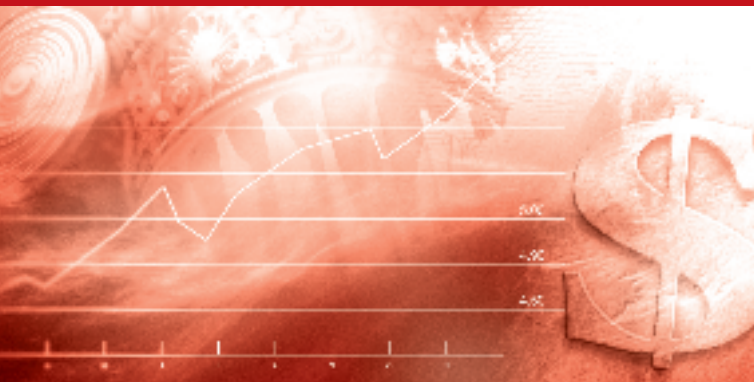


# PROSPECTUS

Dated 2 February 2009

## ■ DBS SINGAPORE STI ETF

**THIS PROSPECTUS DATED 2 FEBRUARY 2009 IS A REPLACEMENT PROSPECTUS LODGED PURSUANT TO SECTION 298 OF THE SECURITIES AND FUTURES ACT, CHAPTER 289 OF SINGAPORE, WHICH REPLACES THE PROSPECTUS REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE ON 12 NOVEMBER 2008**



 **DBS** ASSET MANAGEMENT





Application was made to the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 25 September 2008 for permission to list and deal in and for quotation of all the Units of the DBS SINGAPORE STI ETF (the “Fund”) which may be issued from time to time. Such permission has been granted in-principle by SGX-ST and the Fund will be admitted to the Official List of the SGX-ST. SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed in this Prospectus and admission to the Official List is not to be taken as an indication of the merits of the Fund or its Units.

Investors who apply for Units through ATMs belonging to DBS Bank Ltd (including POSB ATMs) will have the full amount of Units applied for being issued and allotted to them, subject to the terms and conditions as set out in Appendix 3. If you are in any doubt about this Prospectus, you should consult your stockbroker, solicitor, professional accountant or other professional adviser.

---

## **DBS SINGAPORE STI ETF**

*a Singapore unit trust authorised under  
Section 286 of the Securities and Futures Act, Chapter 289 of Singapore*

**THIS PROSPECTUS DATED 2 FEBRUARY 2009 IS A REPLACEMENT PROSPECTUS LODGED  
PURSUANT TO SECTION 298 OF THE SECURITIES AND FUTURES ACT,  
CHAPTER 289 OF SINGAPORE, WHICH REPLACES THE PROSPECTUS REGISTERED BY THE  
MONETARY AUTHORITY OF SINGAPORE ON 12 NOVEMBER 2008**

---

## DBS SINGAPORE STI ETF

### MANAGER

DBS Asset Management Ltd  
6 Shenton Way, DBS Building, Tower One  
Singapore 068809  
Company Registration No. 198202562H

### SOLICITORS TO THE INVITATION

WongPartnership LLP  
One George Street  
#20-01  
Singapore 049145

### TRUSTEE & REGISTRAR & CUSTODIAN

HSBC Institutional Trust Services (Singapore) Limited  
21 Collyer Quay #14-01  
HSBC Building  
Singapore 049320  
Company Registration No. 194900022R

### SOLICITORS TO THE TRUSTEE

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

### AUDITORS

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

This Prospectus describes and offers for sale units in the DBS Singapore STI ETF (the “Fund”). Potential investors in the Fund should be aware of certain risks relating to an investment in the Fund. See the section entitled “Risks” as described in paragraphs 17 and 18 of this Prospectus.

The Fund's investment objective is to replicate as closely as possible, before expenses, the performance of the FTSE Straits Times Index or, upon the Manager giving three (3) months' prior written notice to the Trustee and the Holders, such other index which tracks the performance of Singapore listed equity securities. There can be no assurance that the Fund will achieve its investment objective. The Manager will seek to achieve this objective by investing all, or substantially all, of the Fund's assets in Index Shares in substantially the same weightings as reflected in the Index or by the use of derivatives as set out in paragraph 12.3 of this Prospectus.

Application has been made for the units of the Fund, called “Units” throughout this Prospectus, to be listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”). Units will be traded on SGX-ST at market prices throughout the trading day. Market prices for Units may, however, be different from their net asset value (“NAV”).

The collective investment scheme offered in this Prospectus is an authorised scheme under the Securities and Futures Act. A copy of this Prospectus has been lodged with and registered by the Monetary Authority of Singapore (the “Authority”). The Authority assumes no responsibility for the contents of this Prospectus. Registration of this Prospectus by the Authority does not imply that the Securities and Futures Act, or any other legal or regulatory requirements have been complied with. The Authority has not, in any way, considered the investment merits of the collective investment scheme.

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

The Directors of the Manager of the Fund, DBS Asset Management Ltd, accept full responsibility for the accuracy of information contained herein and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed in this Prospectus are fair and accurate in all material respects as at the date of registration of this Prospectus and that there are no material facts the omission of which would make any statements in this Prospectus misleading.

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

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

All enquiries about the Fund should be directed to DBS Asset Management Ltd.

## **OVERVIEW OF THE DBS SINGAPORE STI ETF**

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

### **DBS SINGAPORE STI ETF**

The Fund is a collective investment scheme authorised under Section 286 of the Securities and Futures Act and is established under the terms of a trust deed dated 30 October 2008 made between DBS Asset Management Ltd as Manager and HSBC Institutional Trust Services (Singapore) Limited as Trustee.

### **INVESTMENT OBJECTIVE, FOCUS AND APPROACH**

The Fund's investment objective is to replicate as closely as possible, before expenses, the performance of the FTSE Straits Times Index or upon the Manager giving three (3) months' prior written notice to the Trustee and the Holders, such other index which tracks the performance of Singapore listed equity securities. The current benchmark for the Fund is the FTSE Straits Times Index. There can be no assurance that the Fund will achieve its investment objective.

The Fund will seek to achieve its investment objective by investing all, or substantially all, of its assets in Index Shares in substantially the same weightings as reflected in the Index or by the use of derivatives as set out in paragraph 12.3 of this Prospectus. Various circumstances may make it impossible or impracticable to purchase each component Index Share in the same weightings as reflected in the Index. In those circumstances, the Manager may employ a combination of one or more investment techniques in seeking to closely track the Index. In addition, given that Index Shares may be and are added to or removed from the Index from time to time, the Manager may sell or purchase securities that are not yet represented in the Index in anticipation of their removal from or addition to the Index.

The Fund is designed for investors who seek an "index-based" approach to investing in a portfolio of Singapore listed securities in a cost effective and easy to access manner. Units may also be used as an asset allocation tool or as a trading instrument.

### **LISTING ON THE SGX-ST**

The Fund has made an application to the SGX-ST on 25 September 2008 for permission to deal in and for quotation of all its Units which may be issued from time to time, and the Fund has received in-principle approval for its admission to the Official List of the SGX-ST on 20 October 2008. A listing on the SGX-ST is intended to provide benefits to investors not available in unlisted collective investment schemes. Unlike conventional unit trusts offered to the public in Singapore which are typically bought and sold only at closing NAV (which is unknown at the time of dealing), the Fund's Units will be tradeable on the SGX-ST throughout the trading day. Units will be quoted and traded on the SGX-ST in board lots of 100 Units.

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

An investor who acquires Units directly from a Participating Dealer may request the Participating Dealer to apply to the CDP for his Units to be entered against his name in the depository register in accordance with the CDP's terms and conditions for the entering of off-market acquisitions of securities in its records.

## **TRADING PRICE OF UNITS INTENDED TO CLOSELY REFLECT NAV PER UNIT**

Investors should note that the Fund is not like a conventional unit trust offered to the public in Singapore in that after the Initial Offering Period, the creation and redemption of Units with the Manager are effected through Participating Dealers and may either be made (i) in-kind in multiples of Creation Units or Redemption Units, or (ii) in cash for 100,000 Units or multiples thereof (or such other investment amount as may be determined from time to time by the Manager upon giving prior notice to the Trustee) at each Dealing Day's NAV. Investors in the Fund who wish to purchase or sell less than 100,000 Units after the Initial Offering Period will have to acquire or dispose of their Units (as the case may be) through trading on the SGX-ST. Only during the Initial Offering Period will the subscriptions for Units (subject to a minimum of 100 Units or such other investment amount as may be determined from time to time by the Manager upon giving prior notice to the Trustee) in non-Creation Unit size or in less than 100,000 Units be acceptable in cash by the Manager from the investors in the manner provided in this Prospectus. These features are different from the features of conventional unit trusts where units can be purchased and redeemed by the investors for cash from the Manager on each Dealing Day in comparatively smaller multiples of units.

The arrangements for creation and redemption of Units in multiples of Creation Units or Redemption Units as applicable, or blocks of 100,000 Units through Participating Dealers are designed to protect investors from the adverse effects which arise from frequent cash subscription and redemption transactions that affect the NAV of conventional unit trusts. It is also designed to help to keep the trading price of the Units close to the NAV of the Units.

## **THE MANAGER**

The Manager, DBS Asset Management Ltd, is a wholly-owned subsidiary of DBS Bank Ltd. The Manager has managed collective investment schemes or discretionary funds in Singapore since 1982.

## **THE TRUSTEE**

The Trustee, HSBC Institutional Trust Services (Singapore) Limited, is a wholly-owned subsidiary of HSBC Holding plc. The Trustee is a licensed trust company under the Trust Companies Act, Chapter 336 of Singapore.

## **CREATION AND REDEMPTION PROCEDURES**

Units bought or sold on the SGX-ST will be transacted on a willing-buyer-willing-seller basis. It is expected that after the Initial Offering Period, most of the trading activity in the Units is expected to occur on the SGX-ST. Investors may buy Units, and sell their Units, on the SGX-ST through brokers in the same way as they may buy or sell shares in companies listed on the SGX-ST.

### ***Cash Subscription and Redemption***

During the Initial Offering Period, investors may apply for Units using ATMs of DBS Bank Ltd (including POSB ATMs) or apply to the Registrar through the Participating Dealers, for the issue of Units by paying cash. After the Initial Offering Period, on every Dealing Day (the "Cash Dealing Day"), investors may apply to the Registrar through the Participating Dealers for the issue of 100,000 Units (with any additional investments being in multiples thereof) or such other investment amount as may be determined from time to time by the Manager upon giving prior notice to the Trustee, by paying cash. The Issue Price of the Units applied for during the Initial Offering Period will not be ascertainable at the time of application and will only be determined 3 Business Days after the close of the Initial Offering Period. The initial Issue Price of the Units will be one thousandth of the closing

level of the FTSE Straits Times Index on the last day of the Initial Offering Period and rounded to the nearest 2 decimal places (or such other Issue Price as may be determined by the Manager). After the Initial Offering Period, the Issue Price for cash subscriptions shall be determined in the manner described in paragraph 20.1 of this Prospectus.

Applications for subscription of Units using cash during the Initial Offering Period must reach the Registrar on or before the dealing cut-off time of 12 noon (Singapore time) (the “Dealing Deadline”) on the last day of the Initial Offering Period. Requests for subscription of Units in 100,000 Units or multiples thereof (or such other investment amount as may be determined from time to time by the Manager upon giving prior notice to the Trustee) using cash after the Initial Offering Period must reach the Registrar through Participating Dealers on or before the Dealing Deadline for the Cash Dealing Day, which is 12 noon (Singapore time) on the relevant Cash Dealing Day. If the request for subscription of Units using cash is received by the Registrar after the Dealing Deadline, it shall be deemed to be received by the Registrar on or before the Dealing Deadline for the next Cash Dealing Day.

No redemption of Units during the Initial Offering Period will be permitted. After the Initial Offering Period, the Redemption Price for redemption of the minimum redemption number of Units which is 100,000 Units (or such other number of Units as may be determined from time to time by the Manager upon giving prior notice to the Trustee) or multiples thereof to be settled in cash shall be determined in the manner described in paragraph 27.1 of this Prospectus. Requests for redemption of Units to be settled in cash after the Initial Offering Period must reach the Registrar through Participating Dealers on or before the Dealing Deadline for the Cash Dealing Day, which is 12 noon (Singapore time) on the relevant Cash Dealing Day. If the request for redemption of Units to be settled in cash is received by the Registrar after the Dealing Deadline, it shall be deemed to be received by the Registrar on or before the Dealing Deadline for the next Cash Dealing Day.

### ***In-Kind Creation and Redemption***

During the Initial Offering Period, the Manager may, at its absolute discretion, accept requests for the creation of Units in Creation Unit size of 500,000 Units (or in such other Unit aggregations as the Manager may determine with the approval of the Trustee) in exchange for Index Shares and/or non-Index Shares. Investors who wish to subscribe for Units in-kind during the Initial Offering Period should contact the Participating Dealers directly for details on the application procedure. After the listing of the Units on the SGX-ST, investors may apply for creation of Units directly from the Fund by requesting Participating Dealers to apply to the Registrar on their behalf for the issue of Units on any Dealing Day by tendering Index Shares and non-Index Shares comprising a Deposit Basket (or multiples thereof) as approved by the Manager, plus or minus a cash payment as determined by the Manager. Units may only be created in-kind in Creation Unit size of 500,000 Units or multiples of 500,000 Units. Requests for creation of Units in-kind may be made through Participating Dealers only. Creation Requests received from Participating Dealers and accepted by the Manager on or before the Dealing Deadline of 12 noon (Singapore time) on each Dealing Day will be processed at that Dealing Day’s Issue Price as calculated in accordance with paragraph 21.1 of this Prospectus. Creation Requests received from Participating Dealers after the Dealing Deadline or on a day which is not a Dealing Day shall be deemed to be received by the Manager on or before the Dealing Deadline for the next Dealing Day.

Investors who hold Redemption Unit size of 500,000 Units or multiples of 500,000 Units may request Participating Dealers to apply to the Registrar on their behalf for the redemption of Units for the underlying Index Shares and non-Index Shares comprising a Redemption Basket (or multiples thereof) as approved by the Manager, plus or minus a cash payment as determined by the Manager. Units may only be redeemed in-kind in Redemption Unit size of 500,000 Units or multiples of 500,000 Units. Requests for redemption of Units in-kind may be made through Participating Dealers only.



Redemption Requests received from Participating Dealers and accepted by the Manager on or before the Dealing Deadline of 12 noon (Singapore time) on each Dealing Day will be processed at that Dealing Day's Redemption Price as calculated in accordance with paragraph 28.1 of this Prospectus. Redemption Requests received from Participating Dealers after the Dealing Deadline or on a day which is not a Dealing Day shall be deemed to be received by the Registrar on or before the Dealing Deadline for the next Dealing Day.

## **RISKS OF INVESTING IN THE FUND**

**Investors should note that there are risks involved in investing in the Units. Applicants should carefully consider the risk factors described in paragraphs 17 and 18 of this Prospectus together with all of the other information included in this Prospectus before deciding whether to invest in Units.**

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

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

## **DISCLAIMER BY THE CURRENT LICENSOR PARTIES**

The Units in the Fund are not in any way sponsored, endorsed, sold or promoted by FTSE International Limited ("**FTSE**"), the London Stock Exchange Plc (the "**LSE**"), The Financial Times Limited ("**FT**"), SPH Data Services Pte Ltd ("**SPH**") or Singapore Press Holdings Ltd ("**SGP**") (collectively, the "**Licensor Parties**") and none of the Licensor Parties make any warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of the FTSE Straits Times Index and/or the figure at which the FTSE Straits Times Index stands at any particular time on any particular day or otherwise. The FTSE Straits Times Index is compiled and calculated by FTSE. None of the Licensor Parties shall be liable (whether in negligence or otherwise) to any person for any error in the FTSE Straits Times Index and none of the Licensor Parties shall be under any obligation to advise any person of any error therein.

"FTSE<sup>®</sup>", "FT-SE<sup>®</sup>" and "Footsie<sup>®</sup>" are trade marks of the LSE and the FT and are used by FTSE under licence. "STI" and "Straits Times Index" are trade marks of SPH and are used by FTSE under licence. All intellectual property rights in the Straits Times Index vest in SPH and SGP.

## INDICATIVE TIMETABLE

Event	Date and Time
Opening date and time for the Initial Offering Period	<b>Participating Dealers</b> – 12 February 2009 at 9.00 a.m. <b>ATM</b> – 12 February 2009 at 9.00 a.m.
Closing date and time for the Initial Offering Period	<b>Participating Dealers</b> – 18 February 2009 at 12.00 noon <b>ATM</b> – 18 February 2009 at 12.00 noon
Date and time of commencement of trading of the Units on a “ready” basis	25 February 2009 at 9.00 a.m.
Settlement date for all trades done on a “ready” basis on 25 February 2009	2 March 2009

The above timetable is indicative only and is subject to change. All dates and times referred to above are Singapore dates and times.

Trading in the Units on a “ready” basis will commence at 9.00 a.m. on 25 February 2009 (subject to the SGX-ST being satisfied that all conditions necessary for the commencement of trading in the Units on a “ready” basis have been fulfilled).

In the event of any shortening or extension of the time period during which the offering is open, the Manager will publicly announce the same:

- via SGXNET, with the announcement to be posted on the internet at the SGX-ST website: <http://www.sgx.com>; and
- in one or more major Singapore newspapers, such as *The Straits Times*, *The Business Times* and *Lianhe Zaobao*.

Investors should consult the SGX-ST announcement on the “ready” listing date on the internet (at the SGX-ST website), INtv or the newspapers, or check with their brokers on the date on which trading on a “ready” basis will commence.

## **CLEARANCE AND SETTLEMENT**

### **Introduction**

Approval in-principle has been obtained from the SGX-ST for the listing and quotation of the Units. For the purpose of trading on the SGX-ST, a board lot for the Units will comprise 100 Units.

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

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the Securities Accounts maintained by such accountholders with CDP.

It is expected that the Units will be credited into the Securities Accounts of applicants for the Units within three Market Days after the closing date for applications for the Units.

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

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

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

Units credited to a Securities Account may be traded on the SGX-ST on the basis of a price between a willing buyer and a willing seller. Units credited into a Securities Account may be transferred to any other Securities Account with CDP, subject to the terms and conditions for the operation of Securities Accounts and a S\$10.00 transfer fee payable to CDP. All persons trading in the Units through the SGX-ST should ensure that the relevant Units have been credited into their Securities Account, prior to trading in such Units, since no assurance can be given that the Units can be credited into the Securities Account in time for settlement following a dealing. If the Units have not been credited into the Securities Account by the due date for the settlement of the trade, the buy-in procedures of the SGX-ST will be implemented.

### **Clearing Fees**

A clearing fee for the trading of Units on the SGX-ST is payable at the rate of 0.04% of the transaction value, subject to a maximum of S\$600.00 per transaction. The clearing fee, instrument of transfer, deposit fee and unit withdrawal fee may be subject to GST (currently 7%).

Dealings in the Units will be carried out in Singapore dollars and will be effected for settlement in CDP on a scripless basis. Settlement of trades on a normal "ready" basis on the SGX-ST generally takes

place on the third Market Day following the transaction date. CDP holds securities on behalf of investors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with any CDP depository agent. A CDP depository agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

**PROSPECTUS REQUIRED PURSUANT TO DIVISION 2  
OF PART XIII OF THE SECURITIES AND FUTURES ACT,  
CHAPTER 289 OF SINGAPORE**

The DBS Singapore STI ETF (the “Fund”) offered in this Prospectus is an authorised scheme under the Securities and Futures Act. This Prospectus has been prepared in accordance with the requirements in the Securities and Futures Act. A copy of this Prospectus has been lodged with and registered by the Monetary Authority of Singapore (the “Authority”). The Authority assumes no responsibility for the contents of this Prospectus. Registration of this Prospectus by the Authority does not imply that the Securities and Futures Act, or any other legal or regulatory requirements have been complied with. The Authority has not, in any way, considered the investment merits of the Fund. The meanings of various terms and expressions used in this Prospectus which are not defined herein can be found in the Trust Deed (as amended from time to time) constituting the Fund.

## CONTENTS

<u>PARAGRAPH</u>	<u>HEADING</u>	<u>PAGE</u>
I	BASIC INFORMATION .....	13
II	THE MANAGER .....	13
III	THE TRUSTEE .....	16
IV	OTHER PARTIES .....	18
V	STRUCTURE OF THE SCHEME .....	19
VI	INVESTMENT OBJECTIVE, FOCUS & APPROACH .....	19
VII	CPF INVESTMENT SCHEME .....	21
VIII	FEES AND CHARGES .....	21
IX	RISKS .....	23
X	SUBSCRIPTION OF UNITS .....	27
XI	REALISATION OF UNITS .....	33
XII	OBTAINING PRICES OF UNITS .....	38
XIII	SUSPENSION OF DEALINGS .....	39
XIV	PERFORMANCE OF THE SCHEME .....	40
XV	SOFT DOLLAR COMMISSIONS/ARRANGEMENTS .....	40
XVI	CONFLICTS OF INTEREST .....	41
XVII	REPORTS .....	43
XVIII	QUERIES AND COMPLAINTS .....	43
XIX	OTHER MATERIAL INFORMATION .....	43
XX	GLOSSARY .....	57
APPENDIX 1:	UNDERLYING INDEX .....	63
APPENDIX 2:	INVESTMENT GUIDELINES FOR NON-SPECIALISED FUNDS AS SET OUT IN APPENDIX 1 OF THE CIS CODE (28 SEPTEMBER 2007) .....	64
APPENDIX 3:	TERMS, CONDITIONS AND PROCEDURES FOR ATM APPLICATIONS .....	68

## **I BASIC INFORMATION**

1. The collective investment scheme offered pursuant to this Prospectus is the DBS Singapore STI ETF (the "Fund").
2. This Prospectus is a replacement prospectus lodged with the Authority on 2 February 2009. It replaces the Prospectus which was registered by the Authority on 12 November 2008. This Prospectus remains valid from the date of lodgment up to and including 11 November 2009 and shall expire on 12 November 2009.
3. The Fund is constituted as a stand-alone unit trust in Singapore on 30 October 2008 pursuant to the Trust Deed dated 30 October 2008 entered into between DBS Asset Management Ltd (the "Manager") and HSBC Institutional Trust Services (Singapore) Limited (the "Trustee"). A copy of the Trust Deed may be inspected at the business address of the Manager at 8 Cross Street, #08-01, PWC Building, Singapore 048424. The Trust Deed shall hereafter be referred to as the "Trust Deed".

## **II THE MANAGER**

- 4.1 The name of the Manager for the Fund is DBS Asset Management Ltd (Company Registration No.: 198202562H) and its registered address is at 6 Shenton Way, DBS Building, Tower One, Singapore 068809, and its business address is as indicated in paragraph 3 above. The Manager was incorporated on 11 July 1982 in Singapore. The Manager is a wholly-owned subsidiary of DBS Bank Ltd. The issued and paid-up share capital of the Manager is S\$64,000,000.
- 4.2 The relevant experience of the Manager includes the following:

The Manager has managed collective investment schemes or discretionary funds in Singapore since 1982.
- 4.3 The other investment funds managed by the Manager include the following:
  - (i) Shenton Twin City Fund
  - (ii) DBS Japan Growth Fund
  - (iii) Shenton Thrift Fund
  - (iv) Shenton Income Fund
  - (v) Shenton Asia Pacific Fund
  - (vi) Shenton Greater China Fund
  - (vii) Shenton Global Opportunities Fund
  - (viii) Shenton Dynamic Bond Fund
  - (ix) Mendaki Global Fund
  - (x) Shenton Global Advantage Fund

- (xi) Shenton Greater Europe Fund
- (xii) Horizon Investment Funds
- (xiii) Eight Portfolios
- (xiv) DBSAM Investment Funds
- (xv) DBS Enhanced Income Funds
- (xvi) DBSAM Unit Trust Funds
- (xvii) DBSAM Unit Trust Funds II
- (xviii) Navigator Ready Access Fund
- (xix) DBS Asian Currency Yield Fund
- (xx) DBS China All Access Fund

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

- (a) Amy Yip Yok Tak, of 65 Repulse Bay Road, Apartment 17B, Hong Kong. Ms Yip is the Non-Executive Chairman and director of DBS Asset Management Ltd, where she is responsible for its regional fund management business. She is also currently a director of DBS Asset Management (Hong Kong) Limited.

Before joining the Manager, she was Executive Director, Reserves Management at the Hong Kong Monetary Authority from 1996 to 2006, where she was responsible for the investment of the assets of the Exchange Fund of Hong Kong. From 1990 to 1996, Ms Yip was a Business Manager at Citibank Private Bank where she was responsible for the investments of client assets.

- (b) Mohamed Nawaz Jiffry Vilcassim, of 20 Redfield Road East Killara NSW 2071 Australia. He is a director of DBS Asset Management Ltd. He was Managing Director, GTS – Securities and Fiduciary Services at DBS Bank Ltd prior to his retirement in December 2007, where he was responsible for DBS Bank Ltd's Regional Custody, Securities Lending and Fiduciary Services.
- (c) Deborah Ho, of 38 Siglap Avenue Singapore 456309. She is the Chief Executive Officer and a director of DBS Asset Management Ltd and is responsible for further strengthening the synergies between the asset management business and the rest of the DBS franchise and expanding the business regionally.

Deborah Ho joined DBS Asset Management as Managing Director in August 2007. She brings 22 years of experience in Finance, Sales & Marketing and Management. Since 1985, she has worked in leading global financial institutions such as Citigroup, Credit Suisse, JP Morgan and UBS. She has a proven track record in building up and directing high performance teams. Deborah also worked as a consultant and lecturer at Temasek Holding's Wealth Management Institute.

4.5 The principal officer of the Manager is Ms Deborah Ho. Ms Deborah Ho is the Chief Executive Officer of the Manager.



4.6 The principal portfolio manager of the Fund is Chan Kum Kong.

Mr Chan joined DBS Asset Management Ltd in December 2005 as research director for its investment team and he is also the fund manager for investments into the Asian share market in China.

Mr Chan has more than 10 years of experience in the finance industry, having worked as a sell-side technology research analyst with Nomura Securities and an investment manager with Bank of America Equity Partners – Asia. Prior to joining DBS Asset Management Ltd, Mr Chan was head of equity research with Nomura Securities' Shanghai office. He was seconded twice, once from Singapore to Seoul and then from Seoul to Shanghai during his employment with Nomura Securities. In Korea, his primary coverage was large capitalization technology stocks, while in China, he covered the basic material and technology sector. At the Bank of America Equity Partners – Asia, Mr Chan was involved in investing about US\$80 million each year into the Asia Pacific region.

Mr Chan graduated from the National University of Singapore with a Bachelor of Arts majoring in economics and social science. He is also a Chartered Financial Analyst.

4.7 The Manager will remain as managers of the Fund until they retire or are removed or replaced in accordance with the provisions of the Trust Deed.

5. The following is a summary of the provisions in the Trust Deed governing the retirement, removal and replacement of the Manager:

- (i) Subject to applicable laws and the Listing Rules, the Manager may be removed by notice in writing given by the Trustee:
  - (a) if the Manager goes into liquidation (other than voluntary liquidation for the purpose of reconstruction or amalgamation upon terms notified in writing to the Trustee two (2) months before the effective date of the liquidation) or shall be adjudged a bankrupt or insolvent or appoints a liquidator or if a judicial manager or a receiver shall be appointed in respect of the property or undertaking of the Manager or any part thereof or the Manager is the subject of any analogous proceedings or procedure in each case under the law of Singapore or such other law as may be applicable in the circumstances;
  - (b) following a material breach of the Manager's obligations under the Trust Deed which, if the breach is capable of remedy, the Manager fails to remedy within 30 days of being specifically required in writing so to do by the Trustee, and the Trustee is of the opinion and so states in writing to the Manager that a change of Manager is desirable in the interests of Holders; or
  - (c) if the Authority directs the Trustee to remove the Manager.
- (ii) The Manager shall also be removed on notice in writing given by the Trustee following an Extraordinary Resolution passed to remove the Manager, and such notice is to be announced on the SGXNET.
- (iii) In the cases contained in paragraphs 5(i) and 5(ii), the Manager shall upon notice by the Trustee *ipso facto* cease to be the Manager and as soon as practicable thereafter the Trustee shall by writing under its seal appoint as Manager some other company eligible to be the managers of the Fund and acceptable to the Authority and subject

to such company entering into such deed or deeds (being a deed or deeds supplemental to the Trust Deed) as the Trustee may be advised to be necessary or desirable to be entered into by such company in order to secure the due performance of its duties as Manager. Nothing in this sub-paragraph shall be construed as prejudicing the right of the Trustee herein contained to terminate the Fund in any of the events in which in accordance with the provisions of the Trust Deed the right of terminating the Fund is vested in the Trustee.

- (iv) Upon giving three (3) months' written notice to the Trustee, the Manager shall have power to retire in favour of some other company eligible to be the Manager of the Fund in accordance with the CIS Code and approved by the Trustee and the Authority upon and subject to such company entering into such deed or deeds as mentioned in paragraph 5(iii). Upon such deed or deeds being entered into and upon payment to the Trustee of all sums due by the retiring Manager to the Trustee under the Trust Deed at the date thereof the retiring Manager shall be absolved and released from all further obligations under the Trust Deed but without prejudice to the rights of the Trustee or of any other person in respect of any act or omission prior to such retirement.
- (v) The Trustee shall, as soon as practicable after the appointment of the new Manager pursuant to the provisions herein, give notice to the Holders specifying the name and address of the office of the new Manager. Any Manager shall be incorporated in Singapore or registered as a foreign company under Part XI of the Companies Act and shall be carrying on business in Singapore. The Manager shall be licensed or registered to conduct fund management under the Securities and Futures Act.
- (vi) Upon effective retirement hereunder, the retiring Manager shall use its reasonable endeavours to assign or novate to the new Manager, on terms reasonably acceptable to the Trustee, (and to obtain the consent of its counterparts thereto) all agreements to which it, as manager, is a party concerning the Fund.

### **III THE TRUSTEE**

- 6.1 The Trustee for the Fund is HSBC Institutional Trust Services (Singapore) Limited (Company Registration No.: 194900022R) and its registered address is at 21 Collyer Quay #14-01 HSBC Building Singapore 049320 and its business address is at 21 Collyer Quay #10-01 HSBC Building Singapore 049320. The Trustee does not have any material conflict of interest with its position as trustee of the Fund.
- 6.2 The following is a summary of the provisions in the Trust Deed governing the retirement, removal and replacement of the Trustee:
  - (i) The Trustee shall not be entitled to retire voluntarily except upon the appointment of a new trustee. If the Trustee wishes to retire it shall give notice in writing to that effect to the Manager and the Manager shall use its best endeavours to appoint a new trustee within three (3) months after the date of such notice, or within such other period as may be agreed between the Manager and the Trustee. If the Manager is unable to appoint a new trustee within such period of three (3) months or such other period as may be agreed between the Manager and the Trustee, the Trustee shall be entitled to appoint a new trustee selected by it. Such new trustee shall be a company eligible, in accordance with Clause 28.4 of the Trust Deed, the SFA and the CIS Code, to be the trustee of the Fund that is acceptable to the Manager and the

Authority and shall agree to enter into such deed as necessary to secure the due performance of its duties as trustee. The Trustee, the new trustee and the Manager shall enter into deed or deeds supplemental to the Trust Deed whereby such new trustee is appointed to be the Trustee in the place of the retiring Trustee who shall thereupon retire.

- (ii) If:
- (a) the Manager gives notice in writing to the Trustee that it wishes for good and sufficient reason, and is of the reasonable opinion (and so states in writing to the Trustee) that a change of the Trustee is desirable in the interests of the Holders;
  - (b) following a material breach of the Trustee's obligations under the Trust Deed which, if capable of remedy the Trustee fails to remedy within 30 days of being specifically required to do so by the Manager, and the Manager is of the opinion and so states in writing to the Trustee that a change of the Trustee is desirable in the interests of Holders; or
  - (c) the Authority directs the removal of the Trustee,

the Manager shall be entitled to give notice in writing to the Trustee that it wishes the Trustee to retire, in each case in favour of a new trustee whose name is specified in such notice and which is a company eligible, in accordance with Clause 28.4 of the Trust Deed and the CIS Code, to be the trustee of the Fund and is acceptable to the Authority, whereupon the Trustee shall, with effect on and from the date on which the appointment of such new trustee takes effect, by deed supplemental to the Trust Deed retire as the Trustee.

- (iii) If an Extraordinary Resolution is passed to remove the Trustee then the Trustee shall retire and in such case the Manager shall as soon as reasonably practicable use its reasonable efforts to find a new trustee to be appointed in accordance with Clause 28.1 of the Trust Deed.
- (iv) Any trustee of the Fund shall be incorporated in Singapore, and shall be a public company approved under Section 289 of the Securities and Futures Act. The new trustee shall as soon as practicable after its appointment give notice to the Holders specifying the name and the address of the office of the new trustee. To the extent permissible, the stipulation of any statute that a trustee shall not be discharged from its trust unless there will be either a trust corporation or at least two individuals to act as trustees to perform the trust is hereby excluded. In any event, each and every person actually or prospectively interested in the Deposited Property is hereby excluded from asserting any claim against a Trustee or former Trustee on the basis of the said stipulation save to the extent of any trust monies or other trust assets actually in the possession or control of that Trustee or former Trustee.
- (v) Every Trustee which shall retire from its position as Trustee of the Fund shall in respect of its period of trusteeship of the Fund and notwithstanding that it shall have retired continue to have the benefit of all indemnities, powers and privileges given to the Trustee of the Fund by the Trust Deed and any deeds supplemental thereto executed during such period in addition to the indemnities powers and privileges given by law to a retiring trustee.

- (vi) Upon effective retirement hereunder, the retiring Trustee shall be discharged and shall no longer be liable in any manner under the Trust Deed except as to acts or omissions occurring prior to such retirement, and the new trustee shall thereupon undertake and perform all duties and be entitled to all rights and compensation as Trustee under the Trust Deed. The successor Trustee shall not be under any liability under the Trust Deed for occurrences or omissions prior to the execution of such instrument.
- (vii) Upon effective retirement hereunder, the retiring Trustee shall use its reasonable endeavours to assign or novate to the new Trustee on terms reasonably acceptable to the Manager (and to obtain the consent of its counterparts thereto) of all agreements to which it, as trustee, is a party concerning the Fund.

#### **IV OTHER PARTIES**

- 7.1 The registrar of the Fund is HSBC Institutional Trust Services (Singapore) (Company Registration No.: 194900022R) (the “Registrar”) and the Register of Holders maintained by the Registrar can be inspected at 60 Alexandra Terrace, #10-12/13 The Comtech, Singapore 118502 during normal business hours (subject to such reasonable restrictions as the Trustee may impose).
- 7.2 For so long as the Units are listed, quoted and traded on the SGX-ST, the Manager shall appoint The Central Depository (Pte) Limited (Company Registration No.: 198003912M) (“the CDP”) as the Unit Depository for the Fund, and all Units issued and available for trading will be represented by entries in the Register of Holders kept by the Registrar in the name of, and deposited with, CDP as the registered Holder of such Units. The Manager or the Registrar shall issue to CDP not less than ten (10) Business Days after the issue of Units a confirmation note confirming the date of issue and the number of Units so issued, and if applicable, also stating that the Units are issued under a moratorium and the expiry of such moratorium and for the purposes of the Trust Deed, such confirmation note shall be deemed to be a certificate evidencing title to the Units issued.
- 8. The auditors of the Fund are PricewaterhouseCoopers LLP of 8 Cross Street, #17-00, PWC Building, Singapore 048424 (the “Auditors”).
- 9. The following is a summary of the provisions in the Trust Deed regulating the appointment, retirement and replacement of the Auditors:
  - (i) the Auditors shall be appointed by the Manager with the prior written approval of the Trustee;
  - (ii) the Auditors may voluntarily retire by notice in writing to the Manager. Upon the retirement of the Auditors, the Manager shall, with the prior written approval of the Trustee, appoint other auditors in their place;
  - (iii) the Manager with the prior written approval of the Trustee may from time to time remove the Auditors and appoint other auditors in their place; and
  - (iv) the Auditors may be removed, and other auditors appointed, by Extraordinary Resolution duly passed at a meeting of Holders.

## **V STRUCTURE OF THE SCHEME**

- 10.1 The Fund is constituted as a stand-alone unit trust known as the DBS Singapore STI ETF Fund pursuant to the Trust Deed. The interests issued or offered to the public are represented by Units comprised in the Fund, the property of which shall be invested in Investments as defined in the Trust Deed.
- 10.2 Each Unit represents an undivided interest in the Deposited Property of the Fund. The rights, interests and obligations of Holders are contained in the Trust Deed.

## **VI INVESTMENT OBJECTIVE, FOCUS & APPROACH**

- 11.1 The investment objective of the Fund is to replicate as closely as possible, before expenses, the performance of the FTSE Straits Times Index, or upon the Manager giving three (3) months' prior written notice to the Trustee and the Holders, such other index which tracks the performance of Singapore listed equity securities. There can be no assurance that the Fund will achieve its investment objective.
- 11.2 The FTSE Straits Times Index is the current benchmark for the Fund. The FTSE Straits Times Index is calculated by FTSE International Limited. A Licence Agreement has been entered into between the Manager and FTSE International Limited under which the Manager has been licensed to use the FTSE Straits Times Index and certain trade marks in the FTSE Straits Times Index in connection with the Fund.
- 11.3 If the Index ceases to be compiled or published or if the Licence Agreement with respect to the Index is terminated for any reason, the Manager with the prior approval of the Trustee shall select an alternate or successor index (if necessary, customised by the index licensor or the Manager) using in the opinion of the Manager the same or substantially similar formula for the method of calculation as the Index (the "Successor Index"). The Manager will manage the Fund's portfolio using this Successor Index, taking into account the interests of Holders.
- 12.1 The Manager will seek to achieve the Fund's investment objective by investing all, or substantially all, of the Fund's assets in Index Shares in substantially the same weightings as reflected in the Index or by the use of derivatives as set out in paragraph 12.3 of this Prospectus. The composition of the constituent securities of the FTSE Straits Times Index, as at 22 September 2008 are disclosed in Appendix 1 of this Prospectus. The constituent securities of the FTSE Straits Times Index can also be obtained from <http://www.straitstimes.com//STI/STIMEDIA/sp/ftse08/Constituents1.pdf> and, with effect from the listing date, from the Manager's website at [www.dbsam.com](http://www.dbsam.com)
- 12.2 The Manager will rebalance the Fund's portfolio of investments from time to time to reflect any changes to the composition of, or the weighting of securities in, the Index with a view to minimising tracking error of the Fund's overall returns relative to the performance of the Index. Such rebalancing may be in the form of investments in non-Index Shares.
- 12.3 The Manager may in its absolute discretion invest in derivatives for the purpose of hedging existing positions, efficient portfolio management and/or to meet the investment objective of the Fund.
- 12.4 Where derivatives are used, the exposure of the Fund will not exceed 100% of the Deposited Property of the Fund at any time. Such exposure would be calculated by converting the derivative positions into equivalent positions in the underlying assets embedded in those

- derivatives. The Manager will ensure that the risk management and compliance procedures and controls are adequate and that it has the necessary expertise to control and manage the risks relating to the use of derivatives. Where derivatives are used, the Manager shall ensure that the risks related to such financial instruments are duly measured, monitored and managed.
- 12.5 Where derivatives are used, the Manager will attempt to minimise the risks of investments in derivatives through careful selection of reputable counterparties and constant monitoring of the Fund's derivatives positions. With more than fifteen years of experience in managing derivatives (including over-the-counter and exchange traded derivatives), the Manager has the requisite expertise, experience and quantitative tools to manage and contain such investment risks. In particular, the Manager has in place a comprehensive risk management framework to ensure that the Fund's risk exposure as a result of such derivatives would not be substantially increased. The Manager will ensure that the risk management and compliance procedures adopted are adequate and that they have the requisite expertise, experience and quantitative tools to manage and contain such investment risks.
- 12.6 The Manager has a dedicated and independent Risk & Performance Management team which oversees the individual portfolio risks. The Manager's portfolio risk management philosophy encompasses the whole investment process from formulation to implementation. Risk management and performance analysis is an integral part of the Manager's investment process. The risks are quantified and broken down into its components through tools employed by the Risk & Performance Management team and monitored closely. Additionally, all open positions/exposure in derivatives will be marked to market at a frequency at least equal to the frequency of the net asset value calculation of the Fund.
- 12.7 Neither the Manager nor the Trustee shall alter the investment objective of the Fund, unless otherwise agreed by an Extraordinary Resolution in a meeting of Holders duly convened and held in accordance with the provisions of the Trust Deed. The investment policy will be adhered to for at least 3 years following the issue of the Prospectus, unless otherwise agreed by the shareholders of the Fund by a special resolution in general meeting.
- 13.1 Unlike "actively managed" unit trusts and mutual funds, in their management of the Fund, the Manager does not attempt to outperform the Index nor does it seek temporary defensive positions when markets decline or appear overvalued by some standards. Accordingly, a fall in the Index may result in a corresponding fall in the NAV of the Fund.
- 13.2 *Investment restrictions.* Under the CIS Code, the Fund is classified as a non-specialised fund and the Fund will be subject to the investment guidelines for non-specialised funds set out in Appendix 1 of the CIS Code. The said investment guidelines last updated by the Authority on 28 September 2007 and as applicable to the Fund are set out in Appendix 2 of this Prospectus.
- 13.3 In order to achieve the Fund's investment objective, the Manager may invest in both Index Shares and non-Index Shares.
14. Under the terms of the Trust Deed, the Manager may exercise the power of the Fund to borrow for redemptions and short-term (not more than four (4) weeks) bridging requirements. Aggregate borrowings for such purposes should not exceed ten per cent. (10%) of the Deposited Property at the time the borrowing is incurred.

## VII CPF INVESTMENT SCHEME

15. The Fund is currently not included under the CPF Investment Scheme.

## VIII FEES AND CHARGES

16.1 The fees and charges payable by investors investing in the Fund are as follows:

*For purchase and sale of Units on the SGX-ST or purchase of Units through ATMs*

(a)	Subscription fee or preliminary charge	-	nil
(b)	Redemption or realisation charge	-	nil
(c)	Switching fee	-	not applicable
(d)	Any other fee	-	Currently clearing fee for trading of Units on the SGX-ST at the rate of 0.04% of the transaction value, subject to a maximum of S\$600.00 per transaction and subject to the prevailing goods and services tax (currently 7%). Investors will have to bear brokerage fees charged by their stockbrokers as in the case of acquiring or selling shares listed on the SGX-ST
		-	Investors who apply for Units in the Fund through ATMs will have to pay a fee of S\$2

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

(a)	Subscription fee or preliminary charge	-	nil
(b)	Redemption or realisation charge	-	nil
(c)	Switching fee	-	not applicable
(d)	Duties and Charges	-	Up to 0.10% of the subscription amount will be payable to the Manager and up to 0.30% of the subscription amount will be payable to the Participating Dealers

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

- |     |               |   |   |
|-----|---------------|---|---|
| (e) | Any other fee | - | Investors will also have to bear brokerage fees charged by their stockbrokers |
|-----|---------------|---|---|

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

- |     |   |   |   |
|-----|---|---|---|
| (a) | Subscription fee or preliminary charge      | - | nil   |
| (b) | Redemption or realisation charge            | - | nil   |
| (c) | Switching fee                               | - | not applicable  |
| (d) | Transaction Fee for each Creation Request   | - | currently S\$2,500 per request maximum S\$5,000 per request |
| (e) | Transaction Fee for each Redemption Request | - | currently S\$2,500 per request maximum S\$5,000 per request |

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

- |     |               |   |  |
|-----|---------------|---|--|
| (f) | Any other fee | - | nil. However, Participating Dealers may charge investors a commission to act on their behalf in submitting Creation Requests and/or Redemption Requests to the Registrar |
|-----|---------------|---|--|



16.2 The fees and charges payable out of the assets of the Fund are as follows:

- |     |  |   |   |
|-----|--|---|---|
| (a) | Management Fee   | - | Currently: 0.20% per annum of the Fund's NAV; Maximum: 0.5% per annum of the Fund's NAV   |
| (b) | Trustee Fee  | - | Currently: up to 0.08% per annum of the Fund's NAV subject to a minimum fee of S\$24,000 for the first financial year and a minimum fee of S\$48,000 per annum thereafter; Maximum: 0.15% per annum of the Fund's NAV |
| (c) | Any other substantial fee (0.1% or more of Fund's NAV) | - | nil   |

## IX RISKS

17. The general risks of investing in the Fund are as follows:

- (a) while the Manager believes that the Fund offers income revenue and potential for capital appreciation, no assurance can be given that these objectives will be achieved. Prospective investors should read this Prospectus and discuss all risks with their financial and legal advisors before making an investment decision;
- (b) prospective investors should be aware that the price of Units can go down as well as up. Investors may not get back their original investment. Investments in the Fund are not suitable for short term speculation;
- (c) prospective investors should be aware that the price of Units may go down as well as up in response to changes in interest rates, foreign exchange, economic and political conditions and the financial condition of issuers whose securities are in the Index; and
- (d) dealings in the Units and the calculation of the NAV thereof may be suspended in certain circumstances and the redemption of Units may be suspended or deferred in certain circumstances as provided for in the Trust Deed and described in the section entitled "Suspension of Dealings" in paragraph 33 of this Prospectus.

18. The specific risks of investing in the Fund are as follows:

- (a) Trading Market in Redemption Securities. Units may be redeemed in kind by investors in Redemption Unit size (currently 500,000 Units), or multiples thereof through Participating Dealers. Redeeming investors will receive Redemption Securities (plus a cash payment of the Cash Redemption Component (if positive)). Redeeming investors may not be able to realise the value of Index Shares or non-Index Shares comprised in the Redemption Securities received on a redemption of Units in a timely manner or at any particular price if there is no liquid trading market

for the Index Shares or non-Index Shares. However, if the Manager determines in its sole discretion that any Index Share or non-Index Share comprised in the Redemption Securities is likely to be unavailable for delivery or available in insufficient quantity for delivery upon the redemption of any Redemption Unit by an investor, then the Manager shall have the right in its sole discretion to pay cash equal to the Value of such Index Share or non-Index Share in lieu of delivering such Index Share or non-Index Share to the redeeming investor.

- (b) Trading market in the Units. Although the Units are listed on the SGX-ST, investors should be aware that there may be no liquid trading market for the Units. There can be no assurance that active trading markets for Units will develop, nor is there a certain basis for predicting the actual price levels at, or sizes in, which Units may trade.
- (c) Minimum creation and redemption size. Units will only be issued or redeemed in-kind through Participating Dealers in Creation Unit or Redemption Unit aggregations (currently 500,000 Units, and multiples thereof). Currently, Units will only be issued and redeemed for cash through Participating Dealers at a minimum of 100,000 Units. Investors who do not hold Redemption Unit aggregations may only be able to realise the value of their Units by selling their Units on the SGX-ST at the prevailing trading price of the Units or (in the case of investors who hold at least the minimum redemption number of Units, which is currently 100,000 Units) by redeeming their Units in multiples of the minimum redemption number of Units on the Cash Dealing Day which occurs daily. **It is expected that most investors will dispose of their Units by selling them on the SGX-ST.**
- (d) Units may trade at prices other than NAV. The NAV of the Fund represents the fair price for buying or selling Units. As with any listed fund, the secondary market price of Units may sometimes trade above or below this NAV. There is a risk, therefore, that Holders may not be able to buy or sell at a price close to this NAV. The deviation from this NAV is dependent on a number of factors, but will be accentuated when there is a large imbalance between market supply and demand for Units on the SGX-ST. However, since Units can be created and redeemed (in Creation Unit or Redemption Unit aggregations or in multiples of 100,000 Units (or such other number as the Manager may determine upon giving prior notice to the Trustee) at NAV), the Manager believes that large discounts or premiums to the NAV of Units could not be sustained in an efficient market that allows for arbitrageurs to exploit the difference between trading prices and the NAV. The "bid/ask" spread (being the difference between the prices being bid by potential purchasers and the prices being asked by potential sellers) is another source of deviation from this NAV. The bid/ask spread can widen during periods of market volatility or market uncertainty, thereby increasing the deviation from this NAV.
- (e) Tracking error risk. Changes in the NAV of the Fund are unlikely to replicate exactly changes in the Index. Factors such as fees and expenses of the Fund, liquidity of the market, imperfect correlation of returns between the Fund's securities and those in the Index, changes to the Index and regulatory policies may affect the Manager's ability to achieve close correlation with the Index. Imperfect correlation between the returns of portfolio securities and the Index is more likely to happen to the extent that the Fund invests in securities that are non-Index Shares or invests in those Index Shares with different weighting from that of the Index. The Fund's returns may therefore deviate from those of the Index. However, a fall in the Index may result in a corresponding fall in the Value of the Fund.

- (f) Distributions are contingent on dividends paid on Index Shares. The ability of the Fund to pay distributions on the Units is dependent on the dividends declared and paid by the companies whose shares are held by the Fund and the level of fees and expenses payable by the Fund. Dividend payment rates of these companies are based on numerous factors, including their current financial condition, general economic conditions and their dividend policies. There can be no assurance that such companies will declare dividends or make other distributions. In addition, changes to the composition of the Index (for example, the substitution of one constituent stock in the Index with another paying higher or lower dividends) will affect the level of dividends received by the Fund as a percentage of Value. To the extent possible, the Fund's fees and expenses will be paid out of the dividends the Fund receives. To the extent dividends received by the Fund are insufficient to meet its fees and expenses, the excess will be met by disposing of part of the Fund's portfolio of Index Shares and/or by short-term borrowing. Any such disposition of Index Shares or borrowing may cause the Fund's Value to fall, and may adversely affect the trading price of the Units. Investors may not therefore receive any distributions. Investors will not receive any dividends or other distributions directly from the companies in which the Fund invests.
- (g) Dependence upon trading market for Index Shares, Future Index Shares and Former Index Shares. All of the Index Shares are listed on the SGX-ST. The existence of a liquid trading market for the Index Shares may depend on whether there is supply of, and demand for, such Index Shares. There can be no assurance that there will be active trading in any of the Index Shares. The price at which the Index Shares may be purchased or sold by the Fund upon any rebalancing activities or otherwise and the Value of the Fund may be adversely affected if trading markets for the Index Shares, Future Index Shares and Former Index Shares are limited or absent.
- (h) Lack of discretion by Manager to adapt to market changes. The Index Shares held by the Fund will passively reflect the distribution of companies whose shares comprise the Index. Therefore, adverse changes in the financial condition or share performance of any company included in the Index will not result in the sale of the shares of such company, and will be likely to affect adversely the Fund's Value and the trading price of the Units. The Manager will have limited discretion to remove the shares of such company from the Fund.
- (i) Trading in Units on SGX-ST may be suspended. Investors will not be able to purchase or sell Units on the SGX-ST during any period that the SGX-ST suspends trading in the Units. The SGX-ST may suspend the trading of Units whenever the SGX-ST determines that it is appropriate in the interests of a fair and orderly market to protect investors. The creation and redemption of Units will also be suspended in the event that the trading of Units on the SGX-ST is suspended.
- (j) Units may be delisted from SGX-ST. The SGX-ST imposes certain requirements for the continued listing of securities, including the Units, on the SGX-ST. Investors cannot be assured that the Fund will continue to meet the requirements necessary to maintain the listing of Units on the SGX-ST or that the SGX-ST will not change its listing requirements. The Fund may be terminated if Units are delisted from the SGX-ST.
- (k) Reliance on Participating Dealers. The creation and redemption of Units can only be effected through Participating Dealers, except in restricted circumstances determined in the sole discretion of the Manager, with the approval of the Trustee. The number of

Participating Dealers at any given time may be limited. Participating Dealers are under no obligation to accept instructions to create or redeem Units on behalf of investors. Participating Dealers will not be able to create or redeem Units during any period when, amongst other things, dealings on the SGX-ST are restricted or suspended, settlement or clearing of securities in the central clearing and settlement system established by the Depository is disrupted or clearing and settlement of in-kind transactions on the system established by the SGX-ST is disrupted or the Index is not compiled or published. In addition, Participating Dealers will not be able to create or redeem Units if some other event occurs which impedes the calculation of the Value of the Fund by the Manager or during which delivery of Index Shares or disposal of the Fund's investments cannot be effected normally.

- (l) Suspension of Creations and Redemptions. Dealings of Units on the SGX-ST may not necessarily be suspended in the event that the creation and redemption of Units is temporarily suspended by the Manager in accordance with the terms of the Deed. If the creation and redemption of Units is temporarily suspended, the trading price of the Units may be adversely affected and differ from the market value of the Fund's underlying assets.
- (m) Investing in derivatives. As the Fund may invest in derivatives (provided that such instruments are Authorised Investments), it may be subject to risks associated with such investments. 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 Fund's investments may be liquidated at a loss. Therefore, it is essential that such investments in derivatives be monitored closely. The Manager has the necessary controls for investment in derivatives and has in place systems to monitor any derivative positions for the Fund.
- (n) Use of futures contracts and options contracts involve certain risks. The Manager may use futures contracts and options for the purpose of hedging and achieving the Fund's Investment Objective. In particular, the Manager may invest the Fund's assets in futures contracts and options in order to try to minimise tracking error between the Index and the Value of the Fund. There is no guarantee that such techniques will achieve their desired result. There are certain investment risks in using futures contracts and options. Such risks may include: (i) the inability to close out a futures contract or option caused by the non-existence of a liquid secondary market; and (ii) an imperfect correlation between price movements of the futures contracts or options with price movements of the subject portfolio securities or subject securities index. Further, the risk of loss in trading futures contracts is potentially great, due to both the low margin deposits required, and the extremely high degree of leverage involved in futures pricing. As a result, a relatively small price movement in a futures contract may result in immediate and substantial loss (or gain) to the Fund. The purchaser of options may offset or exercise the options or allow the options to expire. The exercise of an option results in either a cash settlement or in the purchaser acquiring or delivering the underlying interest. If the option is on a future, the purchaser will acquire a futures position with associated liabilities for margin (see above). If the option expires worthless, the Fund will suffer a total loss of its investment which will consist of the option premium plus transaction costs.
- (o) Changes in the Index. The Index is subject to regular review and revisions. Announcements that are made with respect to potential deletions from and additions to the Index can affect the price of affected companies as well as other companies

and the Index as a whole. The Fund will, typically, hold securities issued by companies that may be deleted from the Index and will, typically, begin to acquire securities issued by companies that may be added to the Index. The relative performance of these two groups of stocks can have an adverse impact on the Fund.

- (p) Licence to use the Index may be terminated. The Manager has been granted a licence by the current Index Licensor to use the FTSE Straits Times Index as a basis for the composition of the Fund, and to use certain trade names and trademarks associated with the FTSE Straits Times Index. The Fund may be terminated if the Licence Agreement is terminated and the Manager is unable to identify or agree with the Index Licensor or any other index licensor terms for the use of a suitable replacement index that uses, in the opinion of the Manager, the same or a substantially similar formula for the method of calculation as the Index. Any such replacement index will be notified to Holders. Accordingly, prospective investors should note that the ability of the Fund to track the Index depends on the continuation in force of the Licence Agreement or a suitable replacement.
- (q) Termination of Trust. The commercial success of the Fund is dependent on attracting assets under management significantly larger than a traditional unit trust. In the event that the size of the Fund falls below S\$300 million on any day falling two years or more after the date of the Trust Deed, the Manager may terminate the Fund.
- (r) Foreign Exchange Risks. All or substantially all of the Fund's assets will be invested in instruments denominated in Singapore dollars. Investors whose base currency is other than the Singapore dollar will be subject to the risk of fluctuations in the value of their base currency vis-à-vis the Singapore dollar.
- (s) Errors or inaccuracies in the Index. There may be inaccuracies, errors, omissions or mistakes in the compilation or calculation of the Index, which may result in significant deviations between the NAV of the Units and the Index. The Manager and the Trustee are not responsible or involved in the compilation or calculation of the Index, and thus cannot be held responsible or liable for any inaccuracies, errors, omissions or mistakes in such compilation or calculation.

## **X SUBSCRIPTION OF UNITS**

### **19. How to purchase Units for cash**

- 19.1 During the initial offering period of the Fund (the "Initial Offering Period") which is from 12 February 2009 to 18 February 2009 (or such other dates as the Manager may determine in consultation with the Trustee), investors of the Fund may apply for Units through automated teller machines ("ATMs") of DBS Bank Ltd (including POSB ATMs) (the "ATM Applications") or as stipulated by the Participating Dealers. All ATM Applications must be made in accordance with the "Terms, Conditions and Procedures for ATM Applications" set out in Appendix 3 of this Prospectus.
- 19.2 After the Initial Offering Period, investors may apply for 100,000 Units (or multiples thereof) using cash through Participating Dealers on any Cash Dealing Day. Investors who wish to acquire less than 100,000 Units may only acquire such an amount on the SGX-ST. Investors may, through the Participating Dealers, submit Creation Requests to the Registrar on every Dealing Day for in-kind subscription of Units (see paragraphs 21 to 22 of this Prospectus for more details) but it is expected that smaller investors who wish to acquire Units will do so by trading in the Units on the SGX-ST.

19.3 Payment for Units may be made:

- (i) through the ATMs of DBS Bank Ltd (including POSB ATMs) in the case of an ATM application during the Initial Offering Period; and
- (ii) as stipulated by the Participating Dealers from time to time.

In respect of institutional investors and Market Makers, an investment form may also be obtained directly from the Participating Dealers and, once duly completed, forwarded by the Participating Dealers to the Registrar, together with the subscription monies in respect of the application for Units. A list of the Participating Dealers may be obtained from the Manager.

19.4 Notwithstanding anything in this paragraph 19, the Manager shall retain the absolute discretion to accept or reject any application for Units in accordance with the provisions of the Trust Deed. In the event that an application for Units is rejected by the Manager, the application monies shall be refunded (without interest) to the investor within a reasonable time in such manner as the Manager shall determine. No certificates will be issued by the Manager.

19.5 The minimum investment for the Fund during the Initial Offering Period is 100 Units (or such other investment amount as may be determined from time to time by the Manager upon giving prior notice to the Trustee) and investors who wish to invest in more than the minimum investment amount may do so in multiples of 100 Units. After the close of the Initial Offering Period, the minimum investment for the Fund is 100,000 Units (with any additional investments being in multiples thereof) or such other investment amount as may be determined from time to time by the Manager upon giving prior notice to the Trustee.

20.1 The amount that an investor will have to pay for the number of Units applied for is calculated by multiplying the number of Units applied for by the Issue Price of the Units together with any Duties and Charges. The Issue Price of the Units applied for during the Initial Offering Period will not be ascertainable at the time of application and will only be determined 3 Business Days after the close of the Initial Offering Period. The initial Issue Price of the Units will be one thousandth of the closing level of the FTSE Straits Times Index on the last day of the Initial Offering Period and rounded to the nearest 2 decimal places (or such other Issue Price as may be determined by the Manager). **The Manager will publish the initial Issue Price of the Units on its website at [www.dbsam.com](http://www.dbsam.com) on the third Business Day after the close of the Initial Offering Period.** After the Initial Offering Period, the Issue Price of the Units shall be ascertained as follows:

- (i) by dividing the Value of the Deposited Property as at the Valuation Point of the relevant Cash Dealing Day on which applications for Units are deemed to be received by the Manager by the number of Units then in issue and deemed to be in issue; and
- (ii) by adjusting the resulting total per Unit to the nearest S\$0.01 (with fractions of S\$0.005 being rounded up).

The Manager may add to the Issue Price calculated (but not include within it) such sum (if any) as the Manager may consider represents the appropriate provision for Duties and Charges, which shall be for the account of the Fund. The Issue Price shall be calculated in Singapore dollars. Other than during the Initial Offering Period, the Issue Price shall be based on forward pricing which means that the Issue Price of the Units shall not be ascertainable at the time of application for Units.

- 20.2 Applications for subscription of Units using cash during the Initial Offering Period must reach the Registrar on or before the Dealing Deadline of 12 noon (Singapore time) on the last day of the Initial Offering Period. Requests for subscription of Units using cash after the Initial Offering Period must reach the Registrar on or before the Dealing Deadline for the Cash Dealing Day, which is 12 noon (Singapore time) on the relevant Cash Dealing Day. If the request for subscription of Units using cash is received by the Registrar after the Dealing Deadline, it shall be deemed to be received by the Registrar on or before the Dealing Deadline for the next Cash Dealing Day. The Issue Price will be determined only on the following Business Day and will be published in the Business Times on the second Business Day after the relevant Cash Dealing Day.
- 20.3 The following is an illustration on the amount that an investor will have to pay based on an investment of 100 Units in the Fund through an ATM during the Initial Offering Period. The Manager will set a notional Issue Price which might be any price and for the purpose of illustration is assumed to be S\$2.30. The actual Issue Price of Units subscribed for during the Initial Offering Period will be one thousandth of the closing level of the FTSE Straits Times Index on the last day of the Initial Offering Period and rounded to the nearest 2 decimal places, or such other Issue Price as may be determined by the Manager:

<b>100 Units Number of Units proposed to be subscribed</b>	<b>x S\$2.30 Notional Issue Price</b>	<b>=</b>	<b>S\$230</b>	<b>+</b>	<b>S\$2 Application Fee*</b>	<b>=</b>	<b>S\$232.00 Total amount payable by investor</b>
--	---	----------	---------------	----------	--------------------------------------	----------	---

\* Investors should note that a flat application fee of S\$2 will be imposed for each application made through an ATM, regardless of the number of Units subscribed for.

Investors should note that the notional Issue Price will not be the actual Issue Price for the Units subscribed for during the Initial Offering Period which will not be known at the time of the investor's application for the Units. **The Manager will determine the actual Issue Price of the Units and the number of Units to be allotted to each investor 3 Business Days after the close of the Initial Offering Period.** If the subscription monies received from an investor during the Initial Offering Period are insufficient to buy the investor at least 100 Units in the Fund and to pay all fees in connection with the subscription, the application will be rejected and **the Manager will refund all the subscription monies (less all fees in connection with the subscription) paid by that investor (without interest) to the investor's DBS or POSB bank account (as the case may be) by no later than 5.00 p.m. on the fifth Business Day after the close of the Initial Offering Period.**

In the event that the subscription monies received from an investor during the Initial Offering Period are sufficient to buy the investor more than 100 Units in the Fund and to pay all fees in connection with the subscription, the Manager will determine the number of Units to be allotted to that investor by dividing the subscription monies received from the investor (after deducting all fees in connection with the subscription) by the actual Issue Price of the Units and rounding the resulting figure down to the nearest 100 Units. **The balance subscription monies, if any, will be refunded (without interest) to the investor's DBS or POSB bank account (as the case may be) by no later than 5.00 p.m. on the fifth Business Day after the close of the Initial Offering Period.**

Investors should also note that all bank charges (if any) payable in connection with the subscription of Units through an ATM and the refund of the balance subscription monies, if any, will be borne by them.

- 20.4 The following is an illustration on the amount that an investor will have to pay based on an investment of 100,000 Units in the Fund through a Participating Dealer after the Initial Offering Period and a notional Issue Price of S\$2.75 (the actual Issue Price of the Units will fluctuate according to the Value of the Deposited Property and the number of Units then in issue):

<b>100,000 Units Number of Units proposed to be subscribed</b>	<b>x S\$2.75 Issue Price</b>	<b>=</b>	<b>S\$275,000</b>	<b>+</b>	<b>S\$1,100 Duties and Charges*</b>	<b>=</b>	<b>S\$276,100 Total amount payable by investor</b>
--	--------------------------------------	----------	-------------------	----------	---	----------	--

\* Assuming that the investor is charged 0.10% of the subscription amount by the Manager and 0.3% of the subscription amount by the Participating Dealer. Investors should note that in addition to such Duties and Charges, they will also have to bear all brokerage fees charged by their stockbrokers.

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

- 20.5 Applications for subscription of Units using cash will only be accepted and processed if the application monies and/or the Duties and Charges in respect of that application have been received in full in cleared funds by or to the order of the Trustee by no later than the third Dealing Day after the relevant Cash Dealing Day ("Cash Settlement Date").

If the above is not satisfied, the application for subscription of Units will be cancelled. Participating Dealers will be liable to pay a cancellation fee of such amount as the Manager may from time to time determine to represent the Duties and Charges, the administrative costs involved in processing the application, interest costs incurred by the Fund and any losses arising in respect of the Fund's purchase and sale of Investments in connection with such cancellation (including the difference between the NAV of the Units on the Cash Settlement Date compared to the relevant Cash Dealing Day).

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

How to subscribe for Units in-kind

- 21.1 During the Initial Offering Period, the Manager may, at its absolute discretion, accept requests for the creation of Units in Creation Unit size of 500,000 Units (or in such other Unit aggregations as the Manager may determine with the approval of the Trustee) in exchange for Index Shares and/or non-Index Shares. Investors who wish to subscribe for Units in-kind during the Initial Offering Period should contact the Participating Dealers directly for details on the application procedure. After the listing of the Units on SGX-ST, the Manager shall issue blocks of 500,000 Units (each a "Creation Unit") or multiples thereof on a continuous basis on every Dealing Day to Participating Dealers at the Issue Price for that Creation Unit. The Issue Price for the Creation Unit shall be ascertained as follows:

- (i) by dividing the Value of the Deposited Property at the Valuation Point of the relevant Dealing Day on which applications for Creation Units are deemed to be received by the Manager by the number of Units then in issue and deemed to be in issue;
- (ii) by adjusting the resulting total per Unit to the nearest S\$0.01 (with fractions of S\$0.005 being rounded up); and



- (iii) by multiplying the resulting total by the number of Units comprising a Creation Unit aggregation.

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

#### *Procedures for Creation of Units*

- 21.2 Investors who wish to create Units by subscribing for Units in-kind must approach a Participating Dealer to do so on their behalf. Such investor may be required to complete a form as required by the Participating Dealer. In addition, the Participating Dealer may request the investor to make certain representations or enter into agreements with respect to the order, for example, to provide for payments of cash, when required. Investors should be aware that their particular broker or dealer may not have executed a Participant Agreement and that, therefore, orders to create Units have to be placed by the investor's broker or dealer through a Participating Dealer that has entered into a Participant Agreement. In such cases there may be additional charges to such investor. At any given time, there may be only one or a limited number of Participating Dealers.
- 21.3 Creation Requests received from Participating Dealers and accepted by the Manager on or before the Dealing Deadline of 12 noon (Singapore time) on each Dealing Day will be processed at that Dealing Day's Issue Price as calculated in accordance with paragraph 21.1 of this Prospectus. Creation Requests received from Participating Dealers after the Dealing Deadline or on a day which is not Dealing Day shall be deemed to be received by the Registrar on or before the Dealing Deadline for the next Dealing Day. Investors placing orders for Units should afford sufficient time to permit proper submission of the order by the Participating Dealers to the Registrar prior to the Dealing Deadline on the relevant Dealing Day.
- 21.4 When submitting the Creation Request, the Participating Dealer should tender to the Custodian of the Fund the Index Shares and non-Index Shares as comprising a Deposit Basket for each Creation Unit no later than three (3) Dealing Days following the relevant Dealing Date (the "Settlement Date") in accordance with the terms of the Participant Agreement. The delivery of Units properly applied for will occur in accordance with the terms of the Participant Agreement which is normally no later than the Settlement Date in accordance with the terms of the Participant Agreement.
- 21.5 The creation of Units in Creation Unit aggregations will only be done if the following are satisfied:
  - (i) the Index Shares and non-Index Shares delivered to the Custodian in respect of that issue of Creation Units have been approved by the Manager as comprising a Deposit Basket with respect to the relevant Dealing Date and the Value of any non-Index Shares do not exceed twenty per cent. (20%) (or such other percentage as determined by the Manager from time to time and approved by the Trustee) of the Issue Price on the previous Dealing Day;
  - (ii) the aggregate of (a) the Value of the Index Shares and non-Index Shares on the relevant Dealing Date delivered to the Custodian and (b) the amount of cash paid to

or to the order of the Trustee or Custodian in respect of the Cash Issue Component for the Creation Unit aggregation (as described in paragraph 21.6 below) is equal to the Issue Price for that Creation Unit aggregation;

- (iii) the Index Shares and non-Index Shares have been vested upon the trusts of the Trust Deed in the Trustee to the Trustee's satisfaction or satisfactory evidence of title and instruments of transfer shall have been produced to or to the order of the Trustee by such time and date as determined therefor by the Manager in its discretion, provided that such date shall occur no later than the relevant Settlement Date; and
- (iv) the full amount of the Cash Issue Component, and/or Transaction Fee in respect of that Creation Unit size shall have been received in full in cleared funds by or to the order of the Trustee by such time and date as determined therefor by the Manager in its discretion, provided that such date shall occur no later than the relevant Settlement Date.

If any of the above is not satisfied, the Creation Request will be cancelled. Participating Dealers will be liable to pay a cancellation fee of such amount as the Manager may from time to time determine to represent the Transaction Fee, the administrative costs involved in processing the Creation Request, purchasing and/or selling any Investments, and redelivering any Index Shares and non-Index Shares, interest costs incurred by the Fund and any losses arising in respect of the Fund's purchase and sale of Investments in connection with such cancellation (including the difference between the NAV of the Units on the Settlement Date compared to the relevant Dealing Day).

- 21.6 The Cash Issue Component of a Creation Unit is the difference between the Issue Price of the Creation Unit as calculated in paragraph 21.1 and the Value of the Index Shares and non-Index Shares constituting a Deposit Basket on the relevant Dealing Date delivered to the Custodian. If the Cash Issue Component, after taking into account the Transaction Fee is a negative amount no cash shall be payable or paid by a Participating Dealer, but a cash amount equal to the negative amount shall be paid by the Trustee to the Participating Dealer within three (3) Dealing Days following the relevant Dealing Day.

*Acceptance of Orders for Creation Unit aggregations*

- 21.7 The Trustee and the Manager reserve the absolute right without giving any reason therefor to reject a Creation Request transmitted to the Registrar. It is the current intention of the Manager that a Creation Request will be rejected if:

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

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

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

The following Paragraphs 23 to 25 are applicable to subscribing for Units in cash and in-kind

23. In respect of Units applied for during the Initial Offering Period, successful applicants will receive a confirmation on the number of Units allotted within 15 Business Days after the close of the Initial Offering Period. For every successful application for Units after the Initial Offering Period, the Participating Dealer will be sent a confirmation detailing the number of Units allotted within seven (7) Business Days of the receipt of the application by the Registrar. All Units created through subscription of Units through the Participating Dealers will be entered on the records of CDP in the name of the relevant Participating Dealer or its nominee.
24. No Units will be issued and no Creation Requests will be accepted during any period when the creation and redemption of Units is suspended (see paragraph 33 entitled "Suspension of Dealings" below).
25. **The Manager reserves the right not to issue Units in the Fund and to return the subscription monies received (without interest) to investors by no later than 5.00 p.m. on the fifth Business Day after the close of the Initial Offering Period in the event that the minimum capital raised for the Fund falls below S\$20 million as at the close of the Initial Offering Period or if the Manager is of the opinion that it is not in the interests of investors or it is not commercially practical to proceed with the launch of the Fund, and in such event the Fund shall be deemed not to have commenced.** Investors should note that all bank charges (if any) payable in connection with the refund of the subscription monies shall be borne by them.

## **XI REALISATION OF UNITS**

### 26. How to sell Units for cash

- 26.1 During the Initial Offering Period and until the Units are listed on the SGX-ST, no redemption of Units will be permitted. After the Units are listed, investors may apply to redeem 100,000 Units (or multiples thereof) for cash on any Cash Dealing Day. **Investors who wish to dispose of less than the minimum redemption number of Units (as set out in paragraph 26.3) may only dispose of such an amount on the SGX-ST.** Investors may, through the Participating Dealers, submit Redemption Requests on every Dealing Day for in-kind redemption of Units (see paragraph 28 of this Prospectus for more details) but it is expected that smaller investors who wish to redeem Units will do so by trading in the Units on the SGX-ST.
- 26.2 A Holder may redeem Units through completing the realisation request (or such other form as the Manager may approve from time to time) and forwarding the same to Participating Dealers. However, an investor who has applied to subscribe for Units using cash on any Cash Dealing Day shall not be entitled to redeem the Units to be issued to him until after the Cash Settlement Date in respect of that Cash Dealing Day.
- 26.3 There is no minimum holding amount for the Units. The minimum redemption number of Units is 100,000 Units or such other number of Units as may be determined from time to time by the Manager upon giving prior notice to the Trustee. However, in the event the Units cease at any time to be listed on the SGX-ST and any other stock exchange on which the Units may be listed or quoted on for a continuous period of 30 days, subject to paragraph 33 the

Manager will, within 14 days from the end of such 30 day period, commence accepting redemption requests made directly by Holders subject to the provisions of the Trust Deed, and in the event that the Units are subsequently re-listed on the SGX-ST or a stock exchange, the Manager may, on reasonable notice given to Holders, again require redemption requests to be made only through Participating Dealers. Holders with less than the minimum redemption number of Units may sell their Units for cash by trading the Units on the SGX-ST.

27.1 The net realisation proceeds are calculated by multiplying the number of Units to be redeemed by the Redemption Price of the Units on the relevant Cash Dealing Day which shall be ascertained as follows:

- (i) by dividing the Value of the Deposited Property at the Valuation Point of the relevant Cash Dealing Day on which applications to redeem Units are deemed to be received by the Manager by the number of Units then in issue and deemed to be in issue; and
- (ii) by adjusting the resulting total per Unit to the nearest S\$0.01 (with fractions of S\$0.005 being rounded up).

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

27.2 Applications to redeem Units for cash must reach the Registrar on or before the Dealing Deadline of 12 noon (Singapore time) on the Cash Dealing Day. If the request to redeem Units for cash is received by the Registrar after the Dealing Deadline, it shall be deemed to be received by the Registrar on or before the Dealing Deadline for the next Cash Dealing Day. The Redemption Price will be determined only on the following Business Day and will be published in the Business Times on the second Business Day following the relevant Cash Dealing Day.

27.3 The following is an illustration on the realisation proceeds (before deduction of Duties and Charges) that an investor will receive based on a redemption of 100,000 Units through a Participating Dealer and a notional Redemption Price of S\$2.75 (the actual Redemption Price of the Units will fluctuate according to the Value of the Deposited Property and the number of Units then in issue).

<b>100,000 No. of Units Redeemed</b>	<b>x</b>	<b>S\$2.75 Redemption Price</b>	<b>=</b>	<b>S\$275,000 Gross Realisation Proceeds</b>	<b>-</b>	<b>S\$1,100 Duties and Charges*</b>	<b>=</b>	<b>S\$273,900 Net Realisation Proceeds</b>
--	----------	---	----------	--	----------	---	----------	--

\* Assuming that the investor is charged 0.10% of the subscription amount by the Manager and 0.3% of the amount by the Participating Dealer. Investors should note that in addition to such Duties and Charges, they will also have to bear all brokerage fees charged by their stockbrokers.

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

- 27.4 Where Units are to be redeemed for cash, the Manager shall proceed to effect any sales of Investments necessary to provide the cash required to pay the realisation proceeds and notify the Trustee that those Units are to be redeemed and cancelled. In such event the Fund shall be reduced by the cancellation of those Units on the Cash Settlement Date and for settlement on that Cash Settlement Date the Trustee shall pay the realisation proceeds to the relevant Holder. Notwithstanding the foregoing, no realisation proceeds shall be paid unless Units, the subject of the application to redeem Units for cash, have been delivered to the Trustee for redemption by such time on the Cash Settlement Date as the Trustee and the Manager shall for the time being prescribe. In the event that Units are not delivered to the Trustee for redemption in accordance with the foregoing: (i) the application for redemption for cash shall be deemed never to have been made (except that the Duties and Charges shall remain due and payable) and (ii) the Manager may, but shall not be bound to, charge the Holder's Participating Dealer (for the account of the Fund) a cancellation fee of such amount as it may from time to time determine to represent the administrative costs involved in processing the redemption request, purchasing and/or selling any Investment and redelivering any Units, and any losses arising in respect of the Fund's sale and purchase of Investments and any interest costs incurred by the Fund in connection with such failed redemption. In addition, the Manager may, but shall not be bound to require the Holder's Participating Dealer to pay to the Trustee for the account of the Fund in respect of each Unit, the subject of the application for redemption of Units for cash, the amount (if any) by which the Redemption Price of each such Unit on the relevant Cash Dealing Day is less than the Issue Price which would have applied in relation to each such Unit as if the Manager had received on the relevant Cash Settlement Date in relation to such Units to be redeemed an application from such Holder's Participating Dealer for the subscription of such Units in accordance with the provisions of paragraphs 19 and 20 of this Prospectus.
- 27.5 The Redemption Price excludes realisation charge as no realisation charge is payable.
- 27.6 Payment will be made within three (3) Dealing Days after the relevant Cash Dealing Day subject to the provisions of the Trust Deed. For Units purchased with cash, the net realisation proceeds shall be paid to the Participating Dealer.

#### How to redeem Units in-kind

- 28.1 After the listing of the Units on SGX-ST, the Manager shall determine and designate the Index Shares and non-Index Shares comprising the Redemption Basket applicable to requests to redeem Units in Redemption Unit aggregations submitted with respect to each Dealing Day. The Manager shall permit redemption of a Redemption Unit or multiples thereof on a continuous basis on every Dealing Day to Participating Dealers at the Redemption Price for that Redemption Unit. On receipt of a Redemption Request by the Registrar from a Participating Dealer on behalf of a Holder which complies with the requirements as set out in paragraph 28.7 below, the Manager shall effect the redemption of the Units, in Redemption Unit aggregations, specified in the Redemption Request for proceeds equivalent to the Redemption Price of each Redemption Unit aggregation to be redeemed, such proceeds to be by way of a transfer by or on behalf of the Trustee *in specie* of the Redemption Securities and payment by or on behalf of the Trustee in cash of the Cash Redemption Component (if positive) determined as at the relevant Dealing Day. The Redemption Price for the Redemption Unit shall be ascertained as follows:
- (i) by dividing the Value of the Deposited Property at the Valuation Point of the relevant Dealing Day on which applications to redeem the Redemption Unit are deemed to be received by the Manager by the number of Units then in issue and deemed to be in issue;

- (ii) by adjusting the resulting total per Unit to the nearest S\$0.01 (with fractions of S\$0.005 being rounded up); and
- (iii) by multiplying the resulting total by the number of Units comprising a Redemption Unit aggregation.

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

*Procedures for Redemption of Units in-kind*

- 28.2 Investors who have applied to subscribe for Units in-kind on any Dealing Day shall not be entitled to redeem the Units to be issued to them until after the Settlement Date in respect of that Dealing Day. Investors who wish to redeem Units in-kind must approach a Participating Dealer to do so on their behalf. Such investor may be required to complete a form as required by the Participating Dealer. In addition, the Participating Dealer may request the investor to make certain representations or enter into agreements with respect to the order, for example, to provide for payments of cash, when required. Investors should be aware that their particular broker or dealer may not have executed a Participant Agreement and that, therefore, orders to redeem Units have to be placed by the investor's broker or dealer through a Participating Dealer that has entered into a Participant Agreement. In such cases there may be additional charges to such investor. At any given time, there may be only one or a limited number of Participating Dealers.
- 28.3 Redemption Requests received from Participating Dealers and accepted by the Registrar on or before the Dealing Deadline of 12 noon (Singapore time) on each Dealing Day will be processed at that Dealing Day's Redemption Price as calculated in accordance with paragraph 28.1 of this Prospectus. Redemption Requests received from Participating Dealers after the Dealing Deadline or on a day which is not a Dealing Day shall be deemed to be received by the Registrar on or before the Dealing Deadline for the next Dealing Day. Investors placing orders to redeem Units should afford sufficient time to permit proper submission of the order by the Participating Dealers to the Registrar prior to the Dealing Deadline on the relevant Dealing Day.
- 28.4 The Index Shares and non-Index Shares comprising the Redemption Basket ("Redemption Securities") distributable and Cash Redemption Component (less any Transaction Fee) in respect of the redemption of Units may be transferred or paid sooner but shall, subject to the provisions of paragraph 33 of this Prospectus, be distributable and payable no later than the Settlement Date provided that the Units, which are the subject of the redemption request, have been delivered to the Trustee by the Settlement Date and the full amount of the Cash Redemption Component (if negative) and any additional sums payable under paragraph 30 and/or the Transaction Fee payable have been deducted and set-off or otherwise paid in full by the Settlement Date. For the purposes of this paragraph 28.4, the Holder on whose behalf a Redemption Request is made by a Participating Dealer shall be deemed to authorise (i) the transfer of the Redemption Securities by book entry to the designated stock account and (ii)

the payment of the Cash Redemption Component by book entry payment to the designated cash account or by telegraphic transfer to a bank account in the name or to the order, in each case, of that Participating Dealer by or through whom that redemption request was made. The Cash Redemption Component shall be paid in Singapore dollars and, if paid by telegraphic transfer, shall be paid to a Singapore dollar account of a Singapore bank, unless otherwise agreed by the Manager.

- 28.5 Where Units are to be redeemed, the Manager shall proceed to effect any sales of Investments necessary to provide the cash required to pay the Cash Redemption Component (if applicable) and notify the Trustee that those Units are to be redeemed and cancelled. In such event the Fund shall be reduced by the cancellation of those Units on that Settlement Date and for settlement on that Settlement Date (or such later date as may from time to time be determined by the Manager with the consent of the Trustee) the Trustee shall transfer the applicable Redemption Securities out of the Deposited Property to or to the order of the Participating Dealer through which the redeeming Holder made his redemption request and shall pay the Cash Redemption Component to the relevant Holder within three (3) Dealing Days after the relevant Dealing Day. Notwithstanding the foregoing, no Redemption Securities shall be delivered and no Cash Redemption Component shall be paid unless Units, the subject of the Redemption Request, have been delivered to the Trustee for redemption by such time on the Settlement Date as the Trustee and the Manager shall for the time being prescribe for such Redemption Request. The Manager, with prior approval of the Trustee, may at its discretion extend the settlement period, such extension to be on such terms and conditions (including as to the payment of any fees it may determine to represent the administrative costs involved in extending the Settlement Date) as the Manager may determine. In the event that Units are not delivered to the Trustee for redemption in accordance with the foregoing: (i) the Redemption Request shall be deemed never to have been made (except that the Transaction Fee therefor shall remain due and payable) and (ii) the Manager may, but shall not be bound to, charge the Holder's Participating Dealer (for the account of the Fund) a cancellation fee of such amount as it may from time to time determine to represent the administrative costs involved in processing the redemption request, purchasing and/or selling any Investments and redelivering any Units, and any losses arising in respect of the Fund's sale and purchase of Investments and any interest costs incurred by the Fund in connection with such failed redemption. In addition, the Manager may, but shall not be bound to require the Holder's Participating Dealer to pay to the Trustee for the account of the Fund in respect of each Unit on the relevant Dealing Day, the subject of the Redemption Request, the amount (if any) by which the Redemption Price of each such Unit is less than the Issue Price which would have applied in relation to each such Unit as if the Manager had received on the relevant Settlement Date in relation to such Units to be redeemed an application from such Holder's Participating Dealer for the creation of such Units in accordance with the provisions of paragraphs 21 and 22 of this Prospectus.

- 28.6 The Cash Redemption Component of a Redemption Unit is the difference between the Redemption Price of the Redemption Unit calculated in accordance with paragraph 28.1 of this Prospectus and the Value of the Index Shares and non-Index Shares constituting a Deposit Basket.

*Acceptance of Orders for Redemption of Redemption Unit aggregations*

- 28.7 To be effective, a Redemption Request:
- (i) must be given to a Participating Dealer in accordance with the relevant Participant Agreement;

- (ii) must specify the (round) number of Redemption Unit aggregations the subject of the Redemption Request; and
  - (iii) may not be in respect of Units other than as comprising a Redemption Unit aggregation.
29. A Redemption Request once given cannot be revoked or withdrawn without the consent of the Manager.
30. The Manager may from time to time in its absolute discretion substitute an amount of cash to replace any Index Shares and non-Index Shares comprised in a Redemption Basket in connection with a request to redeem any Redemption Unit aggregation. In the event the Manager exercises such discretion, the cash in lieu amount shall be equal to the Value of such substituted Index Shares or non-Index Shares and shall comprise part of the Cash Redemption Component and each such substituted Index Share or non-Index Share shall be deemed not to be a Redemption Security comprising part of the Redemption Basket. The Manager shall be entitled in its discretion to charge (for the account of the Fund) to the applicant of any Units for which cash is paid in lieu of delivering any Redemption Securities such additional sum it may consider represents the appropriate provision for expenses incurred by the Fund.

Applicable to redeeming Units in cash and in-kind

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

**XII OBTAINING PRICES OF UNITS**

32. The Issue Price of the Units applied for during the Initial Offering Period will not be ascertainable at the time of application and will only be determined by the Manager 3 Business Days after the close of the Initial Offering Period. The initial Issue Price of the Units



will be one thousandth of the closing level of the FTSE Straits Times Index on the last day of the Initial Offering Period and rounded to the nearest 2 decimal places (or such other Issue Price as may be determined by the Manager). The Manager will publish the initial Issue Price of the Units on its website at [www.dbsam.com](http://www.dbsam.com) on the third Business Day after the close of the Initial Offering Period. After the close of the Initial Offering Period and the listing of the Units on the SGX-ST, the Issue Price and Redemption Price for the Units will be televised on Teletext and published in the Business Times or such publications as the Manager may decide from time to time, generally within 2 Business Days after the relevant Dealing Day. Investors should note that the frequency of the publication or telecast (as the case may be) of prices is dependent on the publication or telecast policies of the publisher or telecaster concerned. Save for gross negligence on the part of the Manager, the Manager does not accept any responsibility for any errors of the prices published in the Business Times or Teletext or for any non-publication, non-telecast, late publication or late telecast of prices and shall incur no liability in respect of any action taken or loss suffered by the investors in reliance upon such publication or telecast (as the case may be).

### **XIII SUSPENSION OF DEALINGS**

33. The Manager may with the prior written approval of the Trustee, and shall at the request of the Trustee, temporarily suspend the creation and/or realisation of Units of the Fund and/or delay the payment of any monies and distribution of any Redemption Securities in respect of any redemption during:
- (a) any period when the SGX-ST is closed;
  - (b) any period when dealings of the Units on the SGX-ST are restricted or suspended;
  - (c) any period when settlement or clearing of securities in CDP is disrupted;
  - (d) the existence of any state of affairs as a result of which delivery of Index Shares or non-Index Shares comprised in a Deposit Basket or Redemption Basket or disposal of Investments for the time being comprised in the Deposited Property cannot, in the opinion of the Manager, be effected normally or without prejudicing the interests of Holders;
  - (e) any period when, in the opinion of the Manager, funds cannot be normally remitted from the Deposited Property without prejudicing the interests of Holders;
  - (f) any period when the Index is not compiled or published;
  - (g) any breakdown in the means normally employed in determining the Value of the Deposited Property or liabilities of the Fund or when for any other reason the Value of any Investment or other property for the time being comprised in the Deposited Property or the liabilities of the Fund cannot be promptly and accurately ascertained;
  - (h) any 48 hours (or such longer period as may be agreed between the Manager and the Trustee) prior to the date of any meeting of Holders (or any adjourned meeting thereof);
  - (i) any period when the business operations of the Manager or the Trustee in relation to the operations of the Fund are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God; or

- (j) any period when the dealing of Units is suspended pursuant to any order or direction issued by the Authority.

34. Such suspension (which expression shall include the aforesaid right to delay payment) shall take effect forthwith upon the declaration thereof by the Manager and thereafter there shall be no creation or issue of Units, and/or (as the case may be) no redemption of Units and/or transfer of such Redemption Securities and payment of the Cash Redemption Component or cash Redemption Price in respect of any such redemption until the Manager shall declare the suspension at an end, except that the suspension shall terminate in any event on the Business Day following the first Business Day on which (a) the condition giving rise to the suspension shall have ceased to exist and (b) no other condition under which suspension is authorised under the Trust Deed shall then exist. Each declaration by the Manager pursuant to paragraph 33 shall be consistent with such official rules and regulations, if any, relating to the subject matter thereof as shall have been promulgated by any authority having jurisdiction over the Fund and as shall be in effect at the time. To the extent not inconsistent with such official rules and regulations, and subject to the foregoing provisions hereof, the declaration of the Manager shall be conclusive. During any such suspension by reason of any of the circumstances set out in paragraphs 33(a) to (j) above, the calculation of the Value of the Deposited Property and each Unit (including the Issue Price and Redemption Price) may also be suspended and the Manager shall be under no obligation to rebalance or adjust the Deposited Property, in either case at the discretion of the Manager and with the prior approval of the Trustee. The Manager shall publish the fact that the calculation of the Value of the Deposited Property and each Unit is suspended immediately following such suspension and at least once a month during the period of such suspension in such newspaper or newspapers in Singapore or elsewhere as the Manager may from time to time think fit.
35. Any Participating Dealer may at any time after such a suspension has been declared and before termination of such suspension withdraw any redemption request or any application for the issue of Units by notice in writing to the Manager. If no such notification of the withdrawal of any such request or application has been received by the Manager before termination of such suspension, the Manager shall, subject to and in accordance with the provisions of the Trust Deed, redeem Units in respect of which the Manager has received a valid Redemption Request and the Trustee and the Manager shall consider applications for the issue of Units as at the Dealing Day or (in the case of redemptions or issue of Units in cash) the Cash Dealing Day next following the termination of such suspension. In addition, the period for distributing any proceeds the distribution of which has been delayed pursuant to the suspension shall be extended by a period equal to the length of the period of the suspension.

#### **XIV PERFORMANCE OF THE SCHEME**

36. The Fund is a new scheme and does not have any track record of performance as at the date of registration of this Prospectus. The expense ratio and the turnover ratio of the Fund are also not available as at the date of registration of this Prospectus.
37. The current benchmark against which the performance of the Fund will be measured is the FTSE Straits Times Index.

#### **XV SOFT DOLLAR COMMISSIONS/ARRANGEMENTS**

- 38.1 The primary objective of the Manager in placing orders for the purchase and sale of Index

Shares and non-Index Shares, when adjusting the Fund's portfolio to reflect changes in the Index or in respect of a cash subscription or redemption, is to obtain the most favourable net results taking into account such factors as price, commission or spread and size of the order. Where it is consistent with this objective, it is the Manager's practice to place such orders with brokers/dealers who supply research, market information and quotations and statistical information to the Manager, which may be useful to the Manager in providing its services as manager of the Fund and/or may be useful to the Manager in providing services to other clients (including other funds managed by the Manager), other than as manager of the Fund.

- 38.2 The Manager shall be entitled to receive soft-dollar commissions/arrangements in respect of the Fund. The Manager will comply with applicable regulatory and industry standards on soft-dollars. The soft-dollar commissions/arrangements which the Manager may for the time being receive or enter into include specific advice as to the advisability of dealing in or as to the value of any investments, research and advisory services, economic and political analyses, portfolio analyses including valuation and performance measurements, market analyses, data and quotation services, 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 service in relation to the investments managed for clients.
- 38.3 Soft-dollar commissions received shall not include travel, accommodation, entertainment, general administrative goods and services, general office equipment or premises, membership fees, employees' salaries or direct money payment.
- 38.4 The Manager will not accept or enter into soft dollar commissions/arrangements unless such soft dollar commissions/arrangements would reasonably assist it in its management of the Fund, and the Manager shall ensure at all times that transactions are executed on the best available terms taking into account the relevant market at the time for transactions of the kind and size concerned, and do not prejudice the interests of the Fund and/or the Holders, and no unnecessary trades are entered into in order to qualify for such soft dollar commissions /arrangements.
- 38.5 Neither the Manager nor any of its Connected Persons are entitled to retain any cash rebates received from any broker or dealer in consideration of directing transactions on behalf of the Fund to that broker or dealer. Any such cash rebates received by the Manager or any of its Connected Persons shall be held for the account of the Fund.

## **XVI CONFLICTS OF INTEREST**

39. The Trust Deed provides that the Trustee and the Manager shall conduct all transactions with or for the Fund on an arm's length basis.
- 40.1 The Trustee, and the Manager, and any Connected Person of the Trustee and the Manager may:
- (a) purchase, hold, deal in or dispose of Units;
  - (b) contract or enter into any financial, banking, insurance or other transaction with one another, Holders, Participating Dealers or any corporation or body any of whose securities form part of the Deposited Property of the Fund and be interested in any such corporation or body; and

- (c) invest in and deal with securities or any property of the kind included in the Deposited Property of the Fund for their respective individual accounts or for the account of a third party.
- 40.2 Neither the Manager nor any of the directors of the Manager or any of their associates is or will become entitled to receive any part of the brokerage charged to the Fund, or any part of the fees, allowances, benefits, etc received on purchases charged to the Fund.
- 40.3 Neither the Trustee nor the Manager may act as principal to buy or sell investments from or to the Trustee for the account of the Fund or otherwise deal as principal with the Fund. However, with the prior written consent of the Trustee, any Connected Person of the Manager may deal as principal in the sale or purchase of securities and other investments to or from the Fund. There will be no obligation on the part of such Connected Person to account to the Fund or to Holders for any benefits so arising and any such benefits may be retained by the relevant party, provided that such transactions are entered into on an arm's length basis and at the best price available to the Fund having regard to the kind, size and time of the transaction.
- 40.4 Any cash of the Fund may be deposited with any Connected Person of either the Trustee or the Manager or invested in certificates of deposit or banking investments issued by any such Connected Person.
- 40.5 With the prior written consent of the Trustee, the Manager may effect transactions by or through the agency of another person for the account of the Fund with whom the Manager or any of its Connected Persons have an arrangement for the supply of goods, services or other benefits.
- 40.6 Where the Manager or any Connected Person of the Manager receives any cash rebate of all or any part of any commission paid out of the Fund, the Manager or that Connected Person shall not be entitled to retain that cash rebate but shall account for and pay the same to the Trustee to be held as property of the Fund.
- 40.7 The Manager may, in accordance with applicable law and regulation, effect agency cross transactions where both the sale and purchase of an investment are effected for clients (including the Fund on the one hand) of the Manager and/or its Connected Persons provided that the sale and purchase decisions are in the interests of both clients, permitted within the investment guidelines/objectives of both clients and the transactions are executed on an arm's length basis and at the best price available to the Fund having regard to the kind, size and time of the transaction.
- 40.8 The Manager may, in the course of its business, have potential conflicts of interest with the Fund. In such circumstances, the Manager will have regard to its obligations under the Trust Deed and, in particular, to its obligation to act in the best interests of the Fund and the Holders so far as practicable, having regard to its obligations to other clients when undertaking any investments where conflicts of interest may arise. In the event that such conflicts do arise, the Manager will use its best efforts to resolve such conflicts fairly.
- 40.9 In respect of voting rights where the Manager would face a conflict between its own interest and that of the Holders, the Manager shall cause such voting rights to be exercised in consultation with the Trustee.

## **XVII REPORTS**

41. The Fund's financial year ends on 30 June in each year (the first financial period will end on 30 June 2009). The Manager will arrange for annual accounts to be prepared in respect of the Fund and the Trustee will cause such accounts to be audited by the Auditors. Such accounts, along with the annual report prepared by the Manager will be published and distributed to Holders within three (3) months of the end of the Fund's financial year.
42. In addition, the Trustee or the Manager will procure that unaudited semi-annual accounts and the semi-annual report will be published for the period ending 31 December in each year (the first half-year period will end on 31 December 2009) and distributed to Holders within two (2) months of the end of that period. The contents of these reports will comply with the requirements of the CIS Code.

## **XVIII QUERIES AND COMPLAINTS**

43. Investors may call at telephone number 1800 535 8025 to reach the Manager to raise any queries or make any complaints.

## **XIX OTHER MATERIAL INFORMATION**

### **Trading Units on the SGX-ST**

44. Units of the Fund are listed for trading on the secondary market on the SGX-ST. Units can be bought and sold throughout the trading day like other publicly traded shares. There is no minimum investment. Although Units are generally purchased and sold in "board lots" of 100 Units, brokerage firms may permit investors to purchase or sell Units in smaller "odd-lots", although prices of Units traded in "odd-lots" may differ slightly from Units purchased and sold in "board lots". When buying or selling Units through a broker, investors will incur customary brokerage commissions and charges and stamp duty, and investors may pay some or all of the spread between the bid and the offered price in the secondary market on each leg of a round trip (purchase and sale) transaction. Unit prices are reported in Singapore dollars and cents per Unit.

### **Book-entry Securities**

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

### **Units' Trading Prices and Market Makers**

- 46.1 The trading prices of Units on the SGX-ST may differ in varying degrees from their daily NAV and can be affected by market forces such as supply and demand, economic conditions and other factors.
- 46.2 It is the intention of the Manager to assist in the creation of liquidity for investors by appointing Market Makers before the listing of the Fund to maintain a market for the Units. Units may be purchased from and sold through the Market Makers. However, there is no guarantee or

assurance as to the price at which a market will be made. A list of appointed Market Makers may be obtained from the Manager. In maintaining a market for Units, the Market Makers may realise profits or sustain losses in the amount of any differences between the prices at which they buy Units and the prices at which they sell Units. Any profit made by the Market Makers may be retained by them for their absolute benefit and they shall not be liable to account to the Fund in respect of such profits.

### **Additional Listing**

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

### **Distributions**

48. The Manager shall have the absolute discretion to determine whether a distribution is to be made. The Manager currently intends to make distributions, less the expenses of the Fund, to Holders twice a year. However, there can be no assurance that the Manager will declare such dividends or make other distributions twice annually. Distributions will only be paid to the extent that they are available for distribution pursuant to the Trust Deed. The yield on the Units is anticipated to approximate the yield on the Index. There is currently no dividend reinvestment service. On each distribution, in relation to each distribution period as determined by the Manager, the Trustee will allocate for distribution among the Holders of the Fund as at the Record Date such amount that the Manager determines to be distributed in its absolute discretion. Amounts to be distributed in respect of each Unit will be rounded down to the nearest S\$0.01 per Unit. The Record Dates may be changed, or added to, as determined by the Manager with the approval of the Trustee. Distributions will only be paid to the extent that they are available for distribution pursuant to the Trust Deed. Income received by the Fund pending distribution may be invested by the Manager in a manner consistent with achieving the Investment Objective of the Fund. Any monies payable to a Holder which remain unclaimed after a period of twelve months shall be accumulated by the Trustee in a special account (the "Unclaimed Monies Account") and, subject to Clause 31 of the Trust Deed, the Trustee shall cause such sums which represent monies unclaimed by a Holder for more than six (6) years and interest, if any, earned thereon to be paid into court after deducting all fees, costs and expenses incurred in relation to such payment from the sum thereof provided that if the said sum is insufficient to meet all such fees, costs and expenses, the Trustee shall be entitled to have recourse to the Deposited Property.

### **Taxation Considerations**

49. As with any investment, prospective investors should consider how their investment in Units will be taxed. The tax information in this Prospectus is provided as general information and does not constitute tax or legal advice. Prospective investors should consult their own tax professionals about the tax consequences of an investment in Units.

#### *Singapore Tax*

- 50.1 The following summary of certain Singapore income tax consequences of the purchase, ownership and disposition of the Units is based upon laws and regulations now in effect, all of which are subject to change, possibly with retroactive effect. The summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a

decision to purchase, own or dispose of the Units and does not purport to apply to all categories of investors, some of which may be subject to special rules. Investors should consult their own tax advisors concerning the application of Singapore tax laws to their particular situations as well as any consequences of the purchase, ownership and disposition of the units arising under the laws of any other tax jurisdiction.

**The summary is provided on the premise that the Fund will be applying for, and will be awarded the Designated Unit Trust ("DUT") status by the Inland Revenue Authority of Singapore ("IRAS"). The income tax consequences will be different if the Fund is not granted the DUT status.**

## 50.2 Taxation of the Fund

Provided the Fund is a DUT, the taxation of the Fund is subject to Section 35(12) and (12A) of the Income Tax Act, Cap 134 of Singapore (the "Income Tax Act").

Under Section 35(12) and (12A) of the Income Tax Act certain income (hereinafter termed as "Designated Income") of the Fund will not form part of its statutory income and is thus not taxable on the Fund or its trustee. The list of Designated Income is set out in Section 35(12) and Section 10(20A) of the Income Tax Act and is as follows:

- gains or profits derived from Singapore or elsewhere from the disposal of securities;
- interest (other than those where Singapore withholding tax has been deducted);
- dividends derived from outside Singapore and received in Singapore;
- gains or profits derived from foreign exchange transactions, transactions in futures contracts, transactions in interest rate or currency forwards, swaps or option contracts and transactions in forwards, swaps or option contracts relating to any securities or financial index;
- distributions from foreign unit trusts derived from outside Singapore and received in Singapore;
- fees and compensatory payments (other than fees and compensatory payments for which tax has been deducted under Section 45A of the Income Tax Act) from certain securities lending or repurchase arrangements with certain specified counterparties;
- rents and any other income derived from immovable property situated outside Singapore and received in Singapore;
- discount derived from outside Singapore and received in Singapore;
- discount from Qualifying Debt Securities ("QDS") (as defined under Section 13(16) of the Income Tax Act) issued during the period from 17 February 2006 to 31 December 2008;
- gains or profits from the disposal of debentures, stocks, shares, bonds or notes issued by supranational bodies;
- prepayment fee, redemption premium and break cost from QDS issued during the period from 15 February 2007 to 31 December 2008; and
- such other income directly attributable to QDS issued on or after a prescribed date, as may be prescribed by regulations.

Unless otherwise exempt from tax, any income that is not within the prescribed list of Designated Income ("non-Designated Income") will generally be subject to tax at the prevailing corporate income tax rate, currently 18%. The tax on such income will be assessed on the trustee of the Fund.

The Fund would not be taxable in respect of the following non-Designated Income:

- Singapore one-tier exempt dividends;
- Singapore normal-exempt dividends; and
- tax exempt distributions from real estate investment trust listed on the Singapore Exchange and registered business trusts.

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

### 50.3 Taxation of Holders

#### **Distributions from the Fund**

##### ***Individuals***

Individuals (whether resident in Singapore or not) are exempt from Singapore income tax on distributions made by the trustee of any collective investment scheme constituted as a unit trust authorised under Section 286 of the SFA. This tax exemption does not apply to these individuals if they receive these distributions through a partnership in Singapore or if these distributions are derived from the carrying on of a trade, business or profession.

As the Fund is a collective investment scheme constituted as a unit trust authorised under Section 286 of the SFA, the aforesaid tax exemption will apply to distributions made by the Fund. Individuals who derive the distributions through a partnership in Singapore or from the carrying on of trade, business or profession will be subject to tax on such distributions at their own applicable tax rates.

##### ***Non-individuals***

###### ***Foreign investors***

All distributions of Designated Income to Holders who are "foreign investors" are exempt from Singapore income tax. Based on the current interpretation of the IRAS, this tax exemption will apply only if such distributions are not connected with a permanent establishment that the foreign investor may have in Singapore.

A "foreign investor" is defined in section 10(23) of the Income Tax Act and includes:

- a non-resident company (with not more than 50 shareholders) where the whole of its issued share capital is beneficially owned, directly or indirectly, by persons who are not citizens of Singapore and not resident in Singapore;
- a non-resident company (with more than 50 shareholders) where not less than 80% of its issued capital is beneficially owned, directly or indirectly, by persons who are not citizens of Singapore and not resident in Singapore; and
- a trust fund where at least 80% of the value of the fund is beneficially held, directly or indirectly, by individuals who are not resident in Singapore or by companies which are foreign investors or by both and, unless waived by the Singapore Minister for Finance or such person as he may appoint, where -
  - the fund is created outside Singapore; and
  - the trustee of the fund is neither a citizen of Singapore nor resident in Singapore.



Distributions made out of non-Designated Income (which should have been subject to a final tax at the Fund's level) would not attract any Singapore withholding tax when paid to a foreign investor.

Distributions made by the Fund out of any tax-exempt income, such as Singapore one-tier exempt dividends, are also exempt from Singapore income tax in the hands of foreign investors.

#### *Other Holders*

Other Holders (i.e. those who are neither individuals nor foreign investors) are generally subject to income tax on the gross amount of the distributions paid out of Designated Income by the Fund. Such distributions are deemed to be income of, and will be taxed in, the hands of such Holders at their own applicable tax rates. In the case of a corporate Holder, the current income tax rate is 18%. Where the Designation Income is interest and discount derived from qualifying debt securities (as defined in the Income Tax Act) issued during the period from 17 February 2006 to 31 December 2008, any distributions made out of such income will, based on the current practice of the IRAS, be taxed at the concessionary rate of 10% where the Holder is a company or a body of persons in Singapore.

In general, any non-Designated Income is subject to a final tax at the Fund's level. Any distributions made out of non-Designated Income will not be subject to any Singapore withholding tax or further Singapore income tax in the hands of Holders.

Distributions made by the Fund out of any tax-exempt income, such as Singapore one-tier exempt dividends, are also exempt from Singapore income tax in the hands of Holders.

#### 50.4 **Disposal or redemption of Units**

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

#### **Meetings of Holders**

51. The Trust Deed sets out procedures to be followed in respect of meetings of the Holders, including provisions as to the giving of notice, appointment of proxies and quorum. The Holders shall in addition to all other powers conferred upon them by statute or by the Trust Deed or otherwise have the following powers exercisable by Extraordinary Resolution namely:
- (i) power to assent to any modification or alteration of the provisions contained in the Trust Deed;
  - (ii) power to increase the maximum Management Fee and Trustee Fee;

- (iii) power to permit other types of fees payable out of the Deposited Property; and
- (iv) power to terminate the Fund.

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

#### **Amending the Trust Deed without Holders' Approval**

- 52.1 Subject as hereinafter provided, the Trustee and the Manager may from time to time alter, modify or vary the terms of the Trust Deed by deed supplemental thereto in such manner and to such extent as they may consider expedient for any purpose provided that unless the Trustee certifies in writing that such alteration, modification or variation is in the opinion of the Trustee not materially prejudicial to the interest of the Holders, does not to any material extent release the Trustee or the Manager from any liability to Holders (other than upon any retirement or removal of the Trustee or the Manager) and does not increase the costs and charges payable out of the Fund (other than costs incurred in altering, modifying or varying the Trust Deed), no such alteration, modification or variation shall be made without the sanction of an Extraordinary Resolution of the Holders. All amendments to the Trust Deed (whether with or without approval of the Holders) will have to be publicly announced on the SGXNET, with the announcement to be posted on the Internet at the SGX-ST website: <http://www.sgx.com>.
- 52.2 Without prejudice to paragraph 52.1, the Trustee and the Manager shall be entitled to alter, modify or vary the terms of the Trust Deed by deed supplemental thereto (and without the sanction of an Extraordinary Resolution) if the alteration, modification or variation to be made thereby is:
- (a) made in order either that the Fund should comply with fiscal or other statutory or official requirements (whether or not having the force of law) of any country or authority and the Trustee certifies in writing that in its opinion such change is necessary to so comply; or
  - (b) to correct a manifest error and the Trustee certifies in writing accordingly.
- 52.3 In addition, no alteration, modification or variation, regardless of it having been approved by Extraordinary Resolution, may impose any liability on any Holder to make further payments in respect of Units held by him or to accept any additional liability in respect of the Units.
- 52.4 The Trustee may in addition certify that, in its opinion, an amendment to the Trust Deed is necessary or desirable for the purposes of listing or maintaining a listing of the Units on the SGX-ST or any other recognised exchange, in which case, the approval of Holders by Extraordinary Resolution will not be necessary to make that amendment.
- 52.5 All of the costs and expenses incurred by the Trustee or the Manager in connection with any such supplemental deed referred to in paragraph 52.1, 52.2 or 52.4 of this Prospectus (including expenses incurred in the holding of a meeting of Holders, where necessary) may be charged against the Fund.

## **Indemnities in favour of Trustee and Manager**

53. The Trust Deed contains the duties and responsibilities of the Trustee and the Manager. The Trust Deed requires that (subject as provided in the Trust Deed) the Trustee and the Manager exercise their respective powers and authorities in the exclusive interests of the Holders. Neither the Trustee nor the Manager can be exempted from any liability to Holders imposed under Singapore law or for breaches of trust through fraud or negligence, nor may they be indemnified against such liability by Holders or at the expense of Holders. The Trust Deed includes certain exclusions of liability and indemnities in favour of the Trustee and the Manager, other than in respect of the Trustee's or Manager's fraud, negligence, bad faith or wilful default.

## **Termination of the Fund**

- 54.1 Notwithstanding the termination of the Fund, the Holder of any Unit in respect of which any amount remains unpaid shall remain liable for such amount until payment to that Holder by the Trustee of the final distribution to be made in accordance with the Trust Deed.

- 54.2(A) The Fund is of indeterminate duration and may only be terminated in accordance with the Trust Deed. The Fund may be terminated by the Trustee, with the prior approval of the Manager (except in the case of sub-paragraphs (i), (iv), (vii) and (viii) below whereupon the Trustee may terminate the Fund forthwith) by notice in writing as hereinafter provided in any of the following events, namely:

- (i) if it becomes illegal to continue the Fund;
- (ii) if in the opinion of the Trustee it becomes impossible or impracticable to continue the Fund;
- (iii) if the Units cease to be listed on the SGX-ST;
- (iv) if the Authority revokes or withdraws the authorisation of the Fund under Section 288 of the Securities and Futures Act;
- (v) if the Index ceases to be compiled or published, and there is no Successor Index;
- (vi) if the Licence Agreement is terminated and a new licence agreement relating to the Index or any Successor Index is not entered into by the Manager within three (3) months thereafter;
- (vii) if the Manager goes into liquidation (other than voluntary liquidation for the purpose of reconstruction or amalgamation upon terms notified in writing to the Trustee two (2) months before the effective date of the liquidation) or shall be adjudged a bankrupt or insolvent or appoints a liquidator or if a judicial manager or a receiver shall be appointed in respect of the property or undertaking of the Manager or any part thereof or the Manager is the subject of any analogous proceedings or procedure in each case under the law of Singapore or such other law as may be applicable in the circumstances where, after the expiration of a period of three months, the Trustee has not appointed a new Manager in accordance with Clause 29.3 of the Trust Deed; or
- (viii) if on the expiration of three (3) months after notifying the Manager that in the Trustee's opinion a change of Manager is desirable in the interests of the Holders pursuant to Clause 29.1.2 of the Trust Deed the Trustee has not found another

company ready to accept the office of the manager of the Fund of which the Trustee and the Authority shall approve.

54.2(B) The Fund may also be terminated by the Manager, with the prior approval of the Trustee (except in the case of sub-paragraphs (i), (iv) and (ix) below whereupon the Manager may terminate the Fund forthwith) by notice in writing as hereinafter provided in any of the following events, namely:

- (i) if it becomes illegal to continue the Fund, or if in the opinion of the Manager, it becomes impossible or impracticable to continue the Fund and termination of the Fund is in the best interests of Holders;
- (ii) if the Fund shall become liable to taxation (whether in Singapore or elsewhere) in respect of income or capital gains at a rate considered by the Manager to be excessive in relation to the rate which would be borne by the Holders if they owned directly the Index Shares and non-Index Shares in question;
- (iii) if the Units cease to be listed on the SGX-ST;
- (iv) if the Authority revokes or withdraws the authorisation of the Fund under Section 288 of the Securities and Futures Act;
- (v) if the Index ceases to be compiled or published, and there is no Successor Index;
- (vi) if the Licence Agreement is terminated and a new licence agreement relating to the Index or any Successor Index is not entered into by the Manager within three (3) months thereafter;
- (vii) if the size of the Fund falls below S\$300 million on any day falling two (2) years or more after the date of the Trust Deed;
- (viii) if the average of the daily Value of the Deposited Property is less than S\$300 million over any rolling three-month period; or
- (ix) if the Manager has given three months' written notice to the Trustee of its intention to retire in accordance with the provisions of the Trust Deed and no other company eligible to be the manager of the Fund in accordance with the SFA and approved by the Trustee and the Authority can be found by the expiration of the three months' notice.

The decision of the Trustee and/or the Manager in any of the events specified in this paragraph 54.2 shall be final and binding upon all parties concerned but the Trustee and/or the Manager shall be under no liability on account of any failure to terminate the Fund pursuant to this paragraph or otherwise.

54.3 The party terminating the Fund shall give written notice of termination of the Fund to the Holders in the manner herein provided and shall by such notice fix the date at which such termination is to take effect, which date shall not be less than three (3) months after the service of such notice (except where the Fund is terminated by reason that it is illegal to continue in accordance with paragraph 54.2(A)(i) or paragraph 54.2(B)(i) in which case termination may take effect forthwith without any prior notice to Holders).

- 54.4 The Fund may be terminated at any time by Extraordinary Resolution of the Holders and such termination shall take effect from the date on which such Extraordinary Resolution is passed or such later date (if any) as the Extraordinary Resolution may provide.
- 54.5 The Manager shall give written notice of the termination of the Fund pursuant to this paragraph 54 to the Authority in accordance with the CIS Code and the Securities and Futures Act.
- 54.6 In the event of termination of the Fund, the Manager shall provide such information, documents and assistance as may be necessary or reasonably requested by the Trustee to enable the Trustee to fulfill its duties and obligations under this paragraph 54, the CIS Code and the Securities and Futures Act.
- 54.7 Upon the Fund being terminated, the Manager and/or the Trustee shall sell or realise all Investments in the manner provided in the Trust Deed. Subject to the provisions of the Trust Deed, the Trustee may at such time or times as it may deem convenient distribute *in specie* to the Holders pro rata to the number of Units held or deemed to be held by them respectively all Index Shares and non-Index Shares then remaining in its hands as part of the Deposited Property. Each Holder shall be entitled to receive approximately a proportionate amount of each type of Index Share and non-Index Share (provided that no fraction of any Index Share or non-Index Share shall be distributed) available for distribution together with a balancing payment in cash in the case of Holders who shall not receive the full proportionate amount of any Index Shares and non-Index Shares and for such purpose the Manager and/or the Trustee may sell any Index Shares and non-Index Shares remaining in its hands as part of the Deposited Property. Such distribution shall be carried out and completed in such manner and within such period after the termination of the Fund as the Trustee in its absolute discretion thinks advisable.
- 54.8 The Trustee shall be entitled to retain any monies or Index Shares or non-Index Shares in its hands to the extent required, in its absolute discretion, to make full provision for all costs, charges, expenses, claims and demands incurred, made or apprehended by the Trustee being either in connection with or arising out of the liquidation of the Fund or otherwise properly payable out of the Deposited Property in accordance with the Trust Deed or law and out of the monies so retained to be indemnified and saved harmless against any costs, charges, expenses, claims and demands.
- 54.9 Any unclaimed Index Shares and non-Index Shares held by the Trustee under the provisions of this paragraph 54 may at any time after the expiration of twelve (12) months from the date on which the same were to be distributed be sold by the Manager and/or the Trustee and the net proceeds together with any unclaimed cash held by the Trustee at such time be paid into Court subject to the right of the Trustee to deduct therefrom any expenses it may incur in carrying out its duties and obligations under this paragraph 54.
- 54.10 No further Units shall be issued and no outstanding Units may be redeemed from the time of and upon liquidation of the Fund.

#### **Remuneration of Manager and Trustee**

- 55.1 The Manager shall, in addition to any other amounts which it is entitled to receive or retain for its own use and benefit under the Trust Deed, be entitled to receive for its own account out of the Deposited Property as soon as practicable after the last Dealing Day in each month in each year, commencing with the month in which the initial Units of the Fund are issued (until, upon determination of the Fund, the final distribution shall have been made pursuant to the

Trust Deed), the amount of Management Fee payable in respect of such month accrued and remaining unpaid. The Management Fee shall accrue on a daily basis and be paid quarterly. The amount of the Management Fee shall not exceed a maximum of zero-point-five per cent. (0.5%) per annum of the daily Value of the Deposited Property provided that (i) the Manager may at any time charge a smaller percentage with authority, on giving notice to the Trustee, to increase it to a larger percentage, not greater than the percentage permitted by the Trust Deed with effect from the expiry of three (3) months' notice in writing given by the Manager to the Holders and (ii) the Manager may, with the prior approval of the Trustee, at any time alter the dates of payment and basis of accrual provided that, in the opinion of the Trustee, it does not materially prejudice the interests of the Holders and one (1) month's prior notice is given to the Holders (if required under the CIS Code). The current level of the Management Fee shall be stated in paragraph 16.2 of this Prospectus.

- 55.2 The Trustee shall, in addition to any other amounts which it is entitled to receive or retain for its own use and benefit under this Trust Deed, be entitled to receive for its own account out of the Deposited Property as soon as practicable after the last Dealing Day in each month in each year, commencing with the month in which the initial Units are issued (until, upon determination of the Fund, the final distribution shall have been made pursuant to the Trust Deed) the amount of Trustee Fee payable in respect of such month accrued and remaining unpaid. The Trustee Fee shall accrue on a daily basis. The amount of Trustee Fee shall not exceed a maximum of 0.15% per annum of the daily Value of the Deposited Property subject to a minimum fee of S\$24,000 for the first financial year of the Fund and a minimum fee of S\$48,000 per annum thereafter provided that (i) the Trustee may at any time charge a smaller percentage with authority, to increase it to a larger percentage, not greater than the percentage permitted by the Trust Deed with effect from the expiry of three (3) months' notice in writing given by the Trustee to the Holders and (ii) the Trustee may, with the prior approval of the Manager, at any time alter the dates of payment and basis of accrual if, in the opinion of the Trustee, it does not materially prejudice the interests of the Holders and one (1) month's prior notice is given to the Holders (if required under the CIS Code). The current level of the Trustee Fee shall be stated in paragraph 16.2 of this Prospectus.

#### **Costs and Expenses Payable by the Fund**

- 56.1 The following is a summary of the fees, costs and expenses which under the provisions of the Trust Deed, the Trustee and the Manager shall be entitled to make payment out of the Deposited Property to the extent they have been incurred in relation to the Fund:
- (i) all fees paid to the Authority in connection with or arising out of the Fund and/or its authorisation pursuant to the Securities and Futures Act ;
  - (ii) any costs, fees and expenses to be paid under any licence and data supply contracts entered into by the Trustee and/or the Manager in respect of the Fund (including, without limitation, the Licence Agreement);
  - (iii) all stamp and other duties, taxes, governmental charges, brokerage, commissions, exchange costs and commissions and bank charges in relation to transactions involving the whole or any part of the Deposited Property or on the creation, cancellation or redemption of Units;
  - (iv) all professional fees relating to the agreeing and/or contesting of taxation liabilities or recoveries to be discharged out of or paid into the Fund;

- (v) the fees and expenses of any person acting as the Registrar, the administrator (if any) and the Custodian, pursuant to the terms of the agreements entered into by the Trustee and/or the Manager with the Registrar, the administrator (if any) or the Custodian respectively;
- (vi) the charges, expenses and disbursements of any legal counsel, accountant, auditor, investment adviser, valuer, broker or other professional person appointed by the Trustee or the Manager in connection with their respective duties in relation to the Fund, the trusteeship and/or the management and administration of the Deposited Property;
- (vii) all charges, expenses and disbursements incurred in relation to the safe-custody, acquisition, holding, realisation of or other dealing with any Investment for the account of the Fund (including bank charges, telex and facsimile and other communication charges);
- (viii) all charges and expenses incurred by the Manager and the Trustee insuring the assets and property of the Fund;
- (ix) all charges and expenses incurred by the Manager and the Trustee in conducting legal proceedings or applying to any court for any purposes related to the Fund;
- (x) all charges and expenses incurred by the Manager and the Trustee in communicating with each other and with Holders, the Registrar, the Custodian, the administrator (if any), the Participating Dealers (if any) or otherwise in relation to the Fund;
- (xi) all charges and expenses incurred by the Manager and the Trustee in convening and holding meetings of Holders;
- (xii) the fees and expenses incurred by the Manager and the Trustee in obtaining and/or maintaining the listing of Units on or delisting the Units from the SGX-ST or any other securities exchange, and/or the authorisation or other official approval or sanction of the Fund under the Securities and Futures Act or any other law or regulation in any part of the world;
- (xiii) the fees and expenses incurred in connection with depositing and holding Units in the CDP;
- (xiv) all costs incurred in respect of the calculation and publication of the Value per Unit and/or the Issue Price and the Redemption Price and/or prices for Units and/or the suspension of creations and issues and redemptions of Units in such newspaper or newspapers in Singapore and elsewhere as the Manager may from time to time think fit;
- (xv) to the extent permitted by the CIS Code, all costs incurred in respect of the maintenance of a website or webpage dedicated entirely to the Fund, as approved by the Authority;
- (xvi) all fees, costs and expenses incurred in respect of preparing, printing, distributing and updating this Prospectus and any supplemental and replacement prospectus relating to the Fund;

- (xvii) all fees, costs and expenses incurred in respect of preparing any deeds supplemental to the Trust Deed and in respect of preparing any agreement in connection with the Fund;
- (xviii) all costs incurred in respect of the preparation, publication and distribution of the audited accounts and unaudited interim accounts in accordance with the Trust Deed and of all cheques, statements, notices and other documents relating to the Fund;
- (xix) all fees and expenses incurred in connection with the retirement or removal of the Manager or the Trustee or the appointment of a new Manager or a new Trustee;
- (xx) all fees and expenses of the Auditors in connection with the Fund;
- (xxi) all fees and expenses incurred in connection with the retirement or removal of the Auditors or the appointment of new Auditors;
- (xxii) all expenses incurred in the collection of income for the Income Account;
- (xxiii) all expenses associated with the distributions declared pursuant to the Trust Deed;
- (xxiv) all fees and expenses incurred by the Manager and the Trustee in establishing or terminating the Fund;
- (xxv) all other reasonable costs, charges and expenses which in the opinion of the Trustee and the Manager are properly incurred in the administration of the Fund and the Deposited Property and pursuant to the performance of their respective duties under this Trust Deed;
- (xxvi) all such charges, costs, expenses and disbursements as under the general law the Trustee is entitled to charge to the Fund;
- (xxvii) all GST (as defined in Clause 21.7 of the Trust Deed) paid or to be paid in respect of services rendered to or by the Manager or the Trustee;
- (xxviii) any other fees or charges expressly provided by the Trust Deed to be paid out of the Deposited Property;
- (xxix) all taxation payable in respect of income or the holding of or dealings with the Deposited Property; and
- (xxx) any amounts required to indemnify the Trustee pursuant to the Trust Deed.

56.2 Except to such extent as the Manager may from time to time determine that the whole or any part of the Management Fee, the Trustee Fee or any costs, charges, fees or expenses (including, without limitation, any interest and expenses referred to in the Trust Deed) that may be charged against the Deposited Property shall be charged against the Deposited Property, the same shall be charged as far as possible against the Income Account first.

56.3 The preliminary expenses of establishing the Fund which shall be paid out of the Deposited Property as permitted under paragraph 56.1 above, and shall be amortised over a period of one (1) year from the date when the initial Units are issued, amount to not more than S\$255,000.



## Valuation of the Fund

- 57.1 The Manager shall calculate or procure the calculation of the Value of the Fund and determine its NAV as at the Valuation Point of each Dealing Day by valuing the Deposited Property in accordance with paragraphs 57.2 and 57.3 below, and deducting the liabilities of the Fund in accordance with paragraph 57.3 below, as at such Valuation Point. The Manager may appoint any professional person who is approved by the Trustee to perform such calculation.
- 57.2 The Value of the assets comprised or to be comprised in the Deposited Property shall be ascertained on the following basis:
- (i) The Value of Index Shares and non-Index Shares shall be determined by reference to the last known transacted price or last closing price for such Investments furnished by the Index Licensor, or a pricing service or by selected brokers approved by the Manager and the Trustee ("**Selected Brokers**").
  - (ii) The Value of Index Shares may be taken from the Index Licensor (where available). Other acceptable pricing services for Index Shares (where appropriate Values are not available from the Index Licensor) and non-Index Shares include, but are not limited to, FT Interactive, Bloomberg, Reuters and Citigroup Yield Book or any successors thereto.
  - (iii) Index Shares and non-Index Shares for which quotations are not readily available are valued at fair value as determined by the pricing service or by Selected Brokers.
  - (iv) The pricing service or Selected Brokers may employ electronic data processing techniques and/or a matrix system to determine valuations.
  - (v) The Value of any other Investments quoted, listed or normally dealt in on a Recognised Exchange (including, but not limited to, options and futures contract) shall be determined by reference to prices for such Investments furnished by a pricing service approved by the Manager and the Trustee.
  - (vi) The pricing service shall be required to determine or estimate the price of each such Investment based on the last known transacted price or last closing price on the most appropriate Recognized Exchange at the Valuation Point.
  - (vii) Investments for which quotations are not readily available are valued at fair value as determined by the pricing service using methods which include consideration of prices of Investments of comparable quality, type, expiration date, strike price, and the like; indications as to value from dealers; and general market conditions.
  - (viii) Cash, deposits and similar properties shall be valued at face value (together with accrued interests) unless, in the opinion of the Manager, any adjustment should be made to reflect the fair value thereof.
  - (ix) Notwithstanding any of the foregoing sub-paragraphs, the Manager may with the written consent of the Trustee (who shall determine if Holders should be informed of any change in method of valuation) adjust the Value of any Investment or permit some other method of valuation to be used if, having regards to currency, applicable rates of interest, maturity, marketability and such other considerations as the Manager may deem relevant, the Manager considers that such adjustment or other

method of valuation is required to reflect more fairly the Value of such Investment or other property.

- (x) Other Investments, and properties other than Investments shall be valued in such manner and at such time or times as the Manager and the Trustee shall from time to time agree.

57.3 In calculating the Value of the Deposited Property or any part thereof at any Valuation Point:

- (i) every Unit agreed to be issued in relation to an application received on or before the Dealing Deadline on a Dealing Day shall be deemed to be in issue on the Dealing Day immediately following the relevant Dealing Day for valuation purpose and the Deposited Property shall be deemed to include the amount of any cash and/or Value of any Deposit Securities to be paid and/or received in respect of each such Unit on the Dealing Day immediately following the relevant Dealing Day;
- (ii) where, in consequence of any redemption request duly given pursuant to the Trust Deed on or before the Dealing Deadline on a Dealing Day, the Units in question shall be deemed not to be in issue with effect from the Dealing Day immediately following the relevant Dealing Day for valuation purpose, and any amount payable in cash and the Value of the Redemption Securities transferable out of the Deposited Property in pursuance of such reduction shall be deducted with effect from the Dealing Day immediately following the relevant Dealing Day;
- (iii) where any Investment has been agreed to be purchased or otherwise acquired or sold or otherwise disposed of but such purchase, acquisition, sale or disposal has not been completed, such Investment shall be included or excluded and the gross purchase or acquisition or net sale consideration excluded or included as the case may require as if such purchase, acquisition or sale had been duly completed on the Dealing Day immediately following the date of the agreement to so purchase or acquire or sell or dispose of the Investment;
- (iv) there shall be included in the assets an amount equal to all such costs, charges, fees and expenses as the Manager may have determined to amortise less the amount thereof which have previously been or are then to be written off;
- (v) income derived from loans and deposits and from Investments (other than Index Shares and non-Index Shares) bearing fixed interest shall be deemed to accrue from day to day;
- (vi) the outstanding liabilities, costs and expenses attributable to the Fund shall be deducted from the Deposited Property, as the case may require, which shall include (without limitation):
  - (a) any amount of Management Fee and Trustee Fee accrued up to and including the relevant time but remaining unpaid;
  - (b) the amount of tax (if any) on gains or profits accrued but remaining unpaid and any other expenses accrued but remaining unpaid;
  - (c) the aggregate amount for the time being outstanding of any borrowing effected under the Trust Deed and the amount of any interest and expenses referred to in the Trust Deed but not paid;

- (d) an amount equal to the Value of any Investment which is a negative amount;
  - (e) any other costs or expenses payable but not paid which are expressly authorised by any of the provisions of the Trust Deed to be payable out of the Deposited Property;
  - (f) an appropriate allowance for any contingent liabilities; and
  - (g) such sum (if any) as in the estimate of the Manager will fall to be paid or reclaimed in respect of taxation related to income and transactions prior to or on the relevant Dealing Day; and
- (vii) liabilities shall (where appropriate) be treated as accruing from day to day.

### **Non-Exercise of Certain Voting Rights**

58. As provided under the Trust Deed, in respect of voting rights attached to any shares in any company in the Temasek Group, the Manager shall not exercise or cause or influence any person to exercise any such voting rights, and the Manager shall not in any way be liable or responsible to any person for the non-exercise of such rights.

### **The Trust Deed**

59. Prospective investors and their professional advisers should note that this Prospectus only summarises selected provisions of the Trust Deed. The Trust Deed is a legal document which sets out the rights, responsibilities and obligations of the Manager, Trustee and Holders. Prospective investors may wish to inspect a copy of the Trust Deed at the business address of the Manager indicated in paragraph 3 above. If any prospective investor is in any doubt regarding the contents of this Prospectus, he/she should contact the Manager at the telephone number provided in paragraph 43 above, or consult his/her solicitor, financial adviser or other professional adviser.

### **Documents Available for Inspection**

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

## **XX GLOSSARY**

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

"ATM" means automated teller machine;

**"Authority"** means Monetary Authority of Singapore;

**"Cash Dealing Day"** has the meaning as ascribed to it in page 5 of this Prospectus under "Cash Subscription and Redemption" or such other day(s) as from time to time determined by the Manager with the prior approval of the Trustee;

**"Cash Settlement Date"** has the meaning as ascribed to it in paragraph 20.5 of this Prospectus or such other time/date as from time to time determined by the Manager with the prior approval of the Trustee;

**"CDP"** means The Central Depository (Pte) Limited, a wholly-owned subsidiary of the Stock Exchange;

**"CIS Code"** means the Code on Collective Investment Schemes issued by the Authority pursuant to Section 321 of the Securities and Futures Act;

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

- (a) another firm, limited liability partnership or corporation in which the first mentioned firm, limited liability partnership or corporation has control of not less than twenty per cent. (20%) of the voting power in that other firm, limited liability partnership or corporation; or
- (b) a director, chief executive officer or substantial shareholder or controlling shareholder of the company or any of its subsidiaries or an associate of any of them;

**"CPF"** means Central Provident Fund;

**"Creation Request"** means a request for the creation of Units in-kind as set out in paragraphs 21 and 22 of this Prospectus;

**"Creation Unit"** has the meaning ascribed to it in paragraph 21.1 of this Prospectus;

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

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

**"Deposit Basket"** means a portfolio of Index Shares and non-Index Shares (the Value of such non-Index Shares not exceeding twenty per cent. (20%) of the Subscription Value on the previous Dealing Day) determined and designated, or approved, by the Manager in respect of each Dealing Day for the purposes of the creation of Units in a Creation Unit aggregation for that Dealing Day;

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

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

**"Former Index Share"** means a share which was formerly, but has ceased to be, an Index Share;

**"Fund"** means the DBS Singapore STI ETF. It is an authorised scheme under the Securities and Futures Act;

**"Future Index Share"** means a share listed or to be listed on the SGX-ST and which the Index Licensor has announced will be included in Index or which the Manager and the Trustee reasonably believe will be included in the Index within 30 days of including it in the Deposited Property and/or the Deposit Basket/Redemption Basket;

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

**"Index"** means the FTSE Straits Times Index or such other index as the Fund may track from time to time;

**"Index Licensor"** mean the licensor for the time being of the Index being at the date of this Prospectus, FTSE International Limited or such successor(s) or such other person(s) which licence the Index or any Successor Index to the Manager in respect of the Fund;

**"Index Shares"** means any securities which are for the time being constituent securities of the Index;

**"Initial Offering Period"** has the meaning ascribed to it in paragraph 19.1 of this Prospectus;

**"Intra-Day Proxy"** means a mark-to-market calculation of the Index, made from time to time on any given Market Day, as an interim measure of the value of the Index, but not constituting the official close of business calculation made at the end of each Market Day, and **"Intra-Day Proxies"** shall be construed accordingly;

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

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

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

"NAV" means net asset value calculated by reference to the provisions and principles set out in paragraph 57 of this Prospectus;

"non-Index Shares" means securities other than Index Shares;

"OTC" means over-the-counter;

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

"Participating Dealer" means a stockbroker or other financial intermediary who has entered into the Participant Agreement with the Manager and the Trustee with respect to creations and redemptions of Units in-kind;

"Record Date" means the date or dates determined by the Manager (with the prior approval of the Trustee) as the date or dates for the purpose of determining the Holders of record entitled to receive any distributions of income;

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

"Redemption Request" means a request for the redemption of Units in-kind as set out in paragraphs 28 to 30 of this prospectus;

"Redemption Securities" means, in relation to any redemption of Redemption Units, the Index Shares and non-Index Shares comprising a Redemption Basket to be distributed, subject to paragraph 30, from the Fund to or for the account of a Participating Dealer on behalf of a Holder pursuant to a redemption request submitted by that Participating Dealer for that Holder in accordance with paragraph 28;

"Redemption Unit" means a multiple of 500,000 Units or such other multiple as from time to time determined by the Manager, with the prior approval of the Trustee and specified in this Prospectus;

"Registrar" means HSBC Institutional Trust Services (Singapore) (Company Registration No.: 194900022R) as described in paragraph 7.1 of this Prospectus;

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

"Securities Accounts" means Securities account or sub-account maintained by a Depositor (as defined in Section 130A of the Companies Act (Chapter 50) of Singapore) with CDP;

"Securities and Futures Act" or "SFA" means Securities and Futures Act (Chapter 289) of Singapore;

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

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

**"Temasek Group"** means Temasek Holdings (Private) Limited, its subsidiaries and Associated Companies;

**"Unclaimed Monies Account"** has the meaning ascribed to it in paragraph 48 of this Prospectus; and

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

**"Value"** means with reference to the Deposited Property of the Fund or any part thereof, its net asset value, or with reference to any asset or liability comprised or to be comprised in the Deposited Property (except where otherwise expressly stated) the value thereof, calculated by reference to the provisions and principles set out in paragraph 57 of this Prospectus.

**Name of Fund: DBS Singapore STI ETF**

**Date of Lodgement of Replacement Prospectus: 2 February 2009**

## **DBS ASSET MANAGEMENT LTD**

### **BOARD OF DIRECTORS**

---

Amy Yip Yok Tak  
Director

---

Mohamed Nawaz Jiffry Vilcassim  
Director

---

Deborah Ho  
Director



## **APPENDIX 1: UNDERLYING INDEX**

The information presented in this Appendix has been extracted from publicly available documents that have not been prepared or independently verified by the Manager, the Trustee or any of their respective affiliates or advisers in connection with the offering and listing of Units and none of them makes any representation as to or takes any responsibility for the accuracy or completeness of this Appendix. The information presented in this Appendix is subject to change by the Index Licensor.

### **The FTSE Straits Times Index (Constituent Securities as at 16 January 2009)**

<b><u>S/N</u></b>	<b><u>Constituents</u></b>
1	Capitaland
2	CapitaMall Trust
3	City Developments
4	Cosco Corp
5	DBS Group Holdings
6	Fraser and Neave
7	Genting International
8	Golden Agri-Resources
9	Hong Kong Land
10	Jardine Cycle & Carriage
11	Jardine Matheson
12	Jardine Strategic
13	Keppel Corp
14	Keppel Land
15	Neptune Orient Lines
16	Noble Group
17	Olam International
18	Overseas Chinese Banking
19	SembCorp Industries
20	Sembcorp Marine
21	SIA Engineering
22	Singapore Airlines
23	Singapore Exchange
24	Singapore Press Holdings
25	Singapore Technologies Engineering
26	Singapore Telecom
27	StarHub
28	United Overseas Bank
29	Wilmar International Limited
30	Yanlord Land Group

## **APPENDIX 2: INVESTMENT GUIDELINES FOR NON-SPECIALISED FUNDS AS SET OUT IN APPENDIX 1 OF THE CIS CODE (28 SEPTEMBER 2007)**

The following investment and borrowing guidelines apply only to collective investment schemes which invest in equities and/or fixed income instruments and do not fall within the categories of specialised schemes set out in Appendices 2, 3, 4, 7 and 8 of the CIS Code last updated on 28 September 2007.

### **1. Unlisted Securities**

- 1.1 Investments in unlisted securities including unlisted derivatives should not exceed ten per cent. (10%) of the deposited property of the scheme. This ten per cent. (10%) limit does not apply to shares offered through an initial public offering which have been approved for listing and unlisted debt securities that are traded on an organised over-the-counter market which is of good repute and open to the public.
- 1.2 Up to an additional ten per cent. (10%) of the deposited property of the scheme may be invested in unlisted debt securities which are of investment grade (i.e. rated at least BBB by Fitch Inc, Baa by Moody's or BBB by Standard and Poor's, including such sub-categories and gradations therein) but for which there is no ready secondary market.
- 1.3 Exceptions to the ten per cent. (10%) unlisted securities rule are also allowed for **structured products** subject to the criteria set out in Annex 1A of the CIS Code.

### **2. Single Issuer and Group Limits**

- 2.1 Investments in securities issued by a single issuer should not exceed ten per cent. (10%) of the deposited property of the scheme ("single issuer limit"). Further, investments in securities issued by a group of companies (a company, its subsidiaries, fellow subsidiaries and its holding company) should not exceed 20% of the deposited property of the scheme ("single group limit").
- 2.2 Notwithstanding the "single issuer limit" and "single group limit" set out in paragraph 2.1, investments in any security that is a component of a scheme's reference benchmark may be up to the benchmark weighting of the issuer, with an additional absolute overweight allowance of two percentage points above the benchmark weight. The reference benchmark should be one which is widely accepted and constructed by an independent party.
- 2.3 Investments in securities issued by and deposits placed with an issuer, as well as securities of that same issuer which have been lent, should be aggregated in computing the single issuer and group limits. If the scheme holds as collateral securities issued by the aforementioned issuer, these should also be included in computing the scheme's exposure to that issuer.
- 2.4 Exposure to the underlying of a financial derivative has to be included in the calculation of the single issuer and group limits.
- 2.5 The single issuer limit of ten per cent. (10%) in paragraph 2.1 of this Appendix may be raised to thirty-five per cent. (35%) of the deposited property of the scheme where:
  - a) the issuer is, or the issue is guaranteed by, either a government, government agency, or supranational that has a minimum long-term issuer rating of BBB by Fitch Inc, Baa by Moody's or BBB by Standard and Poor's (including such sub-categories or gradations therein); and

- b) except for schemes with a fixed maturity, not more than twenty per cent. (20%) of the deposited property of the scheme may be invested in any single issue of securities by the same issuer.
- 2.6 The single issuer limits in paragraph 2.1 and 2.2 of this Appendix do not apply where:
- a) the issuer is, or the issue has the benefit of a guarantee from, either a government, government agency, or supranational that has a minimum long-term issuer rating of AA by Fitch Inc, Aa by Moody's or AA by Standard and Poor's (including such sub-categories or gradations therein); and
  - b) except for schemes with a fixed maturity, not more than twenty per cent. (20%) of the deposited property of the scheme may be invested in any single issue of securities by the same issuer.
- 2.7 Exceptions to the single issuer and group limits are also allowed for **structured products** subject to the criteria set out in Annex 1A of the CIS Code.
- 2.8 For the avoidance of doubt, the single issuer and group limits does not apply to placement of short-term deposits arising from:
- a) subscription monies received at the scheme's inception pending the commencement of investment by the scheme;
  - b) liquidation of investments pending reinvestment; or
  - c) liquidation of investments prior to the termination or maturity of a scheme, where the placing of these monies with various institutions would not be in the interests of participants.
- 2.9 Scenarios illustrating the application of the single issuer and group limits are set out in Annex 1B of the CIS Code.
- 2.10 A scheme may not hold more than ten per cent. (10%) of any single issue of securities by the same issuer.

### **3. Securities Lending**

- 3.1 Up to fifty per cent. (50%) of the deposited property of the scheme may be lent provided adequate collateral, in the form of instruments consistent with the investment objective and character of the scheme and with a remaining term to maturity of not more than 366 days, is taken. If cash received as collateral is invested, these should be invested in the form of instruments described above.
- 3.2 Irrevocable letters of credit and banker's guarantees are acceptable as collateral if the issuer has a credit rating of at least F-1 by Fitch Inc, Prime-1 by Moody's or A-1 by Standard & Poor's.
- 3.3 The 366-day maturity requirement in paragraph 3.1 of this Appendix does not apply to debt securities taken as collateral where:
- a) such debt securities are rated at least A by Fitch Inc, A by Moody's or A by Standard & Poor's (including such sub-categories and gradations therein); and

- b) the securities lending transaction is conducted through an institution with a credit rating of at least A by Fitch Inc, A by Moody's or A by Standard & Poor's (including such sub-categories and gradations therein) and the institution indemnifies the scheme in the event of losses due to failure by the securities borrower to return the borrowed securities.

3.4 In addition, securities lending is subject to the following conditions:

- a) the collateral is marked to market daily; and
- b) the trustee or its representative takes delivery of the collateral immediately.

3.5 Where the scheme is also entitled at all times to immediately recall the securities lent without penalty, up to one-hundred per cent. (100%) of the deposited property of the scheme may be lent.

#### **4. Financial Derivatives**

4.1 Schemes that make use of financial derivatives should ensure that the risks related to such financial instruments are duly measured, monitored and managed.

4.2 The exposure of the scheme to financial derivatives should not exceed 100% of the deposited property of the scheme at any time. Such exposure should be calculated by converting the derivative positions into equivalent positions in the underlying assets embedded in those derivatives. Other methods for calculating exposure may be allowed subject to prior consent from the Authority. In its application, the manager should describe the proposed method, the rationale for using the method and demonstrate that the method has taken into account the current value of the underlying assets, future market movements, counterparty risks and the time available to liquidate the positions.

4.3 The prospectus should include:

- (i) a statement as to whether financial derivatives are used for the purposes of hedging or meeting the investment objectives of the scheme or both;
- (ii) where the exposure of the scheme to financial derivatives is calculated using a method other than the method suggested in paragraph 4.2, a description of the method used and how it differs from the method suggested in paragraph 4.2.
- (iii) a description of the risk management and compliance procedures and controls adopted; and
- (iv) a statement that the manager will ensure that the risk management and compliance procedures and controls adopted are adequate and that it has the necessary expertise to control and manage the risks relating to the use of financial derivatives.

#### **5. Prohibited Investments and Activities**

5.1 The scheme should not invest in:

- a) metals including gold, commodities and their derivatives; or
- b) infrastructure projects and real estate.

5.2 The scheme should not engage in:

- a) direct lending of monies or the granting of guarantees;
- b) underwriting; or
- c) short selling except where this arises from financial derivative transactions and exposures are appropriately covered in accordance with paragraph 4.

## **6. Borrowings**

The scheme may borrow only for the purposes of meeting redemptions and short term (not more than 4 weeks) bridging requirements. Aggregate borrowings for such purposes should not exceed ten per cent. (10%) of the deposited property of the scheme at the time the borrowing is incurred.

## **7. Breach of Limits**

The unlisted securities, single issuer and group, securities lending and borrowing limits in paragraphs 1, 2, 3 and 6 of this Appendix are applicable at the time the transactions are entered into. Where any of these limits is breached as a result of:

- i) the appreciation or depreciation of the deposited property of the scheme;
- ii) any redemption of units or payments made from the scheme;
- iii) any changes in the total issued nominal amount of securities of a company arising, for example from rights, bonuses or benefits which are capital in nature; or
- iv) the reduction in the weight of a security in the benchmark being tracked by a scheme,

the manager should not enter into any transaction that would increase the extent to which the relevant limit is breached. In addition, the manager should within a reasonable period of time but no later than 3 months from the date of the breach, take action as is necessary to rectify the breach. This period may be extended if the manager satisfies the trustee that it is in the best interest of participants. Such extension should be subject to monthly review by the trustee.

### **APPENDIX 3: Terms, Conditions and Procedures for ATM Applications**

Applications are invited for the subscription of the Units through the ATMs of DBS Bank Ltd (including POSB ATMs) at the Maximum Issue Price of S\$2.08 per unit (the "Maximum Issue Price"), subject to the following terms and conditions as set out below.

Investors applying for the Units in Singapore during the Initial Offering Period by way of ATM Electronic Applications are required to pay a Maximum Issue Price of S\$2.08 per Unit, which application monies may be refunded in full or, as the case may be, in part (in each case without interest or any other benefit arising therefrom) if (i) an application is rejected or accepted in part only, (ii) the Manager decides not to proceed with the issue of Units in the Fund for the reasons set out in paragraph 25 of this Prospectus, or (iii) the initial Issue Price of each Unit is determined to be less than the Maximum Issue Price (after deducting all fees in connection with the subscription).

- 1. YOUR APPLICATION MUST BE MADE IN LOTS OF 100 UNITS OR INTEGRAL MULTIPLES THEREOF. YOUR APPLICATION FOR ANY OTHER NUMBER OF UNITS WILL BE REJECTED.**
2. Your application for the Units can only be made through ATMs belonging to DBS Bank Ltd (including POSB ATMs) ("**ATM Electronic Applications**") from **9.00 a.m on 12 February 2009 to 12:00 noon on 18 February 2009.**

**You may only use CASH to apply for the Units.**

3. Only one application may be made for the benefit of one person for the Units in his own name. Multiple applications for the Units will not be accepted. A person who is submitting an application for Units in his own name should not submit any other applications for the Units for any other person. Such separate applications will be deemed to be multiple applications and shall be rejected.

**Joint or multiple applications for the Units will be rejected.**

**Persons submitting or procuring submissions of multiple applications for the Units may be deemed to have committed an offence under the Penal Code, Chapter 224 of Singapore and the Securities and Futures Act, Chapter 289 of Singapore, and such applications may be referred to the relevant authorities for investigation. Multiple applications or those appearing to be or suspected of being multiple applications will be liable to be rejected at the absolute discretion of DBS Bank Ltd (after consultation with the Manager).**

4. Applications will not be accepted from any person under the age of 21 years, undischarged bankrupts, sole-proprietorships, partnerships, or non-corporate bodies, joint Securities Account holders of CDP and from applicants whose addresses contained in the records of DBS Bank Ltd bear post office box numbers.
5. The existence of a trust will not be recognised. Any application by a trustee must be made in his own name and without qualification.
6. **YOU MUST MAINTAIN A SECURITIES ACCOUNT WITH CDP IN YOUR OWN NAME AT THE TIME OF YOUR APPLICATION.** If you do not have an existing Securities Account with CDP in your own name at the time of application, you will not be able to complete your ATM Electronic Application. If you have an existing Securities Account but fail to provide your Securities Account number or provide an incorrect Securities Account number in your ATM Electronic Application, your application is liable to be rejected. Subject to paragraph 8 below, your application shall be rejected if your particulars, such as name, NRIC/passport number,

nationality and permanent residence status, contained in the records of DBS Bank Ltd at the time of your ATM Electronic Application differ from those particulars in your Securities Account as maintained by CDP. If you have more than one individual direct Securities Account with CDP, your application shall be rejected.

7. If your address contained in the records of DBS Bank Ltd is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allotment will be sent to your address last registered with CDP.
8. DBS Bank Ltd reserves the right to reject any ATM Electronic Application (after consultation with the Manager) which does not conform strictly to the instructions set out in this Prospectus or which does not comply with the terms and conditions of this Prospectus. DBS Bank Ltd (after consultation with the Manager) further reserves the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the instructions or the terms and conditions of this Prospectus, and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof.
9. DBS Bank Ltd reserves the right to reject or to accept (after consultation with the Manager), in whole or in part any ATM Electronic Application, without assigning any reason therefor, and the Manager and DBS Bank Ltd will not entertain any enquiry and/or correspondence on DBS Bank Ltd's decision.
10. It is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Initial Offering Period, subject to the submission of valid applications and payment for the Units, a statement of account stating that your Securities Account has been credited with the number of Units allotted to you. This will be the only acknowledgement of application monies received and is not an acknowledgement by the Manager or DBS Bank Ltd. You irrevocably authorise CDP to complete and sign on your behalf as transferee any documents required for the issue or transfer of the Units allotted to you.
11. You irrevocably authorise CDP to disclose the outcome of your ATM Electronic Application, including the number of Units allotted to you pursuant to your application, to the Manager, DBS Bank Ltd and any other parties so authorized by CDP, the Manager and DBS Bank Ltd.
12. Any reference to "you" or the "Applicant" in this section refers to an individual applying for the Units by way of an ATM Electronic Application.
13. By pressing the "Enter" or "OK" or "Confirm" or "Yes" key or any other relevant key on the ATM, in accordance with the provisions herein, you:
  - (a) irrevocably offer to subscribe for the number of Units specified in your ATM Electronic Application (or such smaller number for which the application is accepted) at the Maximum Issue Price for each Unit and agree that you will accept such number of Units as may be allotted to you, in each case on the terms of, and subject to the conditions set out in this Prospectus;
  - (b) agree that in the event of any inconsistency between the terms and conditions for application set out in this Prospectus and those set out in the ATMs of DBS Bank Ltd (including POSB ATMs), the terms and conditions set out in this Prospectus shall prevail;

- (c) agree that the aggregate Maximum Issue Price for the Units applied for through the ATMs of DBS Bank Ltd (including POSB ATMs) is due and payable to DBS Bank Ltd forthwith; and
  - (d) warrant the truth and accuracy of the information in your ATM Electronic Application.
14. The acceptance of applications will be conditional upon, *inter alia*, DBS Bank Ltd being satisfied that permission has been granted by the SGX-ST to deal in, and for quotation of, all the Units on the Official List of the SGX-ST.
  15. DBS Bank Ltd will not hold any application in reserve.
  16. Additional terms and conditions relating to ATM Electronic Applications are set out in the following pages.



## ADDITIONAL TERMS AND CONDITIONS FOR ATM ELECTRONIC APPLICATIONS

The procedures for ATM Electronic Applications are set out on the screens of the ATMs DBS Bank Ltd (including POSB ATMs) (the “**ATM Electronic Application Steps**”) and are reproduced in the section entitled “ATM Electronic Application Steps” on pages 75 and 76 of this Prospectus. Please read carefully the terms of this Prospectus, the ATM Electronic Application Steps and the additional terms and conditions for ATM Electronic Applications set out below carefully before making any ATM Electronic Applications. Any reference to “you” or the “Applicant” in the additional terms and conditions and the ATM Electronic Application Steps shall refer to you making an ATM Electronic Application.

The ATM Electronic Application Steps set out the actions that you must take at the ATMs of DBS Bank Ltd (including POSB ATMs) to complete an ATM Electronic Application.

You must have an existing bank account with and be an ATM cardholder of DBS Bank Ltd (including POSB bank accounts and ATM cards) before you can make an ATM Electronic Application. Upon the completion of your ATM Electronic Application transaction, you will receive an ATM transaction slip (“**ATM Electronic Application Transaction Record**”), confirming the details of your ATM Electronic Application. The ATM Electronic Application Transaction Record is for your retention.

**You must ensure that you enter your own Securities Account Number when using the ATM card issued to you in your own name. If you fail to use your own ATM card or do not key in your own Securities Account number, your application will be rejected. If you operate a joint bank account with DBS Bank Ltd (including POSB joint bank accounts), you must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. Using your own Securities Account number with an ATM card which is not issued to you in your own name will render your ATM Electronic Application liable to be rejected.**

Your ATM Electronic Application shall be made on the terms, and be subject to the conditions, of this Prospectus, including but not limited to, the terms and conditions appearing below and those set out under the section entitled “TERMS, CONDITIONS AND PROCEDURES FOR ATM APPLICATIONS” on pages 68 to 70 of this Prospectus.

1. In connection with your ATM Electronic Application, you are required to confirm statements to the following effect in the course of activating the ATM Electronic Application:
  - (a) **that you have read, understood and agreed to all the terms and conditions of application for the Units and this Prospectus prior to effecting the ATM Electronic Application and agree to be bound by the same;**
  - (b) that you consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent resident status, CDP Securities Account number, and unit application amount (the “**Relevant Particulars**”) from your account with DBS Bank Ltd to the Registrar, CDP, Securities Clearing & Computer Services (Pte) Ltd (“**SCCS**”) and the Manager (the “**Relevant Parties**”); and
  - (c) that this is your only application for the Units and it is made in your name and at your own risk.

Your application will not be successfully completed and cannot be recorded as a completed transaction unless you press the “Enter” or “OK” or “Confirm” or “Yes” or any other relevant

key in the ATM. By doing so, you shall be treated as signifying your confirmation of each of the above three statements. In respect of statement 1(b) above, your confirmation, by pressing the “Enter” or “OK” or “Confirm” or “Yes” or any other relevant key shall signify and shall be treated as your written permission, given in accordance with the relevant laws of Singapore, including Section 47(2) of the Banking Act, Chapter 19 of Singapore, to the disclosure by DBS Bank Ltd of your account with DBS Bank Ltd (including POSB bank accounts) to the Relevant Parties.

2. **By making an ATM Electronic Application, you confirm that you are not applying for the Units as a nominee of any other person and that any electronic application that you make for the Units is the only application made by you as the beneficial owner. You shall make only one ATM Electronic Application and shall not make any other application for the Units.**
3. You must have sufficient funds in your bank account with DBS Bank Ltd (including POSB bank accounts) at the time you make your ATM Electronic Application at an ATM of DBS Bank Ltd (including POSB ATMs), failing which such ATM Electronic Application will not be completed. Any ATM Electronic Application which does not conform strictly to the instructions set out in this Prospectus or in the screen of an ATM of DBS Bank Ltd (including POSB ATMs) through which your Electronic Application is being made shall be rejected.

You may make an ATM Electronic Application using only cash by authorising DBS Bank Ltd to deduct the full amount payable from your account with DBS Bank Ltd (including POSB bank accounts).
4. You may apply and make payment for your application in Singapore currency by **cash only**. You may apply for the Units through any ATM of DBS Bank Ltd (including POSB ATMs) using only cash by authorising DBS Bank Ltd to deduct the full amount payable from your bank account(s) with DBS Bank Ltd.
5. You irrevocably agree and undertake to subscribe for and to accept the number of Units applied for as stated on the ATM Electronic Application Transaction Record or any lesser number of such Units that may be allotted to you in respect of your ATM Electronic Application. In the event that DBS Bank Ltd decides to allot any lesser number of such Units or not to allot any Units to you, you agree to accept such decision as final. If your ATM Electronic Application is successful, your confirmation (by your action of pressing the “Enter” or “OK” or “Confirm” or “Yes” or any other relevant key on the ATM) of the number of Units applied for shall signify and shall be treated as your acceptance of the number of Units that may be allotted to you.
6. No application will be kept in reserve. Where your ATM Electronic Application is unsuccessful, the full amount of the application monies will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with DBS Bank Ltd, at your own risk, provided that the remittance in respect of such application which has been presented for payment or other processes has been honoured and the application monies received in the designated unit issue account.

**Where your ATM Electronic Application is unsuccessful, rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with DBS Bank Ltd, at your own risk, by 5.00 p.m. on the fifth Market Day after the close of the Initial Offering Period provided that the remittance in respect of such application which has**

**been presented for payment or other processes has been honoured and the application monies received in the designated unit issue account.**

You are strongly advised to consult DBS Bank Ltd as to the status of your ATM Electronic Application and/or the refund of any money to you from an unsuccessful or a partially successful ATM Electronic Application, to determine the exact number of Units allotted to you before trading the Units on the SGX-ST. None of the SGX-ST, the CDP, the SCCS, DBS Bank Ltd, nor the Manager assumes any responsibility for any loss that may be incurred as a result of you having to cover any net sell positions or from buy-in procedures activated by the SGX-ST.

If your ATM Electronic Application is unsuccessful, no notification will be sent to you by DBS Bank Ltd.

7. **ATM Electronic Applications shall close at 12:00 noon on 18 February 2009 or such other time or date as DBS Bank Ltd may, after consultation with the Manager, decide.**
8. You are deemed to have irrevocably requested and authorised the Manager and DBS Bank Ltd to:
  - (a) register the Units allotted to you in the name of CDP for deposit into your Securities Account;
  - (b) return or refund (without interest or any share of revenue or other benefit arising therefrom) the application monies, should your ATM Electronic Application be unsuccessful, by automatically crediting your bank account with DBS Bank Ltd (including POSB bank accounts), at your own risk; and
  - (c) **return or refund (without interest or any share of revenue or other benefit arising therefrom) the balance of the application monies, should your ATM Electronic Application be accepted in part only, by automatically crediting your bank account with DBS Bank Ltd (including POSB bank accounts), at your own risk, by 5.00 p.m. on the fifth Market Day after the close of the Initial Offering Period.**
9. You irrevocably agree and acknowledge that your ATM Electronic Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdown, fires, acts of God, mistakes, losses and theft (in each case whether or not within the control of CDP, DBS Bank Ltd and/or the Manager) and other events beyond the control of CDP, DBS Bank Ltd and/or the Manager, and in any such event that DBS Bank Ltd does not receive your ATM Electronic Application, or data relating to your ATM Electronic Application or the tape or any other devices containing such data is lost, corrupted or not otherwise accessible, whether wholly or partially for whatever reason, you shall be deemed not to have made an ATM Electronic Application and you shall have no claim whatsoever against DBS Bank Ltd and/or the Manager for Units applied for or for any compensation, loss or damage in connection therewith or in relation thereto.
10. The existence of a trust will not be recognised. Any ATM Electronic Application by a trustee must be made in his own name and without qualification. DBS Bank Ltd (after consultation with the Manager) will reject any application by any person acting as nominee.
11. All your particulars in the records of DBS Bank Ltd at the time you make your ATM Electronic Application shall be deemed to be true and correct, and DBS Bank Ltd shall be entitled to rely

on the accuracy thereof. If there has been any change in your particulars after making your ATM Electronic Application, you shall promptly notify DBS Bank Ltd.

12. You should ensure that your personal particulars as recorded by both CDP and DBS Bank Ltd are correct and identical, otherwise, your ATM Electronic Application is liable to be rejected. You should promptly inform CDP of any change in address, failing which the notification letter on successful allotment will be sent to your address last registered with CDP.
13. In consideration of DBS Bank Ltd making available the ATM Electronic Application facility at its ATMs and agreeing to close the ATM Electronic Application facility at **12:00 noon on 18 February 2009** or such other time or date as DBS Bank Ltd (after consultation with the Manager) may, in its absolute discretion decide, and by making and completing an ATM Electronic Application, you are deemed to have agreed that:
  - (a) your ATM Electronic Application is irrevocable;
  - (b) your ATM Electronic Application, the acceptance by DBS Bank Ltd and the contract resulting therefrom shall be governed by and construed in accordance with the laws of Singapore and you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;
  - (c) neither DBS Bank Ltd nor the Manager shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to your ATM Electronic Application to DBS Bank Ltd or CDP due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 9 above or to any cause beyond their respective controls;
  - (d) in respect of the Units for which your ATM Electronic Application has been successfully completed and not rejected, acceptance of your ATM Electronic Application shall be constituted by written notification by or on behalf of DBS Bank Ltd and not otherwise, notwithstanding any payment received by or on behalf of DBS Bank Ltd;
  - (e) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your ATM Electronic Application; and
  - (f) reliance is placed solely on information contained in this Prospectus and that none of DBS Bank Ltd, the Manager nor any other person involved in the Initial Offering shall have any liability for any information not so contained.

## ATM Electronic Application Steps

For illustration purposes, the steps for making an ATM Electronic Application through an ATM of DBS Bank Ltd (including POSB ATMs) are shown below. Certain words appearing on the screen are in abbreviated form (“A/c”, “amt”, “appln”, “&”, “I/C” and “No.” refer to “Account”, “amount”, “application”, “and”, “NRIC” and “Number” respectively). Any reference to “you” or the “Applicant” in this section refers to an individual applying for the Units under the ATM Electronics Application facility by way of an ATM Electronic Application.

### Steps

1. Insert your personal DBS Bank Ltd or POSB ATM Card.
2. Enter your Personal Identification Number.
3. Select “CASHCARD & MORE SERVICES”.
4. Select “ESA-IPO SHARE/INVESTMENTS”.
5. Select “ELECTRONIC SECURITY APPLN (IPOS/BONDS/ST-NOTES)”.
6. Read and understand the following statements which will appear on the screen:-
  - THE OFFER OF SECURITIES (OR UNITS OF SECURITIES) WILL BE MADE IN, OR ACCOMPANIED BY, A COPY OF THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT (AND IF APPLICABLE, A COPY OF THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT OR PROFILE STATEMENT) WHICH CAN BE OBTAINED FROM ANY DBS/POSB BRANCH IN SINGAPORE AND, WHERE APPLICABLE, THE VARIOUS PARTICIPATING BANKS DURING BANKING HOURS, SUBJECT TO AVAILABILITY.
  - ANYONE WISHING TO ACQUIRE THESE SECURITIES (OR UNITS OF SECURITIES) SHOULD READ THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE) BEFORE SUBMITTING HIS APPLICATION WHICH WILL NEED TO BE MADE IN THE MANNER SET OUT IN THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE). A COPY OF THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT, AND IF APPLICABLE, A COPY OF THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT OR PROFILE STATEMENT HAS BEEN LODGED WITH AND REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE WHO ASSUMES NO RESPONSIBILITY FOR ITS OR THEIR CONTENTS.
  - Press the “ENTER” key to confirm that you have read and understood.
7. Select “STI ETF”
8. Press the “ENTER” key to acknowledge:
  - YOU HAVE READ, UNDERSTOOD AND AGREED TO ALL TERMS OF THE APPLICATION AND PROSPECTUS/DOCUMENT OR PROFILE STATEMENT, AND IF APPLICABLE, THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT OR PROFILE STATEMENT.

- YOU CONSENT TO DISCLOSE YOUR NAME, NRIC/PASSPORT NO., ADDRESS, NATIONALITY, CDP SECURITIES A/C NO. AND SECURITY APPLN AMOUNT FROM YOUR BANK A/C(S) TO SHARE REGISTRARS, SGX, SCCS, CDP AND THE ISSUER/VENDOR(S).
  - FOR FIXED AND MAX PRICE SECURITY APPLICATION, THIS IS YOUR ONLY APPLICATION AND IT IS MADE IN YOUR OWN NAME AND AT YOUR OWN RISK.
  - THE MAXIMUM PRICE FOR EACH UNIT IS PAYABLE IN FULL ON APPLICATION AND SUBJECT TO REFUND IF THE FINAL PRICE IS LOWER.
  - YOU ARE NOT A US PERSON AS REFERRED TO IN THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT AND IF APPLICABLE, THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT OR PROFILE STATEMENT.
  - THERE MAY BE A LIMIT ON THE MAXIMUM NUMBER OF SECURITIES THAT YOU CAN APPLY FOR. SUBJECT TO AVAILABILITY, THE NUMBER OF SECURITIES APPLIED FOR MAY BE REDUCED.
9. Select your nationality.
  10. Select the DBS Bank Ltd account (AutoSave/Current/Savings/Savings Plus) or the POSB account (current/savings) from which to debit your application monies.
  11. Enter the number of securities you wish to apply for using cash.
  12. Enter your own 12-digit CDP Securities Account number. (Note: This step will be omitted automatically if your CDP Securities Account number has already been stored in DBS Bank Ltd's records).
  13. Check the details of your securities application, your I/C/passport number and CDP Securities Account number and number of securities on the screen and press the "ENTER" key to confirm application.
  14. Remove the Transaction Record for your reference and retention only.



