropriate factors to be considered in assessing liquidity. For example, potential quantitative factors include size, turnover, bid-ask spreads, transaction costs, and the holdings of the relevant sub-fund of the Fund as a proportion of the outstanding issue. Qualitative factors may include currency denomination and credit quality. The Managers may also conduct stress testing to test the ability of the sub-funds of the Fund to withstand and meet anticipated realisation requests under both normal and exceptional liquidity conditions.

#### **10.1.9 Counterparty Risk**

A sub-fund of the Fund may enter into transactions in over-the-counter markets, which will expose that sub-fund of the Fund to the credit of its counterparty and its ability to satisfy the terms of such contracts. In the event of a bankruptcy or insolvency of a

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<sup>6</sup> "NAV" in relation to the relevant sub-fund of the Fund or Class means the value of all assets of the relevant sub-fund of the Fund less liabilities or, as the context may require, of a Unit of such sub-fund of the Fund or Class as determined in accordance with the Deed.

counterparty, a sub-fund of the Fund may experience delays in liquidating the position and significant losses, including declines in the value of its investment during the period in which that sub-fund of the Fund seeks to enforce its rights, inability to realise any gains on its investment during such period and fees and expenses incurred in enforcing its rights. There is also a possibility that the above agreements may be terminated due, for instance, to bankruptcy, supervening illegality or change in the tax or accounting laws relative to those at the time the agreement was originated.

#### **10.1.10 Custodial Risks**

There are risks involved in dealing with a custodian who holds the investments of a sub-fund of the Fund or settles the trades of that sub-fund of the Fund. It is possible that, in the event of the insolvency or bankruptcy of a custodian, a sub-fund of the Fund would be delayed or prevented from recovering its assets from the custodian, or its estate, and may have only a general unsecured claim against the custodian for those assets. In recent insolvencies of financial institutions, the ability of certain customers to recover their assets from the insolvent financial institutions' estate has been delayed, limited, or prevented, often unpredictably, and there is no assurance that any assets held by a sub-fund of the Fund with a custodian will be readily recoverable by that sub-fund of the Fund. In addition, there may be limited recourse against sub-custodians, if appointed by the custodian, in those situations in which a sub-fund of the Fund invests in markets where custodial and/or settlement systems and regulations are not fully developed, including emerging markets, and the assets of that sub-fund of the Fund have been entrusted to such sub-custodians.

#### **10.1.11 Epidemics, Pandemics, Disease Outbreaks and Public Health Risks**

There is a risk that the activities of the Managers and the sub-funds of the Fund could be adversely affected by epidemics, pandemics, disease outbreaks and other public health issues that occur regionally or globally. In such situations, the global economy, global markets and supply chains may be negatively affected, both in the short-term and long-term. The issuers (into which the sub-funds of the Fund invest) could also be adversely impacted, which would lead to an impact on the performance of the affected sub-funds of the Fund.

### **10.2 Specific Risks**

For specific risks of the Sub-Fund and the risks of the GMO Underlying Fund, please refer to Appendix 1.

Investors should consider and satisfy themselves as to the specific risks of investing in the Fund.

#### **10.2.1 Derivatives Risks**

The risks below apply to sub-funds of the Fund that utilise financial derivative instruments (“**FDIs**”).

##### Use of FDIs

Subject to any applicable restrictions or unless otherwise permitted under the Code, the Managers may use FDIs for the purposes of hedging existing positions in a portfolio and/or efficient portfolio management and such FDIs are not used to gear the overall portfolio.

##### Types of FDIs

The FDIs which may be used by the relevant sub-funds of the Fund include, but are not limited to futures, options, warrants, forwards, contract for differences, extended settlement contracts, swaps or swap options. As at the date of this Prospectus, there is no intention for the sub-funds of the Fund to have exposure to commodities through financial derivatives.

#### Risks Associated with the Use of FDIs

The use of FDIs involves increased risk. The ability of the sub-funds of the Fund to use such instruments successfully depends on the Managers' ability to accurately predict movements in stock prices, interest rates, currency exchange rates or other economic factors and the availability of liquid markets. If the Managers' predictions are wrong, or if the FDIs do not work as anticipated, the relevant sub-funds of the Fund could suffer greater losses than if such sub-funds of the Fund had not used such FDIs.

In addition to the inherent risks of investing in FDIs, the relevant sub-funds of the Fund will also be exposed to credit risk on the counterparties with which they trade, particularly in relation to options, futures, contracts and other FDIs that are not traded on a recognised market. Such instruments are not afforded the same protection as may be afforded to participants trading futures or options on organised exchanges, such as the performance guarantee of an exchange clearing house. The relevant sub-funds of the Fund might be subject to the possibility of the insolvency, bankruptcy or default of a counterparty with which such sub-funds of the Fund trade, which could result in substantial losses to the relevant sub-fund of the Fund.

Investments in derivatives may require the deposit of initial margin and additional deposit of margin on short notice if the market moves against the investment positions. If no provision is made for the required margin within the prescribed time, the investments of the relevant sub-fund of the Fund may be liquidated at a loss. Therefore it is essential that such investments in derivatives are monitored closely.

#### Exposure to FDIs

In the event the Managers use FDIs, the global exposure of the relevant sub-fund of the fund to FDIs or embedded FDIs will not exceed 100% of the NAV of that sub-fund of the Fund at any time. The global exposure relating to derivative instruments is calculated using the commitment approach. The global exposure of the relevant sub-fund of the Fund is calculated as the sum of:

- (i) the absolute value of the exposure of each individual financial derivative not involved in netting or hedging arrangements;
- (ii) the absolute value of the net exposure of each individual financial derivative after netting or hedging arrangements; and
- (iii) the sum of the values of cash collateral received pursuant to:
  - (a) the reduction of exposure to counterparties of OTC financial derivatives; and
  - (b) efficient portfolio management ("EPM") techniques relating to securities lending and repurchase transactions,

and that are reinvested.

#### Risk Management Process and Compliance Controls

In the event the Managers use FDIs, they are of the view that they have the necessary expertise to control and manage the use of FDIs. Investments in FDIs would normally be monitored and controlled by the Managers with regular marked-to-market valuations, careful research prior to investment and compliance monitoring.

The Managers have set up a formal risk management process, to facilitate compliance with regard to the use of FDIs. This process consists of:

- (i) an appropriate supervisory structure;
- (ii) an independent framework of internal controls, varying according to the complexity and sophistication of the derivative strategies; and
- (iii) a process of approving the use of new instruments and strategies.

In the event the Managers use FDIs, the Managers will ensure that the risk management and compliance procedures and controls adopted are adequate and have been or will be implemented and that they have the necessary expertise to control and manage the risks relating to the use of FDIs and have in place systems to monitor the derivative positions for each relevant sub-fund of the Fund.

#### **10.2.2 Securities Lending and Repurchase Transactions**

Subject to the provisions of the Deed and the Code, certain sub-funds of the Fund may carry out securities lending and repurchase transactions on transferable securities and money market instruments for the purpose of efficient portfolio management, subject to the following limits:

- (i) The collateral of the securities lending or repurchase transactions should exceed the value of the transferable securities or money market instruments transferred by at least 5% and 2% respectively;
- (ii) The counterparty would be required to provide additional collateral to the relevant sub-fund of the Fund or its agent no later than the close of the next Business Day<sup>7</sup> when the current value of the eligible collateral tendered for the securities lending or repurchase transactions falls below 105% and 102% respectively of the value of the transferable securities or money market instruments transferred;
- (iii) For the purposes of securities lending and repurchase transactions, collateral may only consist of:
  - (a) cash;
  - (b) money market instruments; or
  - (c) bonds.

For the purpose of the above, money market instruments and bonds should be issued by, or have the benefit of a guarantee from, an entity or trust that has a minimum long-term rating of A by Fitch, A by Moody's or A by Standard

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<sup>7</sup> "Business Day" means any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore or any other day as the Managers and the Trustee may agree in writing.

and Poor's (including sub-categories or gradations therein) (collectively, "eligible collateral").

Notwithstanding the above, securitised debt instruments as well as money market instruments or bonds with embedded financial derivatives are not eligible as collateral;

- (iv) The maturity period of a repurchase transaction should not exceed 6 months; and
- (v) The Managers may lend the securities of the relevant sub-fund of the Fund to its related corporations and/or any third party and such transactions will be carried out on an arm's length basis. As at the date of this Prospectus, there is no revenue sharing arrangement between each sub-fund of the Fund and the Managers.

#### Risks relating to securities lending or repurchase transactions

Securities lending or repurchase transactions involve counterparty risk/credit risk, liquidity risk, sufficiency of collateral risk, collateral investment risk, delivery risk and operational risk, as described below:

- (a) Counterparty Risk/Credit Risk refers to the risk when a counterparty defaults on its obligations by becoming insolvent or otherwise being unable to complete a transaction.
- (b) Liquidity risk is the risk that the counterparty cannot settle an obligation for the full value when it is due, but would be able to settle on some unspecific date thereafter. This may affect the ability of the Sub-Fund to meet its realisation obligations and other payment commitments.
- (c) Sufficiency of Collateral Risk. Following a default by a counterparty, the Sub-Fund can sell its collateral in the market to raise funds to replace the lent securities. It will suffer a loss if the value of the collateral securities falls relative to the lent securities.
- (d) Collateral Investment Risk. The value of the securities in which the Managers invest the cash collateral may decline due to fluctuations in interest rates or other market-related events.
- (e) Delivery Risk occurs both when securities have been lent and collateral has not been received at the same time or prior to the loan, and when collateral is being returned but the loan return has not been received.
- (f) Operational risk is risk that the custodian or the lending agent did not administer the program as agreed. This includes the failure to mark to market collateralization levels, call for additional margin, or to return excess margin and to post corporate actions and income including all economic benefits of ownership.

**The above should not be considered an exhaustive list of the risks which potential investors should consider before investing in the Sub-Fund. Potential investors should be aware that an investment in the Sub-Fund may be exposed to other risks of an exceptional nature from time to time.**

## **11. Subscription of Units**

## **11.1 How to purchase Units**

### **11.1.1 Cash subscriptions**

You may apply to subscribe for Units by submitting a completed application form, together with such other documents as may be required by, and the subscription monies in full to, the Managers through their approved distributors.

### **11.1.2 Subscriptions through the use of Supplementary Retirement Scheme (“SRS”) monies**

If available, you may subscribe for Units using your SRS monies. Subject to the applicable terms and conditions imposed by the relevant SRS operator and any relevant 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.

Please refer to Appendix 1 for the available method of subscriptions for the Sub-Fund or a Class of the Sub-Fund. Units will generally only be issued when subscription monies have been received by the Trustee on a cleared funds basis.

- 11.2** For compliance with the relevant laws and regulations on anti-money laundering and countering the financing of terrorism, the Managers or their approved distributors reserve the right to request for such information and/or documents as necessary to verify the identity of an applicant.

### **11.3 Minimum initial investment and minimum subsequent investment**

Please refer to Appendix 1 for details on the minimum initial investment and minimum subsequent investment applicable to subscriptions into the Sub-Fund or a Class of the Sub-Fund.

### **11.4 Initial offer period and initial issue price**

Please refer to Appendix 1 for details on the initial offer period and initial issue price of the Sub-Fund or a Class of the Sub-Fund.

### **11.5 Minimum size and other conditions**

Please refer to Appendix 1 for details on the minimum size and other conditions applicable to the Sub-Fund or a Class of the Sub-Fund.

### **11.6 Dealing Deadline and Pricing Basis**

Save for during the Initial Offer Period (as defined in Appendix 1), as Units of the Sub-Fund are issued on a forward pricing basis, the issue price of the Units is not known at the time of application. In buying Units, an investor pays a fixed amount of money, e.g. S\$1,000, which will buy the investor such number of Units obtained by dividing that sum (net of the Initial Charge, Fiscal and Sale Charges<sup>8</sup> (if applicable), Fiscal and Purchase Charges<sup>8</sup> and any rounding thereof) by the issue price when it is known later.

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<sup>8</sup> “Fiscal and Sale Charges” or “Fiscal and Purchase Charges” means all stamp and other duties, taxes, governmental charges, brokerage, commissions, bank charges, transfer fees, registration fees and other duties and charges whether in connection with the constitution of the Deposited Property of a sub-fund of the Fund or the increase of the Deposited Property of a sub-fund of the Fund or the creation, issue, sale, exchange or purchase of Units or the sale or purchase of Authorised Investments or otherwise which may have become or may be payable in respect of or prior to or upon the occasion of the transaction or dealing in respect of which such duties and charges are payable but does not include commissions payable to agents on sales and repurchases of Units.

The dealing cut-off is 3.30 p.m. Singapore time on a Dealing Day<sup>9</sup> (the “**Dealing Deadline**”). Units in respect of applications received and accepted by the Managers through before 3.30 p.m. will be issued at that Dealing Day’s issue price calculated in accordance with Clause 11 of the Deed. Applications received after 3.30 p.m. or on a day which is not a Dealing Day shall be treated as having been received on the next Dealing Day.

The issue price per Unit of the Sub-Fund on each Dealing Day shall be an amount equal to the NAV per Unit of the Sub-Fund as provided in Clause 8 of the Deed as at the Valuation Point<sup>10</sup> in relation to such Dealing Day. The Managers may, subject to the prior approval of the Trustee, change the method of determining the issue price as provided in Clause 11.2 of the Deed, and the Trustee shall determine if the Holders should be informed of such changes.

The NAV of each Class shall be calculated by valuing the assets of each Class in accordance with the valuation provisions as provided in paragraph 21.8 of this Prospectus. The resultant sum shall be divided by the number of Units of the relevant Class in issue or deemed to be in issue immediately prior to the relevant Dealing Day, and the resultant amount (calculated up to five (5) decimal places and truncated at four (4) decimal places or such other number of decimal places or such other method of rounding as the Managers may from time to time determine with the approval of the Trustee) shall be the NAV of a Unit of the relevant Class on such Dealing Day.

#### **11.7 How the number of Units is allotted**

The number of Units you will be issued is determined by dividing the gross investment sum paid by you (less the Initial Charge, Fiscal and Sale Charges (if applicable), Fiscal and Purchase Charges and any rounding thereof) by the issue price per Unit, and then rounding the number of Units to the nearest two (2) decimal places (or such other number of decimal places or such other method of rounding as the Managers may from time to time determine with the approval of the Trustee).

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<sup>9</sup> “**Dealing Day**” in connection with the issuance, cancellation, switching, valuation and/or realisation of Units of a sub-fund of the Fund, means a Business Day or such other Business Day or such other day or days at such intervals as the Managers may from time to time determine provided that reasonable notice of any such determination shall be given by the Managers to all Holders at such time and in such manner as the Trustee may approve. If on any day which would otherwise be a Dealing Day in relation to Units of the relevant sub-fund of the Fund:

(i) the Recognised Stock Exchange on which Investments or other property comprised in, and having in aggregate values amounting to at least 50% of the NAV (as at the immediately preceding Valuation Point) of, the sub-fund of the Fund to which Units of that sub-fund of the Fund relate are quoted, listed or dealt in is not open for normal trading; or

(ii) (in the case of the Phillip Global Quality Fund) dealings in shares of the GMO Underlying Fund are suspended or restricted for any reason,

the Managers may determine that that day shall not be a Dealing Day in relation to Units of that sub-fund of the Fund.

<sup>10</sup> “**Valuation Point**” means the close of business in the last relevant market or such other time on a Valuation Day as the Managers may, with the prior approval of the Trustee, from time to time determine, and the Trustee shall determine if notice should be given to Holders of the relevant sub-fund of the Fund of such change.

“**Valuation Day**” means such Dealing Day determined by the Managers at the time of establishment of a sub-fund of the Fund on which the NAV of the relevant sub-fund of the Fund or Class falls to be calculated, or such other day or days as the Managers may, with the prior approval of the Trustee, from time to time determine, and the Trustee shall determine if notice should be given to Holders of the relevant sub-fund of the Fund of such a change.



The following is an illustration of the number of Units that you will receive based on a hypothetical investment amount of S\$1,000\* and a notional issue price of S\$1.0000\*\*:

S\$1,000*	-	S\$30.00	=	S\$970.00	÷	S\$1.0000**	=	970.00
Gross Investment		Initial Charge***		Net Investment Sum		Issue price		Number of Units
Sum		(3.00%)				(i.e. NAV per Unit)		
* This sum is used for the purposes of illustration only, and the actual investment sum for a Class may be of a different amount.								
** The actual issue price of a Class will fluctuate according to the NAV of the relevant Class.								
*** The maximum Initial Charge currently payable for all Classes is 5.00%.								

*The above example is for illustration purposes only and is not an indication of the future or likely performance of the Sub-Fund. The value of Units and the resultant income from them may go down as well as up. Investors should read this Prospectus carefully and consult their professional advisers if necessary before investing.*

#### **11.8 Confirmation of purchase**

If your application is successful, a trade confirmation will normally be sent to you within 7 Business Days of the Managers' receipt of your application (for cash applications) and within 14 Business Days (for SRS applications).

#### **11.9 Issue of Units**

The Managers have the exclusive right to effect the creation and issue of Units and the acceptance or non-acceptance of applications for purchase of Units are at the absolute discretion of the Managers acting in consultation with the Trustee and in the best interest of the Sub-Fund. If your application is rejected by the Managers, the subscription monies will be refunded (without interest) to you or the relevant SRS operator within a reasonable period of time in such manner as the Managers or their authorised agents or distributors may determine.

No certificates will be issued by the Managers in respect of Units issued.

#### **11.10 Cancellation of Initial Subscription of Units**

Subject to the provisions of the Deed and to the terms and conditions for cancellation of Units in the application form for Units, you may cancel your initial subscription for Units by giving written notice to the Managers or their authorised agents or distributors within 7 calendar days from the date of subscription or purchase of the Units (or such longer period as may be agreed between the Managers and the Trustee or such other period as may be prescribed by the Authority). Any Initial Charge paid by you will be refunded to you. However, you will have to take the risk for any price changes in the NAV of the relevant Class since you purchased the Units. The cancellation proceeds will be paid within 7 Business Days after the relevant Dealing Day on which the cancellation request is received or within such other time as may be permitted by the Authority unless cancellation of Units has been suspended in accordance with the Deed.

### **11.11 Regular Savings Plan**

Please refer to Appendix 1 for details of the regular savings plan (where applicable) in respect of the Sub-Fund or a Class of the Sub-Fund.

## **12. Realisation of Units**

### **12.1 How to sell Units**

Holders may realise their Units by submitting a written realisation request in such form and together with such other documents as may be required to the Managers through the approved distributor(s) from whom the Holders had purchased their Units.

The Managers may refuse any realisation requests where all relevant documentation has not been submitted or if such realisation would result in non-compliance with the minimum holding and/or the minimum realisation requirement or in any other circumstances agreed with the Trustee and notified to the Holders.

### **12.2 Minimum Holding and Minimum Realisation**

A Holder may not realise only part of his holding of Units without the approval of the Managers and the Trustee if such realisation is less than the minimum realisation amount for the relevant Class, or if due to such realisation, his holding of Units in the relevant Class would be reduced to less than the minimum holding for that Class.

Please refer to Appendix 1 for details on the minimum realisation amount and the minimum holding applicable to the Sub-Fund or a Class of the Sub-Fund.

### **12.3 Dealing Deadline and Pricing Basis**

Investors may realise their Units on any Dealing Day. Units in respect of realisation forms received and accepted by the Managers by 3.30 p.m. Singapore time on a Dealing Day, shall be realised on forward pricing basis at that Dealing Day's realisation price calculated in accordance with the provisions of the Deed (as summarised below). Realisation forms received after 3.30 p.m. or on a day which is not a Dealing Day shall be treated as having been received on the next Dealing Day.

The realisation price per Unit on each Dealing Day shall be an amount equal to the NAV per Unit (as provided in Clause 8 of the Deed) as at the Valuation Point in relation to such Dealing Day, such amount to be calculated up to five (5) decimal places and truncated at four (4) decimal places or such other number of decimal places or such other method of rounding as the Managers may from time to time determine with the approval of the Trustee. The amount due to an investor on the realisation of such a Unit shall be the realisation price per Unit (less any Realisation Charge, Fiscal and Sale Charges<sup>8</sup> and any rounding in respect thereof).

The Managers may, subject to the prior approval of the Trustee, change the method of determining the realisation price as provided in Clause 14.6 of the Deed, and the Trustee shall determine if the Holders should be informed of such change.

## 12.4 How realisation proceeds are calculated

The following is an illustration of the realisation proceeds that a Holder of Units will receive based on a realisation of 1,000 Units and a notional realisation price of \$1.0500\*.

1,000	x	\$1.0500	=	\$1,050.00	-	Nil	=	\$1,050.00
Units to be realised		Realisation price*		Gross realisation proceeds		Realisation Charge**		Net realisation proceeds payable
* The actual realisation price of a Class will fluctuate according to the NAV of the relevant Class.								
** There is currently no Realisation Charge imposed.								

*The above example is for illustration purposes only and is not an indication of the future or likely performance of the Sub-Fund.*

## 12.5 Payment of realisation proceeds

- 12.5.1** The realisation proceeds shall be paid no later than 7 Business Days, after the relevant Dealing Day on which the realisation request is received or within such other time as may be permitted by the Authority unless realisation of Units has been suspended in accordance with the Deed.
- 12.5.2** In the case of a Holder who has purchased Units with cash, any monies payable to him under the provisions of the Deed in respect of such Units will be paid by cheque sent through the post to his address appearing on the Register or by telegraphic or electronic transfer to a nominated bank account.
- 12.5.3** In the case of a Holder who has purchased Units with SRS monies, any monies payable to him under the provisions of the Deed in respect of such Units will be paid by transferring the monies to the relevant bank for credit of the Holder's SRS account or otherwise in accordance with the provisions of any applicable laws, regulations or guidelines. Where the Holder's SRS account has been closed, the monies will be paid to him in accordance with paragraph 12.5.2 or otherwise in accordance with any applicable laws, regulations or guidelines.
- 12.5.4** Payment of realisation proceeds made in accordance with the provisions of this paragraph 12.5 will be a satisfaction of the monies payable and shall be a good discharge to the Managers or the Trustee (as the case may be).

## 12.6 Limits on Realisations

- 12.6.1** The Managers may, with the approval of the Trustee, limit the total number of Units of the Sub-Fund or any Class which Holders may realise and which the Managers are entitled to have cancelled pursuant to the Deed (as the case may be) on any Dealing Day to 10% of the total number of Units of the Sub-Fund or Class (disregarding any Units of the Sub-Fund or Class which have been agreed to be issued), such limitation to be applied *pro rata* to all Holders of the Sub-Fund or Class who have validly requested realisations in relation to their Units of the Sub-Fund or Class on such Dealing Day so that the proportion realised of each holding of the Sub-Fund or Class so requested to be realised or cancelled pursuant to the Deed is the same for all Holders of the Sub-Fund or Class. Any Units of the Sub-Fund or Class which, by virtue

of the powers conferred on the Managers by this paragraph, are not realised or cancelled (as the case may be) shall be realised or cancelled (subject to any further application of the provisions of this sub-paragraph) on the next succeeding Dealing Day Provided That if on such next succeeding Dealing Day, the total number of Units of the Sub-Fund or Class to be cancelled or realised (as the case may be), including those carried forward from any earlier Dealing Day, exceeds such limit, the Managers may further carry forward the requests for realisation or cancellation (as the case may be) in relation to the Sub-Fund or Class until such time as the total number of Units of the Sub-Fund or Class to be realised or cancelled (as the case may be) on a Dealing Day falls within such limit. If realisation requests in relation to the Sub-Fund or Class are carried forward as aforesaid, the Managers shall give notice to the Holders of the Sub-Fund or Class affected thereby within 7 days that such Units have not been realised or cancelled and that (subject as aforesaid) they shall be realised or cancelled on the next succeeding Dealing Day. Requests for realisations which have been carried forward from an earlier Dealing Day shall be dealt with in priority to later requests.

## **12.7 Compulsory realisation**

**12.7.1** The Managers have the right (in consultation with the Trustee) to compulsorily realise any holdings of Units in the Sub-Fund or Class held by:

- (i) any Holder:
  - (a) whose subscription for or holding of Units, in the opinion of the Managers, is or may be in breach of any applicable law or regulation in any jurisdiction; or
  - (b) where such realisation is, in the opinion of the Managers, necessary or desirable for the compliance by the Managers or the Sub-Fund with any applicable law or regulation in any jurisdiction (including any regulatory exemption conditions); or
- (ii) any Holder whose holdings of Units in the Sub-Fund or Class, in the opinion of the Managers:
  - (a) may cause the Sub-Fund to lose its authorised or registered status with any regulatory authority in any jurisdiction; or
  - (b) may cause the offer of the Units of the Sub-Fund or Class, the Sub-Fund, this Prospectus, the Deed, the Managers or the Trustee to become subject to any authorisation, recognition, approval or registration requirements under any law or regulation in any other jurisdiction; or
- (iii) any Holder whose holdings of Units in the Sub-Fund or Class, in the opinion of the Managers:
  - (a) may cause a detrimental effect on the tax status of the Sub-Fund in any jurisdiction or on the tax status of the Holders of the Sub-Fund or Class; or
  - (b) may result in the Sub-Fund or other Holders of the Sub-Fund or Class suffering any other legal or pecuniary or administrative disadvantage

which the Sub-Fund or the Holders might otherwise not have incurred or suffered; or

- (iv) any Holder who fails any anti-money laundering, anti-terrorist financing or know-your-client checks, or where any information and/or documentary evidence requested by the Managers and/or the Trustee for the purposes of any anti-money laundering, anti-terrorist financing or know-your-client checks cannot be obtained from the Holder, or the Holder has failed to provide the same, in a timely manner; or
- (v) any Holder, where information (including but not limited to information regarding tax status, identity or residency), self-certifications or documents as may be requested by the Managers and/or the Trustee pursuant to any laws, regulations, guidelines, directives or contractual obligations with other jurisdictions' authorities (including, without limitation, the FATCA (as defined in the Important Information section of this Prospectus) and/or any Singapore laws, regulations, guidelines and directives implemented as part of any inter-governmental agreement entered into between the United States and Singapore in connection with the FATCA) cannot be obtained from the Holder, or the Holder has failed to provide the same, in a timely manner; or
- (vi) any Holder who does not consent, or withdraws his consent, for the Managers or the Trustee to collect, use and/or disclose information or data relating to the Holder, where such information or data is necessary for, or reasonably required by, the Managers, the Trustee, their respective related corporations and/or other service providers to perform their respective services and/or duties to or in respect of (i) the Sub-Fund and/or (ii) the Holder in relation to his holdings of Units in the Sub-Fund; or
- (vii) (in the case of the Phillip Global Quality Fund) all Holders of the Sub-Fund on a pro rata basis when the GMO Underlying Fund compulsorily acquires, realises or redeems any shares in the GMO Underlying Fund which form part of the Deposited Property of the Sub-Fund.

**12.7.2** If the Managers and/or the Trustee are required to account to any duly empowered fiscal authority of Singapore or elsewhere for any income or other taxes, charges or assessments whatsoever on the value of any Units held by a Holder, the Managers (in consultation with the Trustee) shall be entitled to compulsorily realise such number of Units held by that Holder as may be necessary to discharge the liability arising. The Managers and/or the Trustee (as the case may be) shall be entitled to apply the proceeds of such realisation in payment, reimbursement and/or set-off against the liability.

**12.7.3** Any compulsory realisation under paragraphs 12.7.1 or 12.7.2 may be carried out by the Managers on any Dealing Day after giving prior written notice to the relevant Holder, and shall be carried out in accordance with, and at the realisation price determined under, the relevant provisions of the Deed.

**12.7.4** The Managers, the Trustee and their respective delegates, agents or Associates (as defined in the Deed) shall not be liable for any loss (whether direct or consequential and including, without limitation, loss of profit or interest) or damage suffered by any Holder or any party arising out of or caused in whole or in part by any actions which

are taken by the Managers, the Trustee and/or any of their respective delegates, agents or Associates under paragraphs 12.7.1, 12.7.2 or 12.7.3.

### **13. Switching of Units**

Investors may switch Units of the Sub-Fund for units of any collective investment scheme managed by the Managers (a “**Group Fund**”) (hereinafter referred to as “**units**”) in accordance with the provisions of the Deed. An application for switching of Units may be made by giving to the Managers directly or through an approved distributor(s) a notice in such form as the Managers or the relevant approved distributor(s) of the Managers may from time to time require (a “**Switching Notice**”). Switching of Units shall be at the prevailing realisation price. Any switching shall be subject to the requirements set out in Clause 12 of the Deed (including, without limitation, any applicable Minimum Holding or Minimum Class Holding requirement) and the relevant provisions relating to the issue and realisation of units in the prospectus or trust deed of the relevant Group Fund (including, without limitation, any applicable minimum investment sum or minimum subsequent investment sum requirement).

Subject as hereinafter provided, the switching of Units for units shall be made on a day which is both a Dealing Day in relation to the Units of the Sub-Fund and a dealing day (as defined in the relevant trust deed) in relation to units of the Group Fund (a “**Common Switching Dealing Day**”). If a Switching Notice is received by the Managers after the Dealing Deadline on a Common Switching Dealing Day or on a day that is not a Common Switching Dealing Day, the Switching Notice shall be treated as having been received before the Dealing Deadline on the next Common Switching Dealing Day.

Switching of the Units shall be effected by the cancellation of such Units and the issue of units in the Group Fund, such cancellation and issue taking place on the relevant Common Switching Dealing Day, and the number of units in the Group Fund to be issued on switching shall be determined by the Managers in accordance with the trust deed of the Group Fund.

The Managers may at their discretion reject any application by a Holder to switch his Units.

Presently, switching is only permitted between the Classes of the Sub-Fund at the Managers’ discretion.

### **14. Obtaining Prices of Units**

The indicative issue and realisation prices may be published in The Business Times, Bloomberg, Reuters and websites of the appointed distributors, or such other sources as the Managers may decide upon. The actual issue price and realisation price quoted will generally be published in the currencies of the Units 2 Business Days after the relevant Dealing Day.

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

### **15. Suspension of Valuation or Dealing in Units**

- 15.1** The Managers may, subject to the provisions of the Code and with the prior approval of the Trustee, suspend the determination of the NAV of the Sub-Fund or Class, or the issue,

cancellation and realisation of Units of the Sub-Fund or any Class of Units of the Sub-Fund during:

- (i) any period when the Recognised Stock Exchange on which any Authorised Investments forming part of the deposited property for the time being are listed or dealt in is closed (otherwise than for ordinary holidays) or during which dealings are restricted or suspended;
- (ii) the existence of any state of affairs which, in the opinion of the Managers and the Trustee might seriously prejudice the interests of the Holders as a whole or of the Deposited Property;
- (iii) any breakdown in the means of communication normally employed in determining the price of any of such Authorised Investments or the current price on that Recognised Stock Exchange or when for any reason the prices of any of such Authorised Investments cannot be promptly and accurately ascertained (including any period when the fair value of a material portion of the Authorised Investments cannot be determined);
- (iv) any period when remittance of money which will or may be involved in the realisation of such Authorised Investments or in the payment for such Authorised Investments cannot, in the opinion of the Managers and the Trustee, be carried out at normal rates of exchange;
- (v) in respect of the Sub-Fund or Class of the Sub-Fund for which a meeting of the Holders is proposed to be convened, any 48 hours (or such longer period as the Managers and the Trustee may agree) prior to the date of any meeting of the Holders of the Sub-Fund or Class of the Sub-Fund (or any adjourned meeting thereof);
- (vi) any period where dealing of Units is suspended pursuant to any order or direction of the Authority;
- (vii) any period when the business operations of the Managers or the Trustee in relation to the operation of the Fund or Sub-Fund are substantially interrupted or closed as a result of or arising from pestilence or any outbreaks of diseases, epidemics and public health issues, acts of war, terrorism, insurrection, revolution, civil unrest, strikes or acts of God;
- (viii) in respect of a sub-fund of the Fund which is a Feeder Fund or a Fund of Funds, any period when the dealings in units or shares of the Underlying Fund or Underlying Funds into which it is invested, are suspended or restricted; or
- (ix) any period as may be required under the provisions of the Code.

**15.2** The Managers may also suspend the realisation of Units during any period of consultation or adjustment arising from the provisions of Clauses 14.9 and 14.10 of the Deed.

**15.3** Subject to the provisions of the Code, such suspension shall take effect forthwith upon the declaration in writing thereof by the Managers to the Trustee and the Authority and shall terminate on the day following the first Business Day on which the condition giving rise to the suspension shall have ceased to exist and no other conditions under which suspension is authorised under this paragraph 15 shall exist upon the declaration in writing thereof by the Managers.

**15.4** Payment for any Units of the Sub-Fund or Class realised before the commencement of any suspension pursuant to paragraph 15.1 of this Prospectus but for which payment has not been

made before the commencement thereof may, if the Managers and the Trustee so agree, be deferred until immediately after the end of such suspension.

#### **16. Past Performance, Expense Ratio and Turnover Ratio**

Please refer to Appendix 1 for the following details of the past performance, benchmark (if applicable), expense ratio and turnover ratio relating to the Sub-Fund and (where applicable) the GMO Underlying Fund.

#### **17. Soft Dollar Commissions or Arrangements**

The Managers shall be entitled to and intend to receive or enter into soft-dollar commissions or arrangements in respect of the Sub-Fund. The Managers will comply with applicable regulatory and industry standards on soft-dollars. The soft-dollar commissions which the Managers may receive include research and advisory services, economic and political analyses, portfolio analyses including valuation and performance measurements, market analyses, data and quotation services, computer hardware and software or any other information facilities to the extent that they are used to support the investment decision making process, the giving of advice, or the conduct of research or analysis and custodial services in relation to the investments managed for clients. The soft dollar credits utilised are not allocated on a specific client basis. The brokers also execute trades for other funds managed by the Managers.

Soft-dollar commissions or arrangements shall not include travel, accommodation, entertainment, general administrative goods and services, general office equipment or premises, membership fees, employees' salaries or direct money payment.

The Managers will not accept or enter into soft dollar commissions or arrangements unless such soft-dollar commissions or arrangements would, in the opinion of the Managers, be reasonably expected to assist the Managers in their management of the Sub-Fund, provided that the Managers shall ensure at all times that transactions are executed on a "best execution" basis taking into account the relevant market at the time for transactions of the kind and size concerned, and that no unnecessary trades are entered into in order to qualify for such soft-dollar commissions or arrangements.

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

Subject to its obligation to seek best execution, the GMO Underlying Fund Manager may use a portion of the commissions paid when executing client transactions to acquire external research and brokerage services ("**soft dollar benefits**") in a manner consistent with the "safe harbor" requirements of Section 28(e) of the U.S. Securities Exchange Act of 1934 or other applicable law. Specifically, the GMO Underlying Fund Manager may utilize client commissions (typically only for transactions in listed equities) to purchase eligible brokerage and research services where those services provide lawful and appropriate assistance in the investment decision-making process for the GMO Underlying Fund Manager's discretionary client accounts, including the GMO Underlying Fund, and where the GMO Underlying Fund Manager in good faith believes the amount of the client commission is reasonable in relation to the value of the product or services provided by the broker/dealer.

In most cases, the GMO Underlying Fund Manager makes payments for eligible research and brokerage services either via a portion of the commission paid to the executing broker/dealer



or through client commission sharing arrangements (“**CSAs**”). Where a commission paid to a broker/dealer with whom the GMO Underlying Fund Manager has established a CSA includes both an execution component and a research component, the broker/dealer may retain the execution portion and either credit or transmit the research portion to a CSA pool, or rebate the research portion to the clients generating those commissions. The GMO Underlying Fund Manager evaluates the research and brokerage services it receives from independent research providers and brokers/dealers and the GMO Underlying Fund Manager allocates a portion of the CSA pool to the research provider that reflects the GMO Underlying Fund Manager’s assessment of the value of the research and/or brokerage service. In this manner, CSAs enable the GMO Underlying Fund Manager to effect transactions, subject to best execution, and use a portion of the associated commissions to pay for research from providers with which the GMO Underlying Fund Manager does not have a brokerage relationship or from brokers/dealers with which the GMO Underlying Fund Manager trades on an execution-only basis. The GMO Underlying Fund Manager may from time to time utilize a CSA aggregation service (“**CSA Aggregator**”), whereby the GMO Underlying Fund Manager directs brokers/dealers with whom the GMO Underlying Fund Manager has established a CSA to transfer their research credits to the CSA Aggregator, and then directs the CSA Aggregator to make payment for eligible research or services or to rebate commissions to the clients generating those commissions. In the event of a broker/dealer’s default or bankruptcy, CSA credits generated by trades with the broker/dealer may become unavailable.

## **18. Conflicts of Interest**

The Managers may from time to time have to deal with competing or conflicting interests of the Fund with other funds managed by the Managers. For example, the Managers may make a purchase or sale decision on behalf of some or all of the other funds managed by them without making the same decision on behalf of the Sub-Fund, as a decision whether or not to make the same investment or sale for the Sub-Fund depends on factors such as the cash availability and portfolio balance of the Sub-Fund. However, the Managers will use reasonable endeavours at all times to act fairly and in the interests of the Sub-Fund. In particular, after taking into account the availability of cash and relevant investment guidelines of the other funds managed by the Managers and the Sub-Fund, the Managers will endeavour to ensure that securities bought and sold will be allocated proportionately as far as possible among the Sub-Fund and the other funds managed by the Managers.

The Managers, their directors and related companies may invest in the Sub-Fund. In the event that a conflict of interest does arise, the Managers shall endeavour to ensure that it is resolved fairly and in the interest of the investors.

The Managers may also trade with and lend securities to its related corporations and/or any third party. To mitigate any potential conflict of interest, the Managers will conduct the transactions on an arm’s length basis.

The Trustee and its affiliates or any of their directors, officers, employees or agents are or may be involved in other financial, investment and professional activities that may sometimes give rise to possible conflict of interest with the management of the Fund. The Trustee will each ensure that the performance of its duties will not be impaired by any such involvement. If a conflict of interest arises, the Trustee will endeavour (where possible) to resolve it fairly and in the interest of the Holders. Associates of the Trustee may be engaged to provide financial, banking or brokerage services to the Sub-Fund or buy, hold and deal in any investments, enter into contracts or other arrangements with the Trustee and make profits from these activities. Our associates may also be engaged to provide financial, banking or brokerage services to

the Sub-Fund and make profits from these activities. Such services, where provided, and such activities, where entered into, by our associates or the associates of the Trustee, will be on an arm's length basis.

The Managers and the Trustee shall conduct all transactions with or for the Sub-Fund on an arm's length basis.

## **19. Reports**

**19.1** The financial year-end for the Fund is 31 December.

**19.2** The annual report, annual accounts and the auditor's report on the annual accounts shall be prepared in accordance with the provisions of the Code and sent or made available to investors (whether by post or such electronic means as may be permitted under the Code) within 3 months of the financial year-end (or such other period as may be permitted by the Authority).

**19.3** The semi-annual report and semi-annual accounts shall be prepared in accordance with the provisions of the Code and sent or made available to investors (whether by post or such electronic means as may be permitted under the Code) within 2 months of the financial half-year end (or such other period as may be permitted by the Authority).

**19.4** In cases where the accounts and reports are available in electronic form (as permitted under the Code), Holders will receive a hardcopy letter or an email (where email addresses have been provided for correspondence purposes) informing them that the accounts and reports are available and how they may be accessed.

**19.5** Holders may also request for hardcopies of the accounts and reports within 1 month (or such other period as may be permitted by the Authority) from the notification of the availability of the accounts and reports. The Trustee will also make available, or cause to be made available, hardcopies of the accounts and reports to any investor who requests for them within 2 weeks of any request from such investor (or such other period as may be permitted by the Authority). Investors may also at any time opt for hardcopies for all future reports and accounts at no cost to them.

## **20. Queries and Complaints**

If you have questions concerning the Fund or your investment in the Sub-Fund, you may call the Managers at telephone number (65) 6230 8133.

## **21. Other Material Information**

### **21.1 Change of Investment Policy**

The Managers may, subject to the provisions of the Deed and with the prior approval of the Trustee, change the investment policy of the Sub-Fund upon giving investors 1 month's prior written notice.

### **21.2 Information on Investments**

At the end of each quarter, investors will receive a statement showing the value of their investment, including any transactions during the quarter. However, if there is any transaction within a particular month, investors will receive an additional statement at the end of that month.

### **21.3 Distribution of Income and/or Capital**

The Managers have the sole and absolute discretion to determine whether any distribution of income and/or capital of the Sub-Fund or a Class should be made.

Please refer to the Appendix 1 for the distribution policy in respect of the Sub-Fund or a Class of the Sub-Fund.

**Holders should note that any distribution made in respect of the Sub-Fund or a Class may reduce the NAV of the Sub-Fund or that Class, and a payment of dividend out of capital represents a return of the amount invested and a reduction of the portion of net assets allocated to the relevant Class.**

## **21.4 Exemptions from Liability**

**21.4.1** The Trustee, the Managers and each of their respective officers, directors and employees shall incur no liability in respect of any action taken or thing suffered by them in reliance upon any notice, resolution, direction, consent, certificate, affidavit, statement, certificate of stock, plan of reorganisation or other paper or document believed to be genuine and to have been passed, sealed or signed by the proper parties.

**21.4.2** The Trustee, the Managers and each of their respective officers, directors and employees shall incur no liability to the investors or to any other person for doing or (as the case may be) failing to do any act or thing which by reason of any provision of any present or future law or regulation made pursuant thereto, or of any decree, order or judgment of any court, or by reason of any request, announcement or similar action (whether of binding legal effect or not) which may be taken or made by any person or body acting with or purporting to exercise the authority of any government (whether legally or otherwise) either they or any of them shall be directed or requested to do or perform or to forbear from doing or performing. If for any reason it becomes impossible or impracticable to carry out any of the provisions of the Deed neither the Trustee nor the Managers shall be under any liability therefor or thereby.

**21.4.3** The Trustee, the Managers and/or their respective Associates<sup>11</sup> may take any action which the Trustee, the Managers and/or the relevant Associate(s) (as the case may be), in its sole and absolute discretion, considers appropriate so as to comply with any law, regulation, request of a public or regulatory authority or any group policy of the Trustee or the Managers which relate to the prevention of fraud, money laundering, terrorism or other criminal activities or the provision of financial and other services to any persons or entities which may be subject to sanctions (collectively “**Relevant Requirements**”). Such action may include, but is not limited to, the interception and investigation of transactions in relation to any investor (particularly those involving the international transfer of funds) including the source of or intended recipient of funds paid in or out in relation to the investor and any other information or communications sent to or by the investor or on the investor’s behalf. In certain circumstances, such action may delay or prevent the processing of instructions, the settlement of transactions in respect of any investor or the performance by the Trustee and/or the Managers of its or their respective obligations under the Deed, but where possible, the Trustee and/or the Managers will endeavour to notify the investors of the existence of such circumstances. The Trustee, the Managers and their respective Associates will not be liable for loss (whether direct or consequential and including, without limitation,

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<sup>11</sup> “**Associate**” means and includes any corporation which in relation to the person concerned (being a corporation) is a holding company or a subsidiary of any such holding company or corporation (or a subsidiary of a corporation) of which at least one-fifth of the issued equity share capital of which is beneficially owned by the person concerned or an Associate thereof under the preceding part of this definition. Where the person concerned is an individual or firm or other unincorporated body, the expression “Associate” means and includes any corporation directly or indirectly controlled by such person.

loss of profit or interest) or damage suffered by any party arising out of or caused in whole or in part by any actions which are taken by the Trustee, the Managers and/or any of their respective agents or Associates to comply with the Relevant Requirements (including, without limitation, those actions referred to in this paragraph).

- 21.4.4** Neither the Trustee nor the Managers nor each of their respective officers, directors and employees shall be responsible for any authenticity of any signature or of any seal affixed to any transfer or form of application, endorsement or other document (whether sent by mail, facsimile, electronic means or otherwise) affecting the title to or transmission of Units or be in any way liable for any forged or unauthorised signature on or any seal affixed to such endorsement, transfer or other document or for acting upon or giving effect to any such forged or unauthorised signature or seal. The Trustee, the Managers and each of their respective officers, directors and employees respectively shall nevertheless be entitled but not bound to require that the signature of any such person to any document required to be signed by him under or in connection with the Deed shall be verified to its or their reasonable satisfaction.
- 21.4.5** Any indemnity expressly given to the Trustee or the Managers or and each of their respective officers, directors and employees in the Deed is in addition to and without prejudice to any indemnity allowed by law; provided nevertheless that any provision of the Deed shall be void insofar as it would have the effect of exempting the Trustee or the Managers from or indemnifying them against any liability for breach of trust or any liability which by virtue of any rule of law would otherwise attach to them in respect of any gross negligence, default, breach of duty or trust of which they may be guilty in relation to their duties where they fail to show the degrees of diligence and care required of them having regard to the provisions of the Deed.
- 21.4.6** Nothing contained in the Deed shall be construed so as to prevent the Managers, the Trustee in conjunction or the Managers or the Trustees separately from acting as managers or trustees of trusts separate and distinct from the Fund.
- 21.4.7** Neither the Trustee nor the Managers nor each of their respective officers, directors and employees shall be responsible for acting upon any resolution purported to have been passed at any meeting of the Holders in respect whereof minutes shall have been made and signed by the chairman even though it may be subsequently found that there was some defect in the constitution of the meeting or the passing of the resolution or that for any reason the resolution was not binding upon all the Holders.
- 21.4.8** The Trustee and the Managers shall not be liable or responsible for any loss of or damage to any documents in its possession or for any failure to fulfil its duties hereunder or for any loss, damage, claim, cost or expense resulting from or caused by or directly or indirectly due to a Force Majeure Event. For the purpose of this paragraph 21.4.8, a **"Force Majeure Event"** means any event due to any cause beyond the reasonable control of the Trustee or the Managers (as the case may be), including but not limited to restrictions on convertibility or transferability, requisitions, involuntary transfers, unavailability of any system, third party electronic transmission or other electronic systems disruption or failure, sabotage, storm, tempest, typhoon, earthquake, accident, fire, flood, explosion, toxicity, radioactivity, acts of God, act of any government or other competent authority, hostilities (whether war be declared or not), act of terrorism, riot, civil commotion, strikes or industrial action of any kind, insurrection, rebellion or other cause, whether similar or not, which is beyond the control of the relevant party.

## **21.5 Custody of Investments**

**21.5.1** The Trustee shall be responsible for the safe custody of the Deposited Property. Any Authorised Investments forming part of the Deposited Property of the Fund or Sub-Fund (as the case may be) shall, whether in bearer or registered form, be paid or transferred to or to the order of the Trustee forthwith on receipt by the Managers and be dealt with as the Trustee may think proper for the purpose of providing for the safe custody thereof. The Trustee may from time to time upon notification in writing to the Managers appoint such person or persons as it thinks fit (including itself or its associates) as agents, nominees, custodians, joint custodians and may (subject to Section 292 of the Securities and Futures Act) empower such custodian or joint custodian (as the case may be) to appoint sub custodians in respect of the whole or any part of the Deposited Property of the Fund or Sub-Fund (as the case may be) and such persons to exercise any or all of the obligations of the Trustee under the Deed, and the fees and expenses of such agents, nominees, custodians, joint custodians, sub-custodians and other such persons shall be paid out of the Deposited Property of the Fund or Sub-Fund (as the case may be).

**21.5.2** The Trustee itself may or may at any time procure that:

- (i) any officer or responsible official of the Trustee jointly with the Trustee; or
- (ii) any nominee appointed by the Trustee; or
- (iii) any such nominee and the Trustee; or any custodian, joint custodian or sub-custodian appointed pursuant to the provisions of this paragraph 21.5; or
- (iv) any company operating a recognised clearing system in respect of the Authorised Investments of the Fund or Sub-Fund (as the case may be); or
- (v) any broker, financial institution or other person (or, in each case, its nominee) with whom the same is deposited in order to satisfy any requirement to deposit margin or security,

to take delivery of and retain and/or be registered as proprietor of any Investment or other property held upon trusts of the Deed. Any Authorised Investment in registered form shall as soon as reasonably practicable after receipt of the necessary documents by the Trustee, be registered in the name of the Trustee and/or its nominee for the account of the Fund or Sub-Fund (as the case may be) and shall remain so registered until disposed of pursuant to the provisions of the Deed. Subject as aforesaid the Trustee or the custodian appointed by the Trustee shall retain the documents of title to all Authorised Investments held upon the trusts of the Deed in its possession in safe custody.

**21.5.3** Subject to Section 292 of the Securities and Futures Act, and notwithstanding anything contained in the Deed:

- (a) the Trustee shall not incur any liability in respect of or be responsible for losses incurred through the insolvency of or any act or omission of any depository or clearing system with which Authorised Investments may be deposited or any broker, financial institution or other person with whom Authorised Investments are deposited in order to satisfy any margin requirement, except where the Trustee is in wilful default or has been grossly negligent;

- (b) the Trustee shall not incur any liability in respect of or be responsible for losses incurred through the insolvency of or any act or omission of any nominee, custodian, joint custodian or sub-custodian appointed by the Trustee except where the Trustee has failed to exercise reasonable skill and care in the selection, appointment and monitoring of such appointee (having regard to the market in which the relevant appointee is located) or the Trustee is in wilful default; and
- (c) the Trustee shall not incur any liability in respect of or be responsible for losses incurred through the insolvency of or any act or omission of any custodian, joint custodians or sub-custodian not appointed by it.

## **21.6 Investment Restrictions**

The Sub-Fund is subject to the investment conditions and borrowing restrictions set out in Appendix 1 of the Code, as may be amended, restated, supplemented or replaced from time to time.

## **21.7 Holders' Right to Vote**

**21.7.1** A meeting of Holders of the Fund duly convened and held in accordance with the provisions of the First Schedule of the Deed shall be competent by Extraordinary Resolution:

- (i) to sanction any modification, alteration or addition to the provisions of the Deed which shall be agreed by the Trustee and the Managers as provided in Clause 48 of the Deed;
- (ii) to terminate the Fund as provided in Clause 40 of the Deed;
- (iii) to remove the Auditors as provided in Clause 34.2 of the Deed;
- (iv) to remove the Managers as provided in Clause 38.1(v) of the Deed;
- (v) to remove the Trustee as provided in Clause 39.1(iv) of the Deed;
- (vi) to sanction a scheme of reconstruction whether by way of amalgamation, merger or dissolution affecting the Fund;
- (vii) to direct the Trustee to take any action (including the termination of the Fund) pursuant to Section 295 of the Securities and Futures Act; and
- (viii) to sanction any other matter which the Trustee and the Managers may consider necessary to lay before a meeting of Holders,

but shall not have any further or other powers.

**21.7.2** A meeting of Holders of the Sub-Fund duly convened and held in accordance with the provisions of the First Schedule of the Deed shall be competent by Extraordinary Resolution:

- (i) to sanction any modification, alteration or addition to the provisions of the Deed which shall be agreed by the Trustee and the Managers as provided in Clause 48 of the Deed to the extent that such modification, alteration or addition affects the Holders of the Sub-Fund;

- (ii) to sanction a supplemental deed increasing the maximum permitted percentage of the Management Fee or the Trustee's Fee as provided in Clause 36 and Clause 37 of the Deed in relation to the Sub-Fund;
- (iii) to terminate the Sub-Fund as provided in Clause 41 of the Deed;
- (iv) to sanction a scheme of reconstruction whether by way of amalgamation, merger or dissolution of the Sub-Fund in so far as the amalgamation, merger or dissolution affects the Holders of the Sub-Fund;
- (v) to direct the Trustee to take any action (including the termination of the Sub-Fund) pursuant to Section 295 of the Securities and Futures Act;
- (vi) to effect any change in the investment policy as contemplated in Clause 20.3 of the Deed; and
- (vii) to sanction any other matter which the Trustee and the Managers may consider necessary to lay before a meeting of Holders,

but shall not have any further or other powers.

**21.7.3** A meeting of the Holders of Units in a Class duly convened and held in accordance with the provisions of the First Schedule of the Deed shall be competent by Extraordinary Resolution:

- (i) to sanction any modification, alteration or addition to the provisions of the Deed which shall be agreed by the Trustee and the Managers as provided in Clause 48 of the Deed to the extent that such modification, alteration or addition affects the Holders of the relevant Class;
- (ii) to sanction a supplemental deed increasing the maximum permitted percentage of the Management Fee or the Trustee's Fee as provided in Clause 36 and Clause 37 of the Deed in relation to the relevant Class;
- (iii) to terminate the relevant Class as provided in Clause 42 of the Deed; and
- (iv) to sanction any other matter which the Trustee and the Managers may consider necessary to lay before a meeting of Holders,

but shall not have any further or other powers.

## **21.8 Valuation**

**21.8.1** Except where otherwise expressly stated and subject always to the requirements of the Code, the Value<sup>12</sup> of the assets comprised in the Sub-Fund with reference to any Authorised Investment which is:

- (i) a deposit placed with a bank or other financial institution or a bank bill, shall be determined by reference to the face value of such Investments and the accrued interest thereon for the relevant period;
- (ii) a unit or share in a unit trust or mutual fund or collective investment scheme shall be valued at the latest published or available net asset value per unit or share, or if no net asset value per unit or share is published or available, then at their latest available realisation price;

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<sup>12</sup> "Value" in relation to an Authorised Investment, the value of such Authorised Investment, determined in accordance with the Deed.

- (iii) an Unquoted Investment (other than any deposit or bank bill or unit or share in an open-ended collective investment scheme referred to in sub-paragraphs (i) and (ii) above), shall be calculated at the discretion of the Managers by reference to either, where applicable:
  - (a) the initial value expended out of the Deposited Property in the acquisition thereof (including in each case the amount of the stamp duties, commissions and other expenses incurred in the acquisition thereof and the vesting thereof in the Trustee for the purposes of the Sub-Fund);
  - (b) the price of the relevant Unquoted Investment as quoted by a person, firm or institution making a market in that Unquoted Investment, if any (and if there shall be more than one such market maker, then such market maker as the Managers may designate), as may be determined by the Managers to represent the fair value of such Unquoted Investment;
  - (c) the sale prices of recent public or private transactions in the same or similar Unquoted Investments, valuations of comparable companies or discounted cash flow analysis, as may be determined by the Managers to represent the fair value of such Unquoted Investment. In the valuation of such Unquoted Investment, the Managers may take into account relevant factors including, without limitation, significant recent events affecting the issuer such as pending mergers and acquisitions and restrictions as to saleability or transferability;
  - (d) the Managers may at any time in consultation with the Trustee and shall at such times or at such intervals as the Trustee may request cause a revaluation to be made of any Unquoted Investment by an Approved Valuer;
- (iv) a Quoted Investment (including units or shares in an exchange traded fund) shall be calculated by reference to the price appearing to the Managers to be the official closing price or the last known transacted price on the Recognised Stock Exchange or if there is no such transacted price, the price quoted by any approved broker for that Investment, or other appropriate closing prices determined by the Managers in consultation with the Trustee in relation to that Investment. Where there is no Recognised Stock Exchange or commodity exchange, all calculations based on the value of Investments quoted by any person, firm or institution making a market in that Investment (and if there shall be more than one such market maker then such particular market maker as the Managers may designate) shall be by reference to the price quoted therein;
- (v) an Investment other than as described above, shall be valued by an Approved Valuer<sup>13</sup> at such time as the Managers after consultation with the Trustee shall from time to time determine;

Provided that, if the quotations referred to in (i) to (v) above are not available, or if the value of the Authorised Investment determined in the manner described in (i) to (v) above, in the opinion of the Managers, is not representative, then the Value shall be

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<sup>13</sup> **"Approved Valuer"** means a person for the time being approved by the Trustee as qualified to value any particular Investment constituting part of the Deposited Property and appointed by the Managers for such purpose.



such Value as the Managers may with due care and in good faith consider in the circumstances to be fair value and is approved by the Trustee who shall decide if a notice to notify the investors of such change in the Value is required. For the purposes of this proviso, the “fair value” shall be determined by the Managers in consultation with an approved stockbroker or an Approved Valuer and with the approval of the Trustee in accordance with the Code.

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

**21.8.3** In calculating the NAV of the Sub-Fund or Class of the Sub-Fund or any proportion thereof:

- (i) every Unit relating to the Sub-Fund agreed to be issued by the Managers shall be deemed to be in issue and the Deposited Property of the Sub-Fund shall be deemed to include not only cash or other assets in the hands of the Trustee but also the value of any cash, accrued interest on bonds or other assets to be received in respect of Units of the Sub-Fund agreed to be issued and (in the case of Units issued against the vesting of Authorised Investments) any monies payable out of the Deposited Property pursuant to Clause 10 of the Deed;
- (ii) where the Sub-Fund is made up of more than one (1) Class, the NAV of each Class shall be calculated by apportioning the NAV of the Sub-Fund (obtained in accordance with the Deed provided that no deduction or addition shall be made in respect of expense, charges or other amounts which are not common to all the Classes of that Sub-Fund) between the Classes and then deducting from or adding to the value of the portion of the NAV for each Class any expense, charge or other amount attributable to such Class (including currency hedging costs, if applicable). For the avoidance of doubt, where any expense, charge or other amount payable out of or payable into the NAV of a Class pursuant to the Deed is attributable only to a particular Class in the Sub-Fund, such amount shall only be deducted from or added to the portion of the NAV of the Sub-Fund which is attributable to that Class and shall not affect the calculation or the NAV of the portion or portions of the Sub-Fund attributable to other Classes within the Sub-Fund;
- (iii) where Authorised Investments have been agreed to be purchased or otherwise acquired or sold but such purchase, acquisition or sale has not been completed, such Authorised Investments shall be included or excluded, respectively, and the gross purchase, acquisition or net sale consideration excluded or included as the case may require as if such purchase, acquisition or sale had been duly completed; and
- (iv) where in consequence of any notice or request in writing given pursuant to Clauses 13 or 14 of the Deed a reduction of the Sub-Fund by the cancellation of Units of the Sub-Fund is to be effected but such reduction has not been completed the Units in question shall not be deemed to be in issue and any amount payable in cash and the Value of any Authorised Investments to be transferred out of the Deposited Property of the Sub-Fund shall be deducted from the NAV of the Sub-Fund.

**21.8.4** In calculating the NAV of the Sub-Fund or Class of the Sub-Fund or any proportion thereof, there shall be deducted or added any amounts not provided for above which are payable out of the Deposited Property of the Sub-Fund or Class of the Sub-Fund or any proportion thereof in the following order:

- (i) any amount of Management Fee, the remuneration of the Trustee, the valuation agent's fees, the registrar agent's fees, the securities transaction fee, amortisation of other preliminary expenses and any other expenses accrued but remaining unpaid attributable to the Sub-Fund;
- (ii) the amount of tax, if any, on net capital gains (including any provision made for unrealised capital gains) accrued and remaining unpaid attributable to the Sub-Fund;
- (iii) the amount in respect of tax, if any, on net capital gains realised prior to the valuation being made as in the estimate of the Managers will become payable attributable to the Sub-Fund;
- (iv) the aggregate amount for the time being outstanding of any borrowings for the account of the Sub-Fund effected under Clause 22 of the Deed together with the amount of any interest and expenses thereon accrued pursuant to Clause 22.6 of the Deed and remaining unpaid;
- (v) there shall be taken into account such sum as in the estimate of the Managers will fall to be paid or reclaimed in respect of taxation related to income up to the time of calculation of the Value of the Deposited Property of the Sub-Fund;
- (vi) there shall be added the amount of any tax, if any, on capital gains estimated to be recoverable and not received attributable to the Sub-Fund;
- (vii) any value (whether of an Authorised Investment or cash) and any borrowing otherwise than in the base currency of the Sub-Fund shall be converted into the relevant base currency at the rate (whether official or otherwise) which the Managers shall after consulting with or in accordance with a method approved by the Trustee deem appropriate to the circumstances having regard *inter alia* to any premium or discount which may be relevant and to the costs of exchange; and
- (viii) where the current price of an Authorised Investment is quoted "ex" dividend, interest or other payment but such dividend, interest or other payment has not been received the amount of such dividend, interest or other payment shall be taken into account.

## **21.9 Notices**

Subject always to the specific provisions of the Deed, any notices or any other document required to be given to a Holder shall be deemed to have been duly given if sent by post or (if permitted under the Code) sent by electronic mail to, or left at, his address or electronic mail address (as the case may be) as appearing in the Register.

Any notice or document so sent by post shall be deemed to have been received by such Holder 2 days after that on which the same was posted, and in proving such receipt, it shall be sufficient to prove that the envelope containing the same was properly addressed, stamped and posted. Any notice or document so served by electronic mail shall be deemed to have been served on the date the electronic mail is sent, and in proving such service it shall be

sufficient to prove that the electronic mail was properly addressed and sent to the electronic mail address of the Holder.

#### **21.10 Use of Credit Rating Agencies**

In the event that the Managers rely on ratings issued by credit rating agencies in any of their investments, the Managers would have established a set of internal credit assessment standards and would have in place a credit assessment process to ensure that their investments are in line with these standards. Information on the Managers' credit assessment process will be made available to investors upon request.

#### **21.11 Liquidation of the Managers, the GMO Underlying Fund Manager, the Trustee or the Custodian**

**21.11.1** Subject to the provisions of the Deed, if the Managers go into liquidation (except a voluntary liquidation for reconstruction or amalgamation) or if a receiver is appointed over any of its assets or a judicial manager is appointed in respect of the Managers or the Managers cease to carry on business, the Trustee may by notice in writing remove the Managers and appoint some other Qualified Corporation (as defined in the Deed) as the new manager of the Fund.

**21.11.2** If the GMO Underlying Fund Manager goes into liquidation (except a voluntary liquidation for reconstruction or amalgamation) or if a receiver is appointed over any of its assets or a judicial manager is appointed in respect of the GMO Underlying Fund Manager or the GMO Underlying Fund Manager ceases to carry on business, the Managers may, in their absolute discretion, choose to terminate the Sub-Fund.

**21.11.3** Subject to the provisions of the Deed, if the Trustee goes into liquidation (except a voluntary liquidation for reconstruction or amalgamation) or if a receiver is appointed over any of its assets or a judicial manager is appointed in respect of the Trustee or the Trustee ceases to carry on business, the Managers may by notice in writing remove the Trustee and appoint some other Qualified Corporation (as defined in the Deed) as the new trustee of the Fund.

**21.11.4** In the event the Custodian becomes insolvent, the Trustee may by notice in writing, terminate the Global Custody Services Agreement entered into with the Custodian and, in accordance with the Deed, appoint such other person as the new custodian to provide custodial services to the Fund globally.

#### **21.12 Termination of the Fund**

- (i) The Fund constituted by the Deed is of indeterminate duration and may be terminated as provided in Clause 40 of the Deed.
- (ii) Either the Trustee or the Managers may at any time in their absolute discretion terminate the Fund by giving not less than three months' notice (or such other period as may be agreed between the Managers and the Trustee) in writing to the other at any time. In the event that the Fund shall be terminated or discontinued the Managers shall give notice in writing thereof to all investors not less than three months (or such other period as may be agreed between the Managers and the Trustee) in advance. Subject as aforesaid the Fund shall continue until terminated in the manner hereinafter provided in sub-paragraphs (iii) to (v).
- (iii) Subject to Section 295 of the SFA, the Fund may be terminated by the Trustee by notice in writing as provided in any of the following events, namely:

- (a) if the Managers shall go into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or if a receiver is appointed over any of their assets or if a judicial manager is appointed in respect of the Managers or if any encumbrancer shall take possession of any of their assets;
- (b) if the Managers shall cease business;
- (c) if any law shall be passed, any authorisation withdrawn or revoked or any direction issued by the Authority which renders it illegal or in the opinion of the Trustee impracticable or inadvisable to continue the Fund;
- (d) if within the period of three months from the date of the Trustee expressing in writing to the Managers the desire to retire the Managers shall have failed to appoint a new trustee within the terms of Clause 39 of the Deed; and
- (e) if within the period of three months from the date of the Trustee removing the Managers the Trustee shall have failed to appoint new managers within the terms of Clause 38 of the Deed.

The decision of the Trustee in any of the events specified in this sub-paragraph (iii) shall be final and binding upon all the parties concerned but the Trustee shall be under no liability on account of any failure to terminate the Fund pursuant to this sub-paragraph (iii) or otherwise.

- (iv) The Sub-Fund may be terminated by the Managers in their absolute discretion by notice in writing as hereinafter provided:
  - a. if the aggregate Value of the Deposited Property shall be less than SGD10 million;
  - b. in the case of the GMO Underlying Fund or any other underlying fund into which the Sub-Fund invests:
    - A. where the GMO Underlying Fund or any other underlying fund into which the Sub-Fund invests is terminated; or
    - B. the manager of the GMO Underlying Fund or any other underlying fund into which the Sub-Fund invests (the (the **"Underlying Fund Manager"**)) goes into liquidation (except a voluntary liquidation for reconstruction or amalgamation) or if a receiver is appointed over any of its assets or a judicial manager is appointed in respect of such Underlying Fund Manager or the relevant Underlying Fund Manager ceases to carry on business;

Provided That the value of the shares, units or interests in such underlying fund shall be equal to at least fifty (50) per cent. of the NAV of the Sub-Fund; or

  - c. if any law shall be passed, any authorisation withdrawn or revoked or any direction issued by the Authority which renders it illegal or in the opinion of the Managers impracticable or inadvisable to continue the Sub-Fund.

Any Class of the Sub-Fund may be terminated by the Managers in their absolute discretion by notice in writing as hereinafter provided (i) if the aggregate net asset value of the Deposited Property of that Class shall be less than SGD5 million or (ii) if

any law shall be passed, any authorisation withdrawn or revoked or any direction issued by the Authority which renders it illegal or in the opinion of the Managers impracticable or inadvisable to continue that Class.

The Fund may be terminated by the Managers in their absolute discretion by notice in writing hereinafter provided (i) if the aggregate Value of the Deposited Property of each sub-fund of the Fund shall be less than SGD10 million or (ii) if any law shall be passed, any authorisation withdrawn or revoked or any direction issued by the Authority which renders it illegal or in the opinion of the Managers impracticable or inadvisable to continue the Fund.

- (v) Unless otherwise provided, the party terminating the Fund or the Sub-Fund or Class of the Sub-Fund (as the case may be) shall give notice thereof to the investors fixing the date at which such termination is to take effect which date shall not be less than one month (or such other period as may be required or allowed by the Authority and/or the Trustee provided in the Deed after the service of such notice (or such period as may be necessary to comply with any law or direction of the Authority)) and the Managers shall give written notice thereof to the Authority not less than 7 days before such termination.

## Appendix 1 – Phillip Global Quality Fund

### 1. Sub- Fund denomination and Classes of Units

- 1.1. The Sub-Fund will issue Units denominated in SGD and the assets of the Sub-Fund will be valued in SGD.
- 1.2. As at the date of this Prospectus, the Managers are offering the following Classes of Units in the Sub-Fund:

<u>Class Name</u>	<u>Class denomination</u>
<b>Class SGD Dis</b>	SGD
<b>Class SGD Hedged Dis</b>	SGD

The Managers may from time to time establish classes of Units within the Sub-Fund.

As at the date of this Prospectus, the Units of the Sub-Fund are Specified Investment Products and capital markets products other than prescribed capital markets products as defined in the CMP Regulations and the Notices.

### 2. Investment Objective, Focus and Approach

#### 2.1. Investment Objective of the Sub-Fund

The investment objective of the Sub-Fund is to seek medium to long term total return for the investors.

#### 2.2. Investment Focus and Approach of the Sub-Fund

The Sub-Fund will invest all or substantially all of its assets in the GMO Underlying Fund.

The GMO Underlying Fund is actively managed. The GMO Underlying Fund will use the S&P 500 Index, the MSCI World Index, the Russell 1000 Growth Index, and the Russell 1000 Value Index for performance comparison purposes.

#### 2.3. Investment Focus and Approach of the GMO Underlying Fund

The GMO Underlying Fund operates to achieve its investment objective as set out below, while spreading investment risks through investment in transferable securities and liquid financial assets, including without limitation financial derivative instruments, in accordance with the UCITS Regulations<sup>14</sup>. The investments of the GMO Underlying Fund will be limited to investments permitted by the UCITS Regulations.

The GMO Underlying Fund seeks total return by investing in equities and equity-related securities the GMO Underlying Fund Manager believes to be of high quality. A high quality company is generally one that the GMO Underlying Fund Manager believes has an established business that will deliver a high level of return on past investments and that will utilise cash flows in the future by making investments with potential for high levels of return on capital or by returning cash to shareholders through dividends, share buybacks, or other mechanisms.

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<sup>14</sup> "UCITS Regulations" means the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011, as such may be amended, supplemented or replaced from time to time.

The GMO Underlying Fund may make security investments in companies the stocks of which are listed or traded on Regulated Markets<sup>15</sup> anywhere in the world.

In selecting securities for the GMO Underlying Fund, the GMO Underlying Fund Manager uses a combination of investment methods and may consider both systematic factors, based on profitability, profit stability, leverage, and other publicly available financial information, and judgmental factors, based on an assessment of future profitability, capital allocation, sustainability against competitive forces, and growth opportunities. The GMO Underlying Fund Manager may also rely on valuation methodologies, such as discounted cash flow analysis and multiples of price to earnings, revenues, book value or other fundamental metrics. In addition, the GMO Underlying Fund Manager may consider ESG (environmental, social and governance) criteria as well as trading patterns, such as price movement or volatility of a security or groups of securities.

At times, the GMO Underlying Fund may have substantial exposure to a single asset class, industry, sector, country, region, currency or issuer. The GMO Underlying Fund may invest in securities of companies of any market capitalisation. The factors the GMO Underlying Fund Manager considers and investment methods it uses can change over time. The GMO Underlying Fund Manager does not manage the GMO Underlying Fund to, or control the GMO Underlying Fund's risk relative to, any securities index or securities benchmark.

The equity securities in which the GMO Underlying Fund may invest shall include, without limitation, common stocks, depositary receipts (American Depositary Receipts, European Depositary Receipts or Global Depositary Receipts) and related securities such as convertibles, preferred stocks, income trusts, royalty trusts, master limited partnerships, exchange-traded funds ("**ETFs**"), real estate investment trusts ("**REITs**"), private placements, rights and warrants. The GMO Underlying Fund may invest in ETFs that are classified under the UCITS Regulations as transferable securities, some of which may hold derivatives such as futures, forwards, options, swaps or other instruments. In addition, the GMO Underlying Fund may also invest in recently issued transferable securities which will be admitted to official listing on a Regulated Market within one year. The GMO Underlying Fund reserves the right to make tactical allocations of up to 20 per cent. of its net asset value to investments in cash and debt securities rated at least investment grade by a rating agency or rated lower than investment grade by the rating agencies or unrated but deemed by the GMO Underlying Fund Manager, having analysed the safety of principal and interest payments on such debt securities, to be of at least investment grade. Such debt securities may be government or corporate securities and may be fixed or floating rate. Investments in Emerging Market Countries<sup>16</sup> shall not exceed in aggregate 20 per cent. of the net asset value of the GMO Underlying Fund. Investments in REITs shall not exceed in aggregate 15 per cent. of the net asset value of the GMO Underlying Fund.

The GMO Underlying Fund may hold shares in fewer than 100 companies. The GMO Underlying Fund does not seek to control risk relative to any securities market index or benchmark.

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<sup>15</sup> "**Regulated Markets**" would generally include a stock exchange or market around the world which meets with the regulatory criteria of the Central Bank of Ireland (i.e. regulated, operating regularly and open to the public), including but not limited to stock exchanges in the European Union, all stock exchanges in a member state of the European Economic Area, any stock exchange in the United States, Australia, Canada, Japan, New Zealand, Switzerland or the United Kingdom (in the event the United Kingdom is no longer a member state of the European Union).

<sup>16</sup> "**Emerging Market Countries**" means any country whose market is not treated as a "developed market" in the MSCI World Index or MSCI EAFE Index, and such other countries as the GMO Underlying Fund Manager from time to time deems to be emerging market countries.

The GMO Underlying Fund may, where the GMO Underlying Fund Manager deems it appropriate and for the purposes of gaining exposure to equities or otherwise pursuing the investment return objective of the GMO Underlying Fund, invest in collective investment schemes. The GMO Underlying Fund may, subject to the following limits, invest up to 30 per cent. of its net asset value in the aggregate in UCITS Equivalent Schemes<sup>17</sup> and up to 100 per cent. of its net asset value in the aggregate in UCITS. The limits are as follows:

- (i) the GMO Underlying Fund may not invest more than 20 per cent. of its net asset value in any one collective investment scheme ("**CIS**");
- (ii) the underlying CIS is prohibited from investing more than 10 per cent. of its net asset value in open-ended collective investment schemes; and
- (iii) the GMO Underlying Fund may acquire no more than 25 per cent. of the units of any single CIS.

The GMO Underlying Fund may, where the GMO Underlying Fund Manager deems it appropriate in the context of the investment return objective of the GMO Underlying Fund, invest in a wide variety of exchange-traded and OTC derivatives, including futures, forwards, options, swaps, contracts for differences, rights and warrants and securities embedding derivatives such as convertibles and engage in repurchase, reverse repurchase and stock-lending arrangements for efficient portfolio management purposes.

In this context, efficient portfolio management purposes include: the reduction of risk, the reduction of cost and the generation of additional capital or income for the GMO Underlying Fund with a level of risk that is consistent with the risk profile of the GMO Underlying Fund. In particular, but without limitation, the GMO Underlying Fund may also use derivatives and ETFs: (i) in an attempt to reduce investment exposures (which may result in a reduction below zero); and (ii) in an attempt to adjust elements of the GMO Underlying Fund's investment exposure. Derivatives may also be used as an alternative to securities lending. The GMO Underlying Fund may not be leveraged in excess of 100 per cent. of its net asset value as a result of its use of derivatives.

The net asset value of the GMO Underlying Fund may have a certain level of volatility due to its investment policies or portfolio management techniques.

## 2.4. Product Suitability

The Sub-Fund is only suitable for investors who:

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<sup>17</sup> "**UCITS Equivalent Schemes**" means any of the following open-ended investment schemes:

- (a) schemes established in Guernsey and authorised as Class A Schemes;
- (b) schemes established in Jersey as Recognised Funds;
- (c) schemes established in the Isle of Man as Authorised Schemes;
- (d) retail investor alternative investment funds authorised by the Central Bank of Ireland provided such investment funds comply in all material respects with the provisions of the UCITS Regulations and the Central Bank (Supervision and Enforcement) Act 2013 (Section 28(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations, 2015 of Ireland (as may be amended, supplemented or replaced from time to time) (the "**Central Bank Regulations**");
- (e) alternative investment funds authorised in a member state of the EEA, the U.K. (in the event the U.K. is no longer a Member State), the U.S., Jersey, Guernsey or the Isle of Man and which comply, in all material respects with the provisions of the UCITS Regulations and the Central Bank Regulations; and
- (f) such other schemes as may be permitted by the Central Bank of Ireland.



- are seeking capital growth over a 5 to 10 year period;
- want to invest in a fund that has exposure to equity securities or equity-related securities on Regulated Markets in respect of the GMO Underlying Fund anywhere in the world;
- are prepared to accept a moderate level of volatility.

**Investors should consider and satisfy themselves as to the risks of investing in the Sub-Fund. The value of Units and the returns derived from them can fluctuate and there can be no assurance that the Sub-Fund will achieve its investment objectives or that investors will get back their original investment.**

**You should consult your financial advisers and assess or consider whether the Sub-Fund is suitable for you before investing in the Sub-Fund.**

### **3. Specific risks**

#### **3.1. Specific risks of the Sub-Fund**

The specific risks applicable to the Sub-Fund are disclosed below.

##### **3.1.1. Foreign Currency Risk**

The assets of each class of the Sub-Fund will be directly invested in corresponding appropriate share classes of the GMO Underlying Fund. The SGD Hedged classes of the Sub-Fund will be invested into the corresponding SGD Hedged classes of the GMO Underlying Fund, while the SGD Unhedged classes of the Sub-Fund will be invested into the corresponding SGD Unhedged classes of the GMO Underlying Fund. However, since the investments of the GMO Underlying Fund will be into global securities, the Holders will still be subjected to foreign currency risk.

##### **3.1.2. Liquidity Risk**

The extent of market liquidity depends on the size and state of the markets and therefore affects the Sub-Fund's and/or the GMO Underlying Fund's ability to acquire or dispose of assets at the price and time they so desire.

##### **3.1.3. Income distribution**

You should note that income of the Sub-Fund (if any) may be distributed to Holders at the absolute discretion of the Managers.

##### **3.1.4. Risk Associated with the Investment Strategy of the Sub-Fund**

The performance of the Sub-Fund is subject to the performance of the GMO Underlying Fund. The Managers have no control over the investment strategy of the manager of the GMO Underlying Fund and hence there is no assurance that the GMO Underlying Fund will yield consistent strong performance.

#### **3.2. Specific risks of the GMO Underlying Fund**

The specific risks applicable to the GMO Underlying Fund are disclosed below.

##### **3.2.1. Market Risks – Equities**

Where the GMO Underlying Fund invests in equities, it runs the risk that the market price of an equity will decline. That decline may be attributable to factors affecting the issuer, such as poor performance by the issuer's management or reduced demand for

its goods or services, or to factors affecting a particular industry, such as a decline in demand, labour or raw material shortages, or increased production costs. A decline also may result from general market conditions not specifically related to a company or industry, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates, or adverse investor sentiment generally. Equities generally have significant price volatility, and their market prices can decline in a rapid or unpredictable manner. If the GMO Underlying Fund purchases an equity for what the GMO Underlying Fund Manager believes is less than its fundamental fair (or intrinsic) value, the GMO Underlying Fund runs the risk that the market price of the equity will not appreciate or will decline due to the GMO Underlying Fund Manager's incorrect assessment of the equity's fundamental fair (or intrinsic) value. The market prices of equities trading at high multiples of current earnings often are more sensitive to changes in future earnings expectations than the market prices of equities trading at lower multiples.

The GMO Underlying Fund may invest in companies that are in the process of exiting, or that have recently exited, the bankruptcy process. Investments in post-reorganisation securities typically entail a higher degree of risk than investments in securities that have not recently undergone a reorganisation or restructuring. Moreover, post-reorganisation securities can be subject to heavy selling or downward pricing pressure after the completion of a bankruptcy reorganisation or restructuring. If the GMO Underlying Fund's evaluation of the anticipated outcome of an investment should prove inaccurate, the GMO Underlying Fund could experience a loss.

### **3.2.2. Currency risks**

Currency risk is the risk that fluctuations in exchange rates will adversely affect the market value of the GMO Underlying Fund's investments. Currency risk includes the risk that the currencies in which the GMO Underlying Fund's investments are traded, in which the GMO Underlying Fund receives income, or in which the GMO Underlying Fund has taken a position, will decline in value.

Currency risk also includes the risk that the currency to which the GMO Underlying Fund has obtained exposure through hedging declines in value relative to the currency being hedged, in which event the GMO Underlying Fund may realise a loss on both the hedging instrument and the currency being hedged. Currency exchange rates can fluctuate significantly for many reasons.

The GMO Underlying Fund may use derivatives to take currency positions that are under-or over-weighted (in some cases significantly) relative to the currency exposure of its portfolio and its benchmark. If the exchange rates of the currencies involved do not move as expected, the GMO Underlying Fund could lose money on both its holdings of a particular currency and the derivative.

Some currencies are illiquid (e.g., some currencies of emerging market countries), and the GMO Underlying Fund may not be able to convert them into the base currency of the GMO Underlying Fund, or may only be able to do so at an unfavourable exchange rate. Exchange rates for many currencies are affected by exchange control regulations.

Derivative transactions in currencies (such as futures, forwards, options, and swaps) may involve leveraging risk in addition to currency risk. In addition, the obligations of

counterparties in currency derivative transactions are often not secured by collateral, which increases counterparty risk.

The shares of the GMO Underlying Fund are denominated in SGD and differ from the GMO Underlying Fund's base currency, which is in USD. The net asset value of the GMO Underlying Fund will be calculated in USD, and will be stated in SGD at the current exchange rate between the USD and the SGD. Fluctuations in the exchange rate may affect the performance of the shares of the GMO Underlying Fund independent of the performance of the GMO Underlying Fund's investments. However, the GMO Underlying Fund Manager may, at its absolute discretion, seek to hedge the currency exposure between USD and SGD, but is not obligated to do so and such currency exposure may only be partially hedged. If hedging is employed, there is no guarantee or assurance that the hedging will be successful. To the extent that such hedging is unsuccessful, the performance of the SGD-denominated share classes of the GMO Underlying Fund may differ from the performance of its underlying assets. Depending on the level of the hedging employed, investors in a SGD-denominated share class of the GMO Underlying Fund (such as the Sub-Fund) will not benefit or will only benefit to a limited extent if the class currency falls against the USD and/or the currency in which the assets of the GMO Underlying Fund are denominated.

### **3.2.3. Small Company Risk**

Companies with smaller market capitalisations tend to have limited product lines, markets, or financial resources, lack the competitive strength of larger companies, have inexperienced managers or depend on a smaller group of key employees than larger companies. In addition, their securities often are less widely held and trade less frequently and in lesser quantities, and their market prices often fluctuate more, than the securities of companies with larger market capitalisations. Market risk and illiquidity risk are particularly pronounced for securities of these companies.

### **3.2.4. Derivatives Risk**

The GMO Underlying Fund may invest in derivatives, which are financial contracts whose value depends on, or is derived from, the value of underlying assets (such as securities, commodities or currencies), reference rates (such as interest rates, currency exchange rates or inflation rates) or indices. Derivatives involve the risk that their value may not change as expected relative to changes in the value of the assets, rates, or indices they are designed to track. Derivatives include, but are not limited to, futures contracts, forward contracts, currency contracts, swap contracts, contracts for differences, options on securities and indices, options on futures contracts, options on swap contracts, interest rate caps, floors and collars, reverse repurchase agreements, and other over-the-counter (OTC) contracts.

#### Information regarding the use of Financial Derivative Instruments

- (i) The GMO Underlying Fund may use financial derivative instruments ("**FDIs**") for purposes of efficient portfolio management. The GMO Underlying Fund may not be leveraged in excess of 100 per cent. of its NAV as a result of its use of derivatives.
- (ii) The commitment approach will be used to determine the GMO Underlying Fund's exposure to FDIs. This approach calculates leverage by measuring the

market value of the underlying exposures of derivatives relative to the GMO Underlying Fund's NAV.

- (iii) The GMO Underlying Fund Manager will ensure that the risk management and compliance procedures are adequate and have been or will be implemented and that it has the necessary expertise to manage the risk relating to the use of FDIs. The GMO Underlying Fund Manager shall be entitled to modify the risk management and compliance procedures and controls from time to time as they deem fit and in the interest of the GMO Underlying Fund, without prior notice to the Holders.
- (iv) You may obtain supplementary information relating to the risk management methods employed by the GMO Underlying Fund, including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments on request to the Managers.

#### **3.2.5. Market Disruption and Geopolitical Risk**

The GMO Underlying Fund is subject to the risk that geopolitical and other events (e.g., wars and terrorism) will disrupt securities markets and adversely affect global economies and markets, thereby reducing the value of the GMO Underlying Fund's investments. Sudden or significant changes in the supply or prices of commodities or other economic inputs (e.g., the marked decline in oil prices that began in late 2014) may have material and unexpected effects on both global securities markets and individual countries, regions, sectors, companies, or industries.

#### **3.2.6. Counterparty Risk**

The GMO Underlying Fund enters into contracts with counterparties, such as repurchase or reverse repurchase agreements or OTC derivatives contracts, and lends its portfolio securities or allow an OTC derivative counterparty to retain possession of collateral. This runs the risk that the counterparty will be unable or unwilling to make timely settlement payments or otherwise honour its obligations. Lack of a common clearing facility creates counterparty risk. If a counterparty fails to meet its contractual obligations, goes bankrupt, or otherwise experiences a business interruption, the GMO Underlying Fund could miss investment opportunities or otherwise be forced to hold investments it would prefer to sell, resulting in losses for the GMO Underlying Fund. If the counterparty defaults, the GMO Underlying Fund will have contractual remedies, but there can be no assurance that the counterparty will be able to meet its contractual obligations or that the GMO Underlying Fund will be able to enforce its rights.

#### **3.2.7. Securities Lending and Repurchase Transactions**

The GMO Underlying Fund may engage in repurchase, reverse repurchase and stock-lending arrangements for efficient portfolio management purposes. In this context, efficient portfolio management purposes include: the reduction of risk, the reduction of cost and the generation of additional capital or income for the GMO Underlying Fund with a level of risk that is consistent with the risk profile of the GMO Underlying Fund.

The GMO Underlying Fund may make secured loans of its portfolio securities amounting to not more than 100 per cent. of its total assets. For these purposes, total assets include the collateral received from such loans.

The GMO Underlying Fund currently does not expect conflicts of interest to arise in relation to such securities lending transactions. None of the brokers are related to the GMO Underlying Fund or the GMO Underlying Fund Manager. The GMO Underlying Fund does not intend to lend the securities of the scheme to its related corporations. However, should any potential conflicts of interest arise, such conflicts of interest will be managed in accordance with the conflicts of interest policy of the GMO Underlying Fund Manager.

You should note that securities lending may involve additional risks for the GMO Underlying Fund. The risks in lending portfolio securities, as with other extensions of credit, consist of the possible delay in the recovery of the securities or possible loss of rights in the collateral should the borrower fail financially, including possible impairment of the GMO Underlying Fund's ability to vote the securities. There is also a risk that the collateral held by the GMO Underlying Fund may decline in value and this risk will be borne by the GMO Underlying Fund, which will be required to repurchase the securities lent at the agreed repurchase price. As with other extensions of credit, the GMO Underlying Fund bears the risk of delay in the recovery of loaned securities and of loss of rights in the collateral should the borrower fail financially. The GMO Underlying Fund also bears the risk that the value of investments made with collateral may decline. The GMO Underlying Fund bears the risk of total loss with respect to the investment of collateral.

#### **3.2.8. Illiquidity Risk**

Illiquidity risk is the risk that low trading volume, lack of a market maker, large position size, or legal restrictions (including daily price fluctuation limits or "circuit breakers") limits, delays or prevents the GMO Underlying Fund from selling particular securities or closing derivative positions at desirable prices. The GMO Underlying Fund may invest in assets that have limited or no liquidity, including assets and derivatives which it may not be able to readily sell or dispose of, including securities whose disposition is restricted by securities laws. In addition to these risks, the GMO Underlying Fund is exposed to illiquidity risk when it has an obligation to purchase particular securities (e.g., as a result of entering into reverse repurchase agreements, writing a put, or closing a short position).

The more less-liquid securities the GMO Underlying Fund holds, the more likely it is to honor a withdrawal request in kind and/or to suspend or limit withdrawals. These limitations on liquidity of a GMO Underlying Fund's investments could prevent a successful sale thereof, result in delay of any sale, or reduce the amount of proceeds that might otherwise be realised. Because illiquid securities may be difficult to value, the prices realised on their sale may be less than the price at which they were valued when held by the GMO Underlying Fund. In addition, the GMO Underlying Fund's holdings in securities for which the relevant market is or becomes less liquid are more susceptible to market value declines.

To the extent the GMO Underlying Fund's investments include asset-backed securities, low quality debt securities, debt securities from emerging market countries, securities of companies with smaller market capitalisations or smaller total float-adjusted market capitalisations, or emerging market country securities, it is subject to increased illiquidity risk.

These types of investments can be difficult to value, exposing the GMO Underlying Fund to the risk that the price at which it sells them will be less than the price at which they were valued when held by the GMO Underlying Fund. Illiquidity risk also may be greater in times of financial stress. Less liquid securities are more susceptible than other securities to price declines when market prices decline generally.

### **3.2.9. Management and Operational Risk**

The GMO Underlying Fund runs the risk that the GMO Underlying Fund Manager's investment techniques (which may be fundamental, quantitative, or a combination of the two) will fail to produce desired results and cause the GMO Underlying Fund to incur significant losses. The GMO Underlying Fund's success will also be dependent on the GMO Underlying Fund Manager's ability to correctly identify long positions that will outperform the GMO Underlying Fund's short positions, if any, and to effectively reduce the GMO Underlying Fund's market exposure through long and/or short positions. The GMO Underlying Fund Manager also may fail to use derivatives effectively, choosing to hedge or not to hedge positions at disadvantageous times. Additionally, the GMO Underlying Fund could produce results consistent with the expected annualised volatility over a complete market cycle yet experience shorter periods of significantly higher volatility.

The GMO Underlying Fund Manager uses quantitative models as part of its investment process and those models are one of the key components of investment decisions. Models may not accurately predict future market movements or characteristics. In addition, they are based on assumptions that can limit their effectiveness and they rely on the data that is subject to limitations (e.g., inaccuracies, staleness) that could adversely affect their predictive value. The GMO Underlying Fund also runs the risk that the GMO Underlying Fund Manager's assessment of an investment (including a security's fundamental fair (or intrinsic) value) is wrong.

The GMO Underlying Fund Manager relies heavily on quantitative models in making investment decisions for the GMO Underlying Fund. The usefulness of those models may be diminished by the faulty incorporation of mathematical models into computer code, by reliance on proprietary and third-party technology that may include bugs or viruses, and by the retrieval of imperfect data for processing by the model. These risks are present in the ordinary course of business and are more likely to occur at times during which the GMO Underlying Fund Manager is making changes to its models. Any of these risks could adversely affect the GMO Underlying Fund's performance.

There can be no assurance that key personnel of the GMO Underlying Fund Manager will continue to be employed by the GMO Underlying Fund Manager. The loss of their services could have an adverse impact on the GMO Underlying Fund Manager's ability to achieve the GMO Underlying Fund's investment objective.

The GMO Underlying Fund is also subject to a risk of loss resulting from other services provided by the GMO Underlying Fund Manager and other service providers, including pricing, administrative, accounting, tax, legal, custody, transfer agency, and other services. Operational risk includes the possibility of loss caused by inadequate procedures and controls, human error, and system failures by a service provider. For example, trading delays or errors could prevent the GMO Underlying Fund from benefiting from investment gains or avoiding losses. The GMO Underlying Fund

Manager is not contractually liable to the GMO Underlying Fund for losses associated with operational risk absent its willful misfeasance, fraud, bad faith, negligence, or reckless disregard of its contractual obligations to provide services to the GMO Underlying Fund. Other GMO Underlying Fund service providers also have contractual limitations on their liability to the GMO Underlying Fund for losses resulting from their errors.

#### **3.2.10. Focused Investment Risk**

Overall risk can be reduced by geographic or industry diversification, and increased by focusing investments in a limited number of asset classes, sectors, industries, issuers, currencies, countries or regions (or sectors within a country or region) that are subject to the same or similar risk factors and funds with investments whose prices are closely correlated are subject to greater overall risk than funds with investments that are more diversified or whose prices are not as closely correlated.

The GMO Underlying Fund invests in the securities of a small number of issuers and has greater exposure to adverse developments affecting those issuers and to a decline in the market price of those issuers' securities than a fund investing in the securities of a larger number of issuers.

The political and economic prospects of one country or group of countries within the same geographic region may affect other countries in that region or that country's trading partners, and a recession, debt crisis, or decline in the value of the currency of one country can spread to other countries or to that country's trading partners. Furthermore, companies tied economically to (or related to) a particular geographic region, country or type of market (e.g., emerging markets countries) are vulnerable to events affecting other companies in that region, country or type of market because they often share common characteristics, are exposed to similar business risks and regulatory burdens and often react similarly to specific economic, market, political or other developments.

To the extent that the GMO Underlying Fund invests in the securities of relatively few issuers, it is particularly exposed to adverse developments affecting those issuers, and a decline in the market price of a particular security held by the GMO Underlying Fund is likely to affect the GMO Underlying Fund's performance more than if the GMO Underlying Fund invested in the securities of a larger number of issuers.

There are no limitations on the amount a GMO Underlying Fund may invest in the securities of any one sector or geography. Accordingly, the GMO Underlying Fund's securities may be more susceptible to any single economic, market, political or regulatory occurrence than the securities of a diversified investment fund.

#### **3.2.11. Large Shareholder Risk**

To the extent a large number of shares of the GMO Underlying Fund is held by a single shareholder (e.g., an institutional investor or another fund managed by the GMO Underlying Fund Manager) or a group of shareholders with a common investment strategy (e.g., the GMO Underlying Fund Manager's asset allocation accounts), the GMO Underlying Fund is subject to the risk that a repurchase of shares by those shareholders of all or a large portion of their shares of the GMO Underlying Fund will adversely affect the GMO Underlying Fund's performance by forcing the GMO Underlying Fund to sell portfolio securities to raise the cash needed to satisfy the repurchase request. In addition, the GMO Underlying Fund and other accounts over

which the GMO Underlying Fund Manager has investment discretion that invest in the GMO Underlying Fund are not limited in how often they may purchase or sell shares in the GMO Underlying Fund. These transactions may adversely affect the GMO Underlying Fund's performance to the extent that the GMO Underlying Fund is required to sell investments (or invest cash) when it would not otherwise have done so. Repurchases of a large number of Shares also may increase transaction costs or, by necessitating a sale of portfolio securities, have adverse tax consequences for shareholders of the GMO Underlying Fund. Further, from time to time the GMO Underlying Fund may trade in anticipation of a purchase or redemption order that is not ultimately received or differs in size from the actual order, leading to temporary underexposure or overexposure to the GMO Underlying Fund's intended investment program. In addition, to the extent the GMO Underlying Fund invests in other funds managed by the GMO Underlying Fund Manager is subject to large shareholder risk, the GMO Underlying Fund is indirectly subject to this risk.

### **3.2.12. Fund of funds risk**

Where the GMO Underlying Fund invests in underlying funds, it is exposed to the risk that the underlying funds will not perform as expected. The GMO Underlying Fund will also be indirectly exposed to all of the risks to which the underlying funds are exposed. There can be no assurance that the underlying funds will not be more or less correlated with each other than anticipated by the GMO Underlying Fund Manager. Any unanticipated correlation in the performance of the underlying funds could result in significant losses for the GMO Underlying Fund if it has material investments in underlying funds.

Further, the GMO Underlying Fund's interest in underlying funds, if any, may be subject to substantial restrictions on transfer. Also, the underlying funds typically have the right to suspend withdrawals during the occurrence of certain events, such as market disruption. As a result, the GMO Underlying Fund may not be able to dispose of its interests in one or more underlying funds when the GMO Underlying Fund Manager believes it would be advantageous for the GMO Underlying Fund to do so.

Because, absent reimbursement, the GMO Underlying Fund would bear the fees and expenses of an underlying fund (including purchase premiums and redemption fees, if any) in which it invests, the GMO Underlying Fund will incur additional expenses when investing in an underlying fund. In addition, the total expenses of the GMO Underlying Fund will increase if the GMO Underlying Fund makes a new or further investment in underlying funds with higher fees or expenses than the average fees and expenses of the underlying funds then in the GMO Underlying Fund's portfolio.

At any particular time, one underlying fund may be purchasing securities of an issuer whose securities are being sold by another underlying fund, resulting in the GMO Underlying Fund holding each underlying fund indirectly incurring the costs associated with the two transactions without changing its exposure to those securities.

Investments in ETFs involve the risk that an ETF's performance may not track the performance of the index it is designed to track. In addition, ETFs often use derivatives to track the performance of an index, and, therefore, investments in those ETFs are subject to certain risks relating to derivatives. ETFs are investment companies that typically hold a portfolio of securities designed to track the price, performance, and dividend yield of a particular securities market index (or sector of an index). As investment companies, ETFs incur their own management and other fees and



expenses, such as trustee fees, operating expenses, registration fees, and marketing expenses, and if the GMO Underlying Fund invests in ETFs, it will bear a proportionate share of such fees and expenses. As a result, an investment by the GMO Underlying Fund in an ETF could lead to higher operating expenses and lower returns than if the GMO Underlying Fund were to invest directly in the securities underlying the ETF.

The GMO Underlying Fund's investments in one or more underlying funds could cause the GMO Underlying Fund to recognise taxable income in excess of the cash generated by such investments, which may reduce the GMO Underlying Fund's returns.

**The above should not be considered an exhaustive list of the risks of the Sub-Fund or the GMO Underlying Fund (as the case may be) which potential investors should consider before investing in the Sub-Fund. Potential investors should be aware that an investment in the Sub-Fund may be exposed to other risks of an exceptional nature from time to time.**

#### 4. Fees and Charges

4.1. The following fees and charges are applicable to the Sub-Fund or a Class:

<b>Fees and charges payable by investor</b>	
Initial Charge	Currently up to 3.00%; Maximum: 5.00%
Realisation Charge	Currently nil; Maximum: 5.00%
Switching Fee*	Currently nil; Maximum 1.00%, subject to a minimum of S\$25

<b>Fees and Charges payable by the Sub-Fund or a Class</b>	
Annual Management Fee for all Classes	Currently up to 1.50% per annum; Maximum 2.00% per annum
(a) Retained by the Managers	Currently 50% to 70% of the Annual Management Fee
(b) Paid by the Managers to financial advisors/distributors <sup>18</sup>	Currently 30% to 50% of the Annual Management Fee
Annual Trustee Fee	Currently not more than 0.03% per annum; Maximum 0.20% per annum or such other amount as may be agreed by the Trustee and Managers.
Other fees (which may include Custodian, Registrar, fund administration fees, transfer agency fees and administrative costs)	Generally less than 0.20% per annum or such other amount as may be agreed by the Trustee and Managers.

<sup>18</sup> Your financial adviser/distributor is required to disclose to you the amount of trailer fee it receives from the Managers.

Other fees charged by the GMO Underlying Fund to the Sub-Fund**	<p>Subscription Charge: Nil</p> <p>Repurchase Fee: Nil</p> <p>Switching Charge: Up to 2% of the net asset value of the shares to be exchanged.</p> <p>Annual Management Fee: Waived for the Sub-Fund</p> <p>Annual Depositary Fee: Up to 0.0125% per annum for assets up to US\$500 million</p> <p>Other substantial fees or charge:</p> <ul style="list-style-type: none"> <li>- Annual Administrator Fee: Up to 0.025% per annum on assets up to US\$500 million.</li> <li>- The aggregate amount of remuneration of the directors of the GMO Funds plc shall not exceed EUR 75,000 or such other amount as may be determined by the directors of the GMO Funds plc.</li> </ul>
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\* Please refer to paragraph 13 of the Prospectus for more details on the Switching Fee.

\*\* Based on the fees of the respective SGD share classes of the GMO Underlying Fund into which the Sub-Fund invests.

Investors should note that subscriptions for Units through any distributor appointed by the Managers may incur additional fees and charges. Investors are advised to check with the relevant distributor if such additional fees and charges are imposed by the distributor. The Managers may share their fees with any distributor appointed by the Managers.

## 5. Subscriptions of Units

### 5.1. Cash and SRS

You may subscribe for Units of the Sub-Fund using cash or SRS monies.

### 5.2. Minimum initial investment and minimum subsequent investment for all Classes

Minimum initial investment*	Minimum subsequent investment*
S\$1,000	S\$100

\* or such other amount as the Managers may determine from time to time.

### 5.3. Initial offer period and initial issue price

The initial offer period for the Class SGD Dis and Class SGD Hedged Dis is currently intended to be such period, at the discretion of the Managers (after notification to the Trustee), within 12 months from the date of registration of this Prospectus (the “**Initial Offer Period**”).

Units of the Class SGD Dis and Class SGD Hedged Dis will be offered at an initial issue price of S\$1.0000 per Unit (the “**Initial Issue Price**”).

#### 5.4. Minimum size and other conditions

The Managers reserve the right not to proceed with the launch of the Sub-Fund in the event that the capital raised as at the close of the Initial Offer Period for the Sub-Fund is less than S\$10,000,000.

The Managers reserve the right not to proceed with the launch of any Class of the Sub-Fund in the event that the capital raised as at the close of the Initial Offer Period for that Class is less than S\$10,000,000.

The Managers reserve the right not to proceed with the launch of the Sub-Fund or any Class in the event that the Managers are of the view that it is not in the interest of the investors or it is not commercially viable to proceed with the Sub-Fund or that Class. In such event, the Managers may at their discretion declare the relevant Class to be deemed not to have commenced, and shall notify the investors of the same and return the subscription monies received (without interest) to the investors no later than 30 Business Days after the close of the Initial Offer Period.

#### 6. Realisation of Units

The minimum realisation amount and the minimum holding for each Class are as follows:

Minimum realisation amount*	Minimum holding*
100 Units	1,000 Units

\* or such other amount as the Managers may determine from time to time.

#### 7. Regular savings plan

For investors who wish to participate in the regular savings plan scheme (“RSP”), the minimum initial investment is SGD 1,000 (for Class SGD Dis and Class SGD Hedged Dis Units); thereafter the minimum monthly investment is SGD 100 (for Class SGD Dis and Class SGD Hedged Dis Units). The Managers may, at their discretion, waive or vary the minimum initial investment and the minimum monthly investment amounts.

Payment for the RSP will be debited from the investors’ bank account or SRS Account (as the case may be) on the 4th calendar day (or next Business Day if that day is not a Business Day) of each month and Units will be allotted within 2 Business Days after payment has been debited. In the event that the debit is unsuccessful, no investment will be made for that month unless otherwise advised by the investors. After 2 consecutive unsuccessful debits, the RSP will be terminated and no notification of such termination will be sent to the investors.

The Managers shall not assume any liability for any losses arising from the investors’ payment for the RSP via direct debit transactions.

An investor may terminate his participation without penalty upon giving 30 days’ written notice to the Managers.

The Managers reserve the right to terminate or suspend the RSP at any time in its absolute discretion by giving prior notice to the affected investors. The Managers shall not assume any liability for any losses attributable pursuant to the termination or suspension of the RSP.

**Investors should additionally comply with the RSP procedures imposed by the relevant distributor through whom they subscribed for Units.**

## **8. Distribution of Income and/or Capital**

- 8.1. The Managers have the sole and absolute discretion to determine whether any distribution of income and/or capital of the Sub-Fund or a Class should be made.
- 8.2. In respect of Distribution Classes, the Managers' distribution policy is to make semi-annual distributions (i.e. twice a year). However, investors should note that such distributions are not guaranteed and are subject at all times to the discretion of the Managers. For the avoidance of doubt, the Managers may change the frequency to such shorter or longer period as may be determined from time to time.

A Holder may at any time make a request in writing for the automatic reinvestment of all but not part of the distributions to be received by the relevant Holder in the purchase of further Units of the Sub-Fund or the same Class.

**Holders should note that any distribution made in respect of the Sub-Fund or a Class may reduce the NAV of the Sub-Fund or that Class, and a payment of dividend out of capital represents a return of the amount invested and a reduction of the portion of net assets allocated to the Sub-Fund or the relevant Class. If distributions are made, such distributions are not in any way a forecast, indication of projection of the future or likely performance or distribution of the Sub-Fund or the relevant Class.**

## **9. Past performance of the Sub-Fund**

As the Sub-Fund has not been launched at the date of this Prospectus, a track record of at least one year is not available in respect of the Classes of Units of the Sub-Fund.

The performance of the Sub-Fund will not be measured against any benchmark as the performance of the GMO Underlying Fund is benchmark agnostic. Please see paragraph 10 of this Appendix 1 for further details.

## **10. Past performance of the GMO Underlying Fund**

As the SGD share classes of the GMO Underlying Fund have only recently been launched as at the date of this Prospectus, a track record of at least one year is not available in respect of the SGD share classes of the GMO Underlying Fund.

The GMO Underlying Fund is benchmark agnostic, and will use the S&P 500 Index, the MSCI World Index, the Russell 1000 Growth Index, the Russell 1000 Growth Index and the Russell 1000 Value Index for performance comparison purposes.

## **11. Expense ratio**

The expense ratio for the Sub-Fund is not available as it has not been launched as at the date of this Prospectus.

## **12. Turnover ratio**

The turnover ratio for the Sub-Fund is not available as it has not been launched as at the date of this Prospectus.

The turnover ratio of the GMO Underlying Fund for the financial year ended 30 September 2019 was 22.54%. The turnover ratio is calculated based on the lesser of purchases or sales expressed as a percentage over average daily net asset value.

**PHILLIP UNIVERSAL FUNDS**

**BOARD OF DIRECTORS OF PHILLIP CAPITAL MANAGEMENT (S) LTD**

Signed:



**Lim Hua Min (signed by Linus  
Lim Wen Sheong for and on  
behalf of Lim Hua Min)**

Director

Signed:



**Lim Wah Sai (signed by Jeffrey  
Lee Chay Khiong for and on  
behalf of Lim Wah Sai)**

Director

Signed:



**Linus Lim Wen Sheong**

Director

Signed:



**Louis Wong Wai Kit (signed by  
Jeffrey Lee Chay Khiong for and  
on behalf of Louis Wong Wai Kit)**

Director

Signed:



**Jeffrey Lee Chay Khiong**

Director