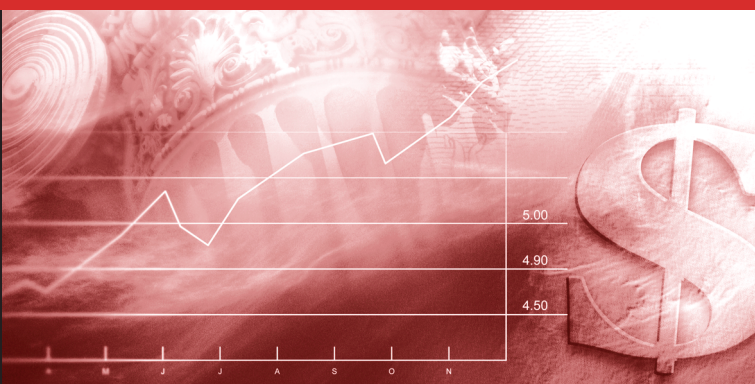


PROSPECTUS

Dated 28 December 2009

- ABF Singapore Bond Index Fund



 **DBS** ASSET MANAGEMENT



First Supplementary Prospectus dated 11 November 2010 to the Prospectus registered on 28 December 2009

ABF SINGAPORE BOND INDEX FUND (the "Fund")

FIRST SUPPLEMENTARY PROSPECTUS LODGED PURSUANT TO SECTION 298 OF THE SECURITIES AND FUTURES ACT (CHAPTER 289 OF SINGAPORE)

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

This First Supplementary Prospectus is supplemental to the Prospectus registered by the Monetary Authority of Singapore on 28 December 2009 (the "Prospectus") and issued pursuant to Division 2 of Part XIII of the Securities and Futures Act (Chapter 289) of Singapore relating to the Fund.

This First Supplementary Prospectus shall be read and construed in conjunction with and as one document with the Prospectus. Terms defined and references construed in the Prospectus shall have the same meaning and construction ascribed to them in this First Supplementary Prospectus.

This First Supplementary Prospectus sets out the amendments required to be made to the Prospectus to reflect the resignation of Mohamed Nawaz Jiffry Vilcassim as director of DBS Asset Management Ltd and the replacement of Raymond Ting with Alvin Maala as the new principle portfolio manager of the Fund.

In connection with the foregoing, the Prospectus shall be amended as follows:

1. Paragraph 5.4(b) of the Prospectus

To delete paragraph 5.4(b) in its entirety and to renumber the subsequent subparagraphs accordingly.

2. Paragraph 5.6 of the Prospectus

To delete Paragraph 5.6 in its entirety and insert the following in its place:

"The principle portfolio manager of the Fund is Mr Alvin Maala. Alvin has 8 years of experience in managing portfolios invested in fixed income securities, convertible bonds and derivatives. Alvin works with the Fixed Income Team and focuses on the management of Singapore fixed income strategies.

Prior to joining DBS Asset Management Ltd, he spent 8 years with Marathon Asset Management, LLC at its offices in New York, Hong Kong and Singapore.

Alvin holds a Bachelor of Arts Degree in Mathematics from New York University, USA."

ABF SINGAPORE BOND INDEX FUND

First Supplementary Prospectus lodged with the Monetary Authority of Singapore on 11 November 2010

DBS ASSET MANAGEMENT LTD

BOARD OF DIRECTORS

Amy Yip Yok Tak
Director

Deborah Ho
Director

DATED 28 December 2009

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

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

ABF SINGAPORE BOND INDEX FUND

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

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

ABF SINGAPORE BOND INDEX FUND

MANAGER

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

SOLICITORS TO THE MANAGER

WongPartnership LLP
One George Street #20-01
Singapore 049145
Company Registration No. 200210967G

TRUSTEE & REGISTRAR

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 ABF Singapore Bond Index Fund (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 18 and 19 of this Prospectus.

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

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

* iBoxx is a registered trade mark of International Index Company Limited.

The Fund issues and redeems Units at NAV on any Business Day as described in paragraphs 22 and 29 of this Prospectus. However, Units are generally only issued and redeemed in blocks of 20,000,000 Units (each a “Creation Unit”) or in whole multiples thereof (save that on each Cash Dealing Day, Units need not necessarily be issued or redeemed in Creation Unit aggregations). Save for investors subscribing for Units using cash on a Cash Dealing Day, investors who wish to acquire less than a Creation Unit may only acquire such amount on the secondary market. Investors may buy and sell Units on the SGX-ST through brokers in the same way as they may trade shares in companies listed on the SGX-ST. Investors may buy Units on the SGX-ST using either cash or their CPF monies. An issue or redemption of Units in Creation Unit size or multiples thereof must be made by submission of a Creation Request or Redemption Request, as the case may be, to the Manager by a Participating Dealer. Except when aggregated in Creation Unit sizes, Units are generally not redeemable securities (save for investors who redeem in cash on any Cash Dealing Day). On every Cash Dealing Day, the issue and redemption of Units in cash will be permitted.

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

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

The collective investment scheme offered in this Prospectus is an authorised scheme under the Securities and Futures Act, Chapter 289 of Singapore (the “Securities and Futures Act”). A copy of this Prospectus has been lodged with and registered by the Monetary Authority of Singapore (the “Authority”).

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

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

DBS Asset Management Ltd (the “Manager”) accepts full responsibility for the accuracy of information contained herein and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief, the facts stated and the opinions expressed in the document are fair and accurate in all material respects as at the date of the document and that there are no material facts the omission of which would make any statements in the document 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 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.

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 the Manager.

OVERVIEW OF THE ABF SINGAPORE BOND INDEX FUND

The meanings of terms not defined in this section can be found in other sections of this Prospectus or in the trust deed (as amended from time to time) constituting the Fund.

ABF SINGAPORE BOND INDEX FUND

The Fund is a collective investment scheme authorised under Section 286 of the Securities and Futures Act, Chapter 289 of Singapore and is established under the terms of a trust deed dated 12 August 2005 (as amended from time to time) made between DBS Asset Management Ltd as Manager and HSBC Institutional Trust Services (Singapore) Limited as Trustee.

INVESTMENT OBJECTIVE, FOCUS AND APPROACH

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

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

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

LISTING ON THE SGX-ST

The Fund made an application to the SGX-ST on 22 July 2005 for permission to deal in and for quotation of all its Units which may be issued from time to time, and received in-principle approval for its admission to the Official List of the SGX-ST on 5 August 2005. The Units are currently listed, quoted and traded on the SGX-ST and such a listing on the SGX-ST is intended to provide benefits to investors not available in unlisted collective investment schemes. Unlike conventional unit trusts offered in Singapore which are typically bought and sold only at closing NAV (which are unknown at the time of dealing), the Fund's Units are tradeable on the SGX-ST throughout the trading day. Units are quoted and traded on the SGX-ST in board lots of 1,000 Units.

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 Depository for his Units to be entered against his name in the depository register in accordance with the Depository's terms and conditions for the entering of off-market acquisitions of securities in its records.

TRADING PRICE OF UNITS INTENDED TO CLOSELY REFLECT NAV PER UNIT

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

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

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

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

THE MANAGER

The Manager, 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 registered 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. 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. Investors may pay for Units bought or sold on the SGX-ST in cash or with their CPF monies.

Cash Subscription and Redemption

On every Cash Dealing Day, investors may apply to the Registrar through the Participating Dealers for the issue of Units by paying cash or in-kind. The Issue Price for cash subscription shall be determined in the manner described in paragraph 21 of this Prospectus.

Requests for subscription of Units using cash must reach the Registrar before the Dealing Deadline 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 before the Dealing Deadline for the next Cash Dealing Day.

The Redemption Value for redemption of Units to be settled in cash shall be determined in the manner described in paragraph 28 of this Prospectus. Requests for redemption of Units to be settled in cash must reach the Registrar before the Dealing Deadline for the Cash Dealing Day. If the request for redemption of Units to be settled in cash is received by the Registrar after the Dealing Deadline, it shall be deemed to be received by the Registrar before the Dealing Deadline for the next Cash Dealing Day.

In-Kind Creation and Redemption

Investors may create 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 Securities and Non-Index Securities comprising a Deposit Basket (or multiples thereof) as approved by the Manager, plus or minus a cash payment as determined by the Manager. Units may only be created in-kind in Creation Unit size of 20,000,000 Units or multiples of 20,000,000 Units. Request for creation of Units in-kind may be made through Participating Dealers only. Creation Requests received from Participating Dealers and accepted by the Manager before the Dealing Deadline on each Dealing Day will be issued at that Dealing Day's Issue Price as calculated in accordance with paragraph 22 of this Prospectus. Creation Requests received from Participating Dealers after the Dealing Deadline or on a day which is not a Dealing Day shall be deemed to be received by the Manager before the Dealing Deadline for the next Dealing Day.

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

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

RISKS OF INVESTING IN THE FUND

Investors should note that there are risks involved in investing in the Units. Investors should carefully consider the risk factors described in paragraphs 18 and 19 of this Prospectus together with all of the other information included in this Prospectus before deciding whether to invest in 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, each Unit's Issue Price, Redemption Value, trading price, yield, total return and/or the ability of the Fund to meet its investment objectives.

CLEARANCE AND SETTLEMENT

Introduction

The Units are listed, quoted and traded on the SGX-ST. For the purpose of trading on the SGX-ST, a board lot for the Units will comprise 1,000 Units.

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

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

Clearance and Settlement under the Depository System

The Units will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through depository agents, Securities Accounts with CDP. Persons named as direct Securities Account holders and depository agents in the depository register maintained by CDP will be treated as Holders in respect of the number of Units credited to their respective Securities Accounts. 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, at the prevailing rates.

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 ABF Singapore Bond Index Fund (the “Fund”) offered in this Prospectus is an authorised scheme under the Securities and Futures Act, Chapter 289 of Singapore (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	10
II	THE MANAGER	10
III	THE TRUSTEE	12
IV	OTHER PARTIES	14
V	STRUCTURE OF THE SCHEME	15
VI	INVESTMENT OBJECTIVES, FOCUS & APPROACH	15
VII	CPF INVESTMENT SCHEME	19
VIII	FEES AND CHARGES	19
IX	RISKS	21
X	SUBSCRIPTION OF UNITS	24
XI	REALISATION OF UNITS	27
XII	OBTAINING PRICES OF UNITS	31
XIII	SUSPENSION OF DEALINGS	31
XIV	PERFORMANCE OF THE SCHEME AND THE BENCHMARK	32
XV	SOFT DOLLAR COMMISSIONS/ARRANGEMENTS	33
XVI	CONFLICTS OF INTEREST	33
XVII	REPORTS	34
XVIII	QUERIES AND COMPLAINTS	35
XIX	OTHER MATERIAL INFORMATION	35
XX	GLOSSARY	45
	APPENDIX 1: UNDERLYING INDEX	49
	APPENDIX 2: INVESTMENT GUIDELINES FOR NON-SPECIALISED FUND AS SET OUT IN APPENDIX 1 OF THE CIS CODE (LAST UPDATED ON 28 SEPTEMBER 2007)	53
	APPENDIX 3: CPF INVESTMENT GUIDELINES (LAST AMENDED BY THE CPF BOARD ON 11 APRIL 2005)	56

I BASIC INFORMATION

1. The collective investment scheme offered pursuant to this Prospectus is the ABF Singapore Bond Index Fund (the “Fund”).
2. The date of registration and the expiry date of this Prospectus are 28 December 2009 and 28 December 2010 respectively. No Units issued pursuant to this Prospectus shall be allotted later than twelve (12) months after the registration date of this Prospectus (or any other period as may be prescribed by law for the time being in force).
3. The Fund is constituted as a stand-alone unit trust in Singapore on 12 August 2005 pursuant to the trust deed dated 12 August 2005 (the “Original Deed”) entered into between DBS Asset Management Ltd (the “Manager”) and HSBC Institutional Trust Services (Singapore) Limited (the “Trustee”). The Original Deed has been amended by a First Amended and Restated Deed dated 28 December 2009 made between the Manager and the Trustee (the Original Deed as amended by the First Amended and Restated Deed shall hereafter be referred to as the “Trust Deed”). 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.
4. The latest annual accounts and annual report may be obtained at the Manager’s business address indicated in paragraph 3.

II THE MANAGER

- 5.1 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.
- 5.2 The relevant experience of the Manager includes the following:

The Manager has managed collective investment schemes or discretionary funds in Singapore since 1982.
- 5.3 The other investment funds managed by the Manager are 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) Horizon Investment Funds
 - (xii) Eight Portfolios
 - (xiii) DBSAM Investment Funds
 - (xiv) DBS Enhanced Income Funds
 - (xv) DBSAM Unit Trust Funds
 - (xvi) DBSAM Unit Trust Funds II
 - (xvii) DBS Singapore STI ETF

- (xviii) MyHome Fund – HomeSteady
- (xix) MyHome Fund – HomeBalanced
- (xx) MyHome Fund – Home Growth

5.4 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 synergies between the asset management business and the rest of the DBS franchise and expanding the business regionally.

Deborah Ho joined DBS Asset Management Ltd as Managing Director in August 2007. She brings 23 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.

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

5.6 The principal portfolio manager of the Fund is Mr Raymond Ting. Raymond joined DBS Asset Management Ltd in May 2006 as a Credit Analyst. He was appointed Senior Research Manager in August 2006 and Portfolio Manager – Credit in October 2007. He has accumulated more than 11 years of experience in the credit research and fixed income business.

Prior to joining DBS Asset Management Ltd, Raymond spent more than 8 years in The Norinchukin Bank, Singapore Branch as a Credit Analyst first and then a Credit Investment Manager. As a Credit Investment Manager, he was responsible for growing the buy-side credit investment activities and managing several of the bank’s Asia ex-Japan credit portfolios, which included fixed income, floating securities, syndicated loan and credit derivative products. In the Credit Analyst role, he was responsible for providing independent credit analysis and research support to the investment team. His primary coverage spanned across various credit sectors and industries in South Korea, Singapore, Thailand, Philippines and Indonesia. Prior to that, Raymond was an Assistant Manager in the UOB Group for more than 2 years.

Raymond graduated from National University of Singapore with a Bachelor of Arts majoring in Economics and Sociology.

5.7 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.

6. 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 previously notified in writing to the Trustee) or shall be adjudged a bankrupt or insolvent or appoints a liquidator or if a receiver shall be appointed in respect of the property or undertaking of the Manager or any part thereof or the Manager is the subject of any analogous proceedings

or procedure in each case under the law of Singapore or such other law as may be applicable in the circumstances;

- (b) if (which may only be given subject to and upon the prior approval of the Supervisory Committee) for good and sufficient reason the Trustee is of the reasonable opinion (and the Trustee so states in writing to the Manager and the Supervisory Committee) that a change of Manager is desirable in the interests of the Holders;
 - (c) following a material breach of the Manager's obligations under the Trust Deed which, if the breach is capable of remedy, the Manager fails to remedy within 30 days of being specifically required in writing so to do by the Trustee, and the Trustee is of the opinion and so states in writing to the Manager and the Supervisory Committee that a change of Manager is desirable and in the best interests of Holders as a whole; or
 - (d) if the Authority directs the Trustee to remove the Manager.
- (ii) The Manager shall also be removed on notice in writing given by the Trustee following an Extraordinary Resolution passed to remove the Manager, and such notice is to be announced on the SGXNET.
 - (iii) The Manager may be removed, and shall retire, from office in accordance with Clause 30.2.4 of the Trust Deed if the Supervisory Committee recommends to the Trustee that the Manager should be removed, and in which case the Trustee (if it agrees with such recommendation) shall give notice to the Manager accordingly, and such notice is to be announced on the SGXNET. If the Trustee does not agree with the recommendation of the Supervisory Committee, the Supervisory Committee may convene or the Trustee shall at the request of the Supervisory Committee convene a meeting of Holders for the purpose of proposing an Extraordinary Resolution to remove the Manager in accordance with the Trust Deed. If the Trustee fails to respond to the Supervisory Committee's recommendation within seven (7) Business Days of its receipt of such recommendation, the Supervisory Committee may give notice in writing to the Manager to remove the Manager, and such notice is to be announced on the SGXNET.
 - (iv) In the cases contained in paragraphs 6(i), 6(ii) and 6(iii), 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 Supervisory Committee and the Authority and subject to such company entering into such deed or deeds (being a deed or deeds supplemental to the Trust Deed) as the Trustee may be advised to be necessary or desirable to be entered into by such company in order to secure the due performance of its duties as Manager. Nothing in this subparagraph 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.
 - (v) Upon giving three (3) months' written notice to the Trustee and the Supervisory Committee, the Manager shall have power to retire in favour of some other company eligible to be the Manager of the Fund in accordance with the CIS Code and approved by the Trustee, the Supervisory Committee and the Authority upon and subject to such company entering into such deed or deeds as necessary. Upon such deed or deeds being entered into and upon payment to the Trustee of all sums due by the retiring Manager to the Trustee under the Trust Deed at the date thereof the retiring Manager shall be absolved and released from all further obligations hereunder but without prejudice to the rights of the Trustee or of any other person in respect of any act or omission prior to such retirement.
 - (vi) The Trustee shall, as soon as practicable after the appointment of the new manager 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, Chapter 50 of Singapore ("Companies Act") and shall be carrying on business in Singapore. The manager shall be licensed or registered to conduct a regulated activity under the Securities and Futures Act.
 - (vii) 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

- 7.1 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 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. Associates of the Trustee may be engaged to provide banking, brokerage or financial services to the Fund. Such services, where provided, will be on an arm's length basis.

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

- (i) The Trustee shall not be entitled to retire voluntarily except upon the appointment of a new trustee. Such new trustee shall be a company eligible, in accordance with Clause 28.5 of the Trust Deed and the CIS Code, to be the trustee of the Fund that is acceptable to the Manager, the Supervisory Committee and the Authority and shall agree to enter into each such deed as is necessary to secure the due performance of its duties as trustee. The Trustee, the new trustee and the Manager shall by deed or deeds supplemental to the Trust Deed appoint such new trustee to be the Trustee in the place of the retiring Trustee.
- (ii) If:
 - (a) (which may only be given subject to and with the prior approval of the Supervisory Committee), the Manager gives notice in writing to the Trustee that they wish for good and sufficient reason, and are of the reasonable opinion (and so states in writing to the Trustee and the Supervisory Committee) that a change of the Trustee is desirable in the interests of the Holders and the Trustee to retire;
 - (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 and the Supervisory Committee that a change of the Trustee is desirable and in the best interests of Holders as a whole; or
 - (c) if 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 28.5 of the Trust Deed and the CIS Code, to be the trustee of the Fund and is acceptable to the Authority and the Supervisory Committee, whereupon the Trustee shall, with effect on and from the date on which the appointment of such new trustee takes effect, by deed supplemental to the Trust Deed retire as the Trustee.

- (iii) If an Extraordinary Resolution is passed to remove the Trustee then the Trustee shall retire and in such case the Manager shall as soon as reasonably practicable use its reasonable efforts to find a new trustee to be appointed in accordance with Clause 28.5 of the Trust Deed.
- (iv) The Trustee may be removed, and shall retire, from office in accordance with Clause 30.2.3 of the Trust Deed if the Supervisory Committee recommends to the Manager the removal of the Trustee, and in which case the Manager (if it agrees with such recommendation) shall give notice to the Trustee accordingly. If the Manager does not agree with the recommendation of the Supervisory Committee, the Supervisory Committee may convene or the Manager shall at the request of the Supervisory Committee convene a meeting of Holders for the purpose of proposing an Extraordinary Resolution to remove the Trustee in accordance with the Trust Deed. If the Manager fails to respond to the Supervisory Committee's recommendation within seven (7) Business Days of its receipt of such recommendation, the Supervisory Committee may give notice in writing to the Trustee to remove the Trustee.
- (v) Any trustee of the Fund shall be incorporated in Singapore, and shall be a public company approved under Section 289 of the Securities and Futures Act. The new trustee shall as soon as practicable after its appointment give notice to the Holders specifying the name and the address of the offices of the new trustee. 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.
- (vi) 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 hereto executed during such period in addition to the indemnities powers and privileges given by law to a retiring trustee.
- (vii) Upon effective retirement hereunder, the retiring Trustee shall be discharged and shall no longer be liable in any manner hereunder except as to acts or omissions occurring prior to such retirement, and the new trustee shall

thereupon undertake and perform all duties and be entitled to all rights and compensation as Trustee under the Trust Deed. The successor Trustee shall not be under any liability hereunder for occurrences or omissions prior to the execution of such instrument.

- (viii) 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 including without limitation, the Licence Agreement.

IV OTHER PARTIES

- 8.1 The registrar of the Fund is HSBC Institutional Trust Services (Singapore) Limited (Company Registration No.: 194900022R) (the “Registrar”) 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.
- 8.2 For so long as the Units are listed, quoted and traded on the SGX-ST, the Manager shall appoint 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 lock-up and the expiry of such lock-up and for the purposes of the Trust Deed, such confirmation note shall be deemed to be a certificate evidencing title to the Units issued.
- 9.1 The auditors of the Fund are PricewaterhouseCoopers LLP of 8 Cross Street, #17-00, PWC Building, Singapore 048424 (the “Auditors”).
- 9.2 The following is a summary of the provisions in the Trust Deed regulating the appointment, retirement and replacement of the Auditors:
- (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.
- 10.1 Under the terms of the Trust Deed, a supervisory committee (the “Supervisory Committee”) has been constituted to direct and oversee the Trustee and the Manager on certain matters relating to the management and administration of the Fund including the power to direct the Trustee and the Manager on matters relating to the overall structure of the Fund and strategic issues relating to its management and administration and the power to recommend that the Manager or the Trustee should be removed.
- 10.2 Up to seven (7) members may be appointed to the Supervisory Committee. The initial members of the Supervisory Committee were appointed by the Trustee. The Supervisory Committee itself on an on-going basis shall make appointments to and removals from the Supervisory Committee. The Supervisory Committee shall meet as and when required and at least annually. The names and occupations of the members of the Supervisory Committee are:
- (i) Mr Sydney Michael Hwang. Mr Hwang is currently a practising Advocate & Solicitor in Singapore and the sole proprietor of his own law firm. Mr Hwang is a past and present director of several public listed companies and two statutory boards and Chairman of two non-profit organisations. He is Singapore’s non-resident ambassador to Switzerland and Deputy Chief Justice of Dubai International Financial Centre.
 - (ii) Professor Annie Koh. Professor Koh is Associate Professor of Finance and Dean of Office of Executive and Professional Education at the Singapore Management University. She is also concurrently the Associate Dean of the Lee Kong Chian School of Business and Academic Director, International Trading Institute @ SMU. She received her PhD in International Finance from New York University (Stern School of Business) in 1988 where she was a Fulbright scholar. Prior to joining the academia, she was a treasury manager at DBS Bank. Annie is frequently sought after as a conference speaker, panel moderator and expert commentator. She also has extensive experience in consulting and executive teaching for regional and international banks, MNCs, government agencies, telecommunication companies, airlines, healthcare and hospitality sector, and not-for-

profit organizations. Her articles have been published in The Review of Future Markets, SIMEX Papers, Pulses, and she authored IE Singapore's book on Financing Internationalisation - Growth Strategies for Successful Companies. Her current research interests are in Family Office and Family Business Research, REITS, Investor Behaviour, Alternate Investments, and Corporate Risk Management. She sits on several advisory boards and steering committees in the financial services and government sectors.

- (iii) Mr Leong Sing Chiong. Mr Leong is currently the Executive Director of External Department at the Authority, where he oversees the development of the Authority's policies on international monetary and financial issues, as well as its participation and involvement in international central bank and finance forums.

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

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

10.4 The members of the Supervisory Committee will be entitled to be indemnified out of the Fund's portfolio for any liabilities they may incur as a result of acting as members of the Supervisory Committee, except to the extent of any fraud, recklessness, bad faith or wilful default on their part, and except to the extent provided by applicable law. None of the members of the Supervisory Committee shall be entitled to receive any remuneration from the Fund in respect of their appointment as members of the Supervisory Committee.

10.5 There is an established set of eligibility criteria for members of the Supervisory Committee in the Trust Deed. Amongst other things, the members of the Supervisory Committee must have demonstrable knowledge of financial affairs and must not have been convicted of any criminal offence which is of direct relevance to their fitness and propriety as members of the Supervisory Committee or have been found by a court or regulatory authority to have acted fraudulently or dishonestly.

10.6 The members of the Supervisory Committee may by unanimous decision dissolve the Supervisory Committee permanently in which event any matter requiring the approval, consent or agreement of the Supervisory Committee under the Trust Deed shall no longer require such approval.

V STRUCTURE OF THE SCHEME

11.1 The Fund is constituted as a stand-alone unit trust known as the ABF Singapore Bond Index Fund pursuant to the Trust Deed. The interests issued or offered are represented by Units comprised in the Fund, the property of which shall be invested in Investments as defined in the Trust Deed.

11.2 Each Unit represents an undivided interest in the underlying securities held by the Fund. The rights, interests and obligations of Holders are contained in the Trust Deed.

VI INVESTMENT OBJECTIVES, FOCUS & APPROACH

12.1 The investment objective of the Fund is to provide investors with investment returns that correspond closely to the total return of the iBoxx ABF Singapore Bond Index before fees and expenses.

12.2 The iBoxx ABF Singapore Bond Index is created, maintained and calculated by the International Index Company Limited as the Index Provider. A Licence Agreement has been entered into between the Manager and the International Index Company Limited under which the Fund has been licensed to use certain trade marks and any copyright in the

iBoxx ABF Singapore Bond Index. The iBoxx ABF Singapore Bond Index is an indicator of investment returns of debt obligations denominated in Singapore dollars issued or guaranteed by the government of Singapore (or any other Asian Government), by an agency or instrumentality of the Singapore government (or any other Asian Government), by a Singapore government (or any other Asian Government) sponsored entity or a quasi-Singapore government (or any other Asian Government) entity and Singapore dollar denominated debt obligations issued by supranational financial institutions. The Index Provider determines the composition of the iBoxx ABF Singapore Bond Index in accordance with its rules and procedures for the iBoxx ABF Singapore Bond Index (which may change from time to time), and publishes information regarding the composition, investment characteristics and return of the iBoxx ABF Singapore Bond Index. More information is provided in Appendix 1 of this Prospectus regarding the composition and index methodology of the iBoxx ABF Singapore Bond Index.

- 12.3 If the iBoxx ABF Singapore Bond Index ceases to be compiled or published by the Index Provider or if the Licence Agreement with respect to the iBoxx ABF Singapore Bond Index is terminated for any reason, the Manager with the prior approval of the Trustee and the Supervisory Committee, shall select an alternate or successor index (if necessary customized by the Index Provider, the other index provider for that alternate or successor index or the Manager) using in the opinion of the Manager the same or substantially similar formula for the method of calculation as iBoxx ABF Singapore Bond Index. The Manager will manage the Fund's portfolio using this index, taking into account the interests of Holders.
- 12.4 If no such replacement index is immediately available, then the Manager shall consider the possibility of seeking an index provider to create an index that is substantially similar to the iBoxx ABF Singapore Bond Index or, if necessary, to consider whether liquidating the Fund would be in the overall best interests of Holders. The consent of the Trustee and Supervisory Committee is required before the Manager is permitted to proceed. During the period of transition when a benchmark index is not available, the Manager will continue to manage the Fund's portfolio in a manner consistent with the passive style of an index-tracking fund and in accordance with the methodology of the iBoxx ABF Singapore Bond Index to the extent that the Manager is able to determine.
- 13.1 The Manager will seek to achieve the Fund's investment objective by investing the Fund's assets primarily in debt obligations denominated in Singapore dollars issued or guaranteed by the government of Singapore (or any other Asian Government), by an agency or instrumentality of the Singapore government (or any other Asian Government), by a Singapore government (or any other Asian Government) sponsored entity or a quasi-Singapore government (or any other Asian Government) entity and Singapore dollar denominated debt obligations issued by supranational financial institutions, in each case as determined by the Index Provider and which are for the time being constituent securities of the iBoxx ABF Singapore Bond Index ("Index Securities"). The composition and weightings of the constituent securities of the iBoxx ABF Singapore Bond Index, as at 31 October 2009 are disclosed in Appendix 1 of this Prospectus. The constituent securities of the Underlying Index can also be obtained from www.indexco.com and, with effect from the listing date, from the Manager's website (www.dbsam.com). The Manager may also invest in certain securities other than Index Securities ("Non-Index Securities") by adopting a representative sampling strategy or similar strategy. Representative sampling is a strategy investing in a representative sample of securities in the iBoxx ABF Singapore Bond Index which have a similar investment profile as that of the iBoxx ABF Singapore Bond Index. Securities selected have aggregate characteristics (such as yield and duration) similar to those of the iBoxx ABF Singapore Bond Index. The Fund will generally not hold all the securities that are included in the iBoxx ABF Singapore Bond Index.
- 13.2 The Fund will invest primarily in debt obligations determined by the Index Provider as being constituent securities of the iBoxx ABF Singapore Bond Index. The Fund may therefore invest in debt obligations denominated in Singapore dollars issued or guaranteed by any Asian Government, by an agency or instrumentality of any Asian Government, by an Asian Government sponsored entity or a quasi-Asian Government entity if such Asian Government debt obligations are determined by the Index Provider as being constituent securities of the iBoxx ABF Singapore Bond Index.
- 13.3 In view of Singapore's fixed income market liquidity, the Manager may invest in certain Non-Index Securities in order to minimise the Fund's tracking error relative to the performance of the iBoxx ABF Singapore Bond Index. Eligible Non-Index Securities are Singapore dollar denominated securities which are not Index Securities but which are issued by an issuer of Index Securities, and having a minimum issue size of S\$100 million (or such other amount as determined by the Manager from time to time with the prior approval of the Trustee and the Supervisory Committee) and in the opinion of the Manager, the Non-Index Securities are substantially similar to comparable Index Securities and have characteristics that are consistent with the investment objective of the Fund. The total exposure to Non-Index Securities is limited to twenty per cent. (20%) of the Value of the Fund's Deposited Property.
- 13.4 The Manager will rebalance the Fund's portfolio of investments from time to time to reflect any changes to the composition of, or the weighting of securities in, the iBoxx ABF Singapore Bond Index with a view to minimising tracking error of the Fund's overall returns relative to the performance of the iBoxx ABF Singapore Bond Index. Such rebalancing may be in the form of investments in Non-Index Securities.

- 13.5 The Manager may in its absolute discretion invest in derivatives to manage interest rate risk and otherwise for efficient portfolio management within the deviation limit set out in the CPF Investment Guidelines. The use of derivatives will be permitted only for the purpose of achieving the investment objective of the Fund by closely matching the Fund's portfolio with the iBoxx ABF Singapore Bond Index as well as other characteristics important to tracking the iBoxx ABF Singapore Bond Index.
- 13.6 Where derivatives are used, the exposure of the Fund to derivatives will not exceed 5% 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.
- 13.7 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 it has the requisite expertise, experience and quantitative tools to manage and contain such investment risks.
- 13.8 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.
- 13.9 Neither the Manager nor the Trustee shall alter the Investment Objective, unless otherwise agreed by an Extraordinary Resolution in a meeting of Holders duly convened and held in accordance with the provisions of the Trust Deed.
- 13.10 The investment policy has been adhered to for 3 years following the issue of the first prospectus of the Fund and will continue to be adhered to unless otherwise agreed by the Holders by a special resolution in general meeting.
- 14.1 Unlike "actively managed" unit trusts and mutual funds, in its management of the Fund, the Manager does not attempt to outperform the benchmark the Fund tracks nor does it seek temporary defensive positions when markets decline or appear overvalued by some standards. Accordingly, a fall in the iBoxx ABF Singapore Bond Index may result in a corresponding fall in the NAV of the Fund. The other aspects of the passive management methodology to be employed by the Manager are described as follows:
- 14.2 *Correlation.* Correlation measures the degree to which the periodically measured total return of one investment resembles that of another investment. An index is a theoretical financial calculation while the Fund is an actual investment portfolio. The performance of the Fund and the iBoxx ABF Singapore Bond Index will vary somewhat due to fees and expenses, transaction costs, variations in their constituent securities, market impact and timing variances. The Manager expects that, over time, the correlation between the Fund's total return and that of the iBoxx ABF Singapore Bond Index, before fees and expenses, will be ninety-five per cent. (95%) or better. A figure of one-hundred per cent. (100%) would indicate perfect correlation. It is expected that the tracking error between pre-expense total returns of the Fund and the iBoxx ABF Singapore Bond Index will not be more than 40 basis points on an annual basis. The tracking error is a measure of the variation between the Fund's total return and the total return of the iBoxx ABF Singapore Bond Index; the Fund's pre-expense total returns should differ from the total return of the iBoxx ABF Singapore Bond Index by less than this tracking error amount most of the time. While the Manager expects to achieve the above correlation, neither the Manager nor the Trustee shall be liable if the actual correlation of the Fund's total returns, before fees and expenses, and that of the iBoxx ABF Singapore Bond Index is less than the anticipated correlation. The Manager will make an announcement on the SGXNET if the tracking error for any month exceeds 40 basis points on an annual basis. In order to minimize the tracking error, it is the intention of the Manager that the Fund will be passively managed with its portfolio's duration, yield curve and credit risk matched closely to that of the iBoxx ABF Singapore Bond Index at all times. The Fund's portfolio securities will be chosen in a way that the Fund's average portfolio duration, sector, maturity bucket distribution, yield curve risk and credit risk is similar to that of the iBoxx ABF Singapore Bond Index, subject always to availability of the relevant Index Securities in the market at the time of investment or purchase. Index Securities are always preferred to Non-Index Securities as portfolio holdings in order to match the iBoxx ABF Singapore Bond Index. It is therefore the intention of the Manager to invest in Non-Index Securities as a substitute for Index Securities when the required Index Securities are unavailable at a reasonable price in the market at the time of investment or purchase.

- 14.3 *Investment restrictions.* Under the CIS Code, the Fund is classified as 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. As the Fund is registered by the Central Provident Fund Board as an eligible investment under the CPF Investment Scheme, the Trust Deed requires the Manager to also comply with the CPF Investment Guidelines in the management of the Fund. In addition to the CIS Code and the CPF Investment Guidelines, the Fund is subject to a number of additional investment limitations in the Trust Deed. The Fund shall:
- (i) hold Non-Index Securities not exceeding twenty per cent. (20%) of the Value of the Deposited Property;
 - (ii) hold cash and deposits not exceeding ten per cent. (10%) of the Value of the Deposited Property (except upon receipt of cash subscriptions or in order to fund cash payments on redemptions) or five per cent. (5%) of the Value of the Deposited Property with any one single institution;
 - (iii) not invest in equities or use derivatives for speculative purposes or for leveraging the Fund. The Manager has discretion to enter into repurchase agreements, futures contracts, options on futures contracts, options, warrants and other derivative instruments (each a "Derivative" and collectively "Derivatives") traded on recognised futures exchanges or over-the-counter ("OTC") for efficient positioning of the Fund as described in paragraph 13.5 of this Prospectus. The absolute sum of the notional value of Derivatives' exposure shall be no more than five per cent. (5%) of the Value of the Deposited Property. The use of Derivatives is further subject to the requirements as described in paragraphs 14.4 and 14.5 of this Prospectus; and
 - (iv) not invest in commodities and/or precious metals.
- 14.4 The Manager will apply the following credit rating requirements for any counterparty or bank with which it deposits or invests cash:
- (i) banks and counterparties for OTC transactions that are not settled on a delivery-versus-payment basis must be rated A3 and above by Moody's Investors Services, Inc. ("Moody's") or its equivalent rated by Standard and Poor's, a division of the McGraw-Hill Companies, Inc. ("S&P's") or Fitch Inc., Fitch Ratings Ltd and its subsidiaries ("Fitch") for at least one of the following rating types:
 - (a) long-term senior unsecured debt or equivalent rating type;
 - (b) issuer rating from Moody's; or
 - (c) long-term issuer credit rating from S&P's;
 - (ii) if a long-term senior unsecured debt or issuer rating is not available, banks in relation to fixed deposits maturing in less than 1 year and counterparties for OTC Derivatives transactions that are settled in less than 1 year must be rated Prime-1 and above by Moody's or its equivalent rated by S&P's or Fitch;
 - (iii) a bank or OTC Derivatives counterparty which does not meet the rating requirements in paragraphs 14.4(i) or (ii) above can still be appointed provided it is an approved counterparty as set out in the Trust Deed (the list set out in the Trust Deed can be updated from time to time by the Manager upon approval of the Trustee); and
 - (iv) if OTC derivatives are used, they will be subject to the credit rating requirements on the counterparty of the transactions as stipulated in paragraphs 14.4(i), (ii), and (iii).
- 14.5 Where any exchange traded Derivatives are used by the Fund, the issuer of the exchange traded Derivatives transactions shall either:
- (i) have a rating which satisfies the requirements set out in paragraph 14.4(i) or (ii) of this Prospectus; or
 - (ii) be a subsidiary of an entity that satisfies the rating requirements set out in paragraph 14.4(i) or (ii) of this Prospectus. A guarantee or collateral shall be required from the parent entity.
- 14.6 In order to achieve the Fund's investment objectives, the Manager may invest in both Index Securities and Non-Index Securities. Such Index Securities and Non-Index Securities may include both listed and unlisted securities.
15. 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

16.1 The Fund is included under the CPF Investment Scheme (“CPFIS”) – ordinary account (the “CPF ordinary account”) for subscription by members of the public using their CPF monies and is classified under the category of Low to Medium Risk – Broadly Diversified .

16.2 The CPF interest rate for the CPF ordinary account is based on the 12-month fixed deposit and month-end savings rates of the major local banks. Under the Central Provident Fund Act, Chapter 36 of Singapore (the “CPF Act”), the CPF Board currently pays a legislated minimum annual interest rate of 2.5% on monies in the CPF ordinary account when this interest formula yields a lower rate.

The interest rate for the CPF special, medisave and retirement accounts (“SMRA”) is pegged to the 12-month average yield of 10-year Singapore government securities (10YSGS) plus 1%. For 2009, the minimum interest rate for SMRA will be 4.0% per annum. After 2009, the 2.5% per annum minimum interest rate, as prescribed by the CPF Act, will apply to SMRA.

In addition, the CPF Board pays an extra interest rate of 1% per annum on the first S\$60,000 of a CPF member’s combined balances, including up to S\$20,000 in the CPF ordinary account. The first S\$20,000 in the CPF ordinary account and the first S\$30,000 in the CPF special account are not allowed to be invested under the CPFIS.

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

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

VIII FEES AND CHARGES

17.1 The fees and charges payable by investors investing in less than 50,000 Units are as follows:

Payable by the investor investing in less than 50,000 Units

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

- | | | | |
|-----|--|---|---|
| (a) | Subscription fee or preliminary charge | - | nil |
| (b) | 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. 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 |

17.2 The fees and charges payable by investors investing in 50,000 Units or more are as follows:

Payable by the investor

For subscription and/or redemption of Units in cash

- | | | | |
|-----|--|---|---------------------------------|
| (a) | Subscription fee or preliminary charge | - | nil |
| (b) | Realisation Charge | - | nil |
| (c) | Switching fee | - | not applicable |
| (d) | Duties and Charges | - | maximum 0.50% of the Fund’s NAV |

Under the terms of the Trust Deed, for subscription and/or redemption of Units in cash, the Manager is entitled to charge Duties and Charges for the account of the Fund which would be used to defray the Fund’s costs in the form of stamp duties and taxes in investing cash for assets or realising Fund’s assets for cash, and where there

are large subscription or redemption requests, to prevent the NAV of the Fund from being diluted by the high transactional costs which would be incurred by the Fund, the Manager has the discretion to charge higher Duties and Charges. The Manager will waive the Duties and Charges for Market Makers of the Fund for subscription and/or redemption by each Market Maker for not more than 10,000,000 Units. If a Market Maker subscribes and/or redeems more than 10,000,000 Units on each Cash Dealing Day, Duties and Charges will be imposed on the amount exceeding 10,000,000 Units. Investors may wish to contact the Manager for guidance on the Duties and Charges payable in respect of large subscription or redemption requests.

- (e) Any other fee - Nil. However, the Participating Dealers may charge investors a handling fee of 0.03% of the Fund's NAV to act on their behalf in submitting applications to the Registrar

For subscription and/or redemption of Units in-kind

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

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

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

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

- (a) Subscription fee or preliminary charge - nil
- (b) 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. 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

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

- (a) Management Fee - 0.15% per annum of the Fund's NAV; maximum 0.15% per annum of the Fund's NAV
- (b) Trustee Fee - currently 0.05% per annum of the Fund's NAV; maximum 0.15% per annum of the Fund's NAV
- (c) Index Provider's licence fee - currently up to 0.023% per annum of the Fund's NAV, subject to a minimum annual charge which is currently US\$46,138
- (d) Any other fee - nil

17.4 Save for the above, there is no other substantial fee or charge (i.e. 0.1% or more of the Fund's asset value) to be disclosed.

IX RISKS

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

- (a) while the Manager believes that the Fund offers income revenue and potential for capital appreciation, no assurance can be given that these objectives will be achieved. Prospective investors should read this Prospectus and discuss all risks with their financial and legal advisers before making an investment decision;
- (b) prospective investors should be aware that the price of Units can go down as well as up and that past performance is not necessarily a guide to the future performance of the Fund. 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 iBoxx ABF Singapore Bond 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.

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

- (a) *Market risk.* The Fund's NAV and trading prices will react to securities markets movements. Investors may lose money over short periods due to fluctuation in the Fund's NAV and trading price in response to market movements, and over longer periods during market downturns.
- (b) *Interest rate risk.* Because the Fund invests in fixed-income securities, the Fund is subject to interest rate risk. Interest rate risk is the risk that the value of the Fund's portfolio will decline because of rising interest rates. Interest rate risk is generally lower for shorter-term investments and higher for longer-term investments.
- (c) *Income risk.* There is a risk that the income from the Fund's portfolio will decline because of falling market interest rates. This can result when, in a declining interest rate market, the Fund receives in-kind deposits of portfolio securities in connection with creations of new Units, or reinvests proceeds of securities maturing or sold out of the portfolio in longer-term securities as part of the Fund's attempt to match the maturity or duration of the Underlying Index, at market interest rates that are below the portfolio's then-current earnings rate.
- (d) *Counterparty risk and settlement risk.* Counterparty risk is the risk that the party trading with the Fund will be unable to meet its obligation to make payments or to settle a trade due to a deterioration of the counterparty's financial situation or some other failure by the counterparty. The Fund also bears the risk that the settlement fails for whatever reason.
- (e) *Credit risk.* The value of the Fund is subject to risk resulting from changes in the credit worthiness of its underlying investments. For example, an issuer of a bond might not be able to meet its obligation to make interest and principal payments, or bond investors as a whole may downgrade their view of the issuer resulting in a deterioration of the price of the issuer's debt.
- (f) *Tracking error risk.* Changes in the NAV of the Fund are unlikely to replicate exactly changes in the iBoxx ABF Singapore Bond 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 iBoxx ABF Singapore Bond Index, changes to the iBoxx ABF Singapore Bond Index and regulatory policies may affect the Manager's ability to achieve close correlation with the iBoxx ABF Singapore Bond Index of the Fund. Imperfect correlation between the returns of portfolio securities and the iBoxx ABF Singapore Bond Index is more likely to happen to the extent that the Fund invests in securities that are Non-Index Securities or invests in those Index Securities with different weighting from that of the iBoxx ABF Singapore Bond Index. The Fund's returns may therefore deviate from those of the iBoxx ABF Singapore Bond Index. However, a fall in the iBoxx ABF Singapore Bond Index may result in a corresponding fall in the NAV of the Fund.
- (g) *Fees and Expenses.* The level of fees and expenses payable by the Fund may fluctuate. Accordingly, no assurances can be given as to the actual level of the Fund's expenses.
- (h) *Absence of prior active market.* Although the Units are currently listed for trading on the SGX-ST, there can be no assurance that an active trading market will be developed or be maintained. There is no certain basis for

predicting the actual price levels at, or sizes in, which Units may trade. Further, there can be no assurance that investors in the Units will experience trading or pricing patterns similar to those of market-traded shares which are issued by investment companies in other jurisdictions or which are based upon indices other than the iBoxx ABF Singapore Bond Index.

- (i) *Liquidity risk.* The price at which portfolio securities may be purchased or sold by the Fund upon any rebalancing activities or otherwise and the value of the Units will be adversely affected if trading markets for the Fund's portfolio securities are limited or absent or if bid-offer spreads are wide.
- (j) *Trading in Units on the SGX-ST may be suspended.* Investors will not be able to purchase or sell Units on the SGX-ST during any period that the SGX-ST suspends trading in the Units. The SGX-ST may suspend the trading of Units whenever the SGX-ST determines that it is appropriate in the interests of a fair and orderly market to protect investors. The creation and redemption of Creation Units may also be suspended in the event that the trading of Units on the SGX-ST is suspended.
- (k) *Units may be delisted from the SGX-ST.* The SGX-ST imposes certain requirements for the continued listing of securities, including the Units, on the SGX-ST. 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 the listing requirements. The Fund may be terminated if its Units are delisted from the SGX-ST.
- (l) *Units may trade at prices other than NAV.* The NAV of the Fund represents the fair price for buying or selling Units. As with any listed fund, the secondary market price of Units may sometimes trade above or below this NAV. There is a risk, therefore, that Holders may not be able to buy or sell at a price close to this NAV. The deviation from NAV is dependent on a number of factors, but will be accentuated when there is a large imbalance between market supply and demand for Units on the SGX-ST. However, since Units can be created and redeemed (in Creation Unit aggregations at NAV), the Manager believes that large discounts or premiums to the NAVs of Units should not be sustained. The "bid/ask" spread (being the difference between the prices being bid by potential purchasers and the prices being asked by potential sellers) is another source of deviation from NAV. The bid/ask spread can widen during periods of market volatility or market uncertainty, thereby increasing the deviation from NAV.
- (m) *Minimum creation and redemption size.* Units will only be issued or redeemed in-kind in Creation Unit aggregations (currently 20,000,000 Units, and multiples thereof). Currently, Units will only be issued and redeemed for cash at a minimum of 50,000 Units. Investors who do not hold Creation 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 by redeeming their Units on a Cash Dealing Day.
- (n) *Maximum daily dealing limits.* The Fund has maximum limits in respect to redemption orders. In the event that an investor wishes to redeem a large number of Units, the order may not be, or may only be partially, accepted on that Dealing Day if the size of the order exceeds the daily limits, or if the combined size of the net redemptions requested for that Dealing Day including those of other investors exceed the daily limit.
- (o) *Lack of discretion of the Manager to adapt to market changes.* Unlike many conventional unit trusts, the Fund is not "actively managed". Therefore, the Fund will not adjust the composition of its portfolio except in order to seek to closely correspond to the duration and total return of the iBoxx ABF Singapore Bond Index. The Fund does not try to "beat" the market it tracks and does not seek temporary defensive positions when markets decline or is judged to be overvalued. Accordingly, a fall in the iBoxx ABF Singapore Bond Index may result in a corresponding fall in the NAV of the Fund.
- (p) *Reliance on Participating Dealers.* The creation and redemption of Units may only be effected through Participating Dealers. The number of Participating Dealers at any given time will be limited. Participating Dealers are under no obligation to accept instructions to apply for or redeem Units on behalf of investors, and may charge a fee for providing this service. Participating Dealers will not be able to create or redeem Units during any period when, amongst other things, dealings on the SGX-ST are restricted or suspended, settlement or clearing of securities through the CDP is disrupted or the iBoxx ABF Singapore Bond Index is not compiled or published. In addition, Participating Dealers will not be able to create or redeem Units if some other event occurs which impedes the calculation of the NAV of the Fund or disposal of the Fund's portfolio securities cannot be effected.
- (q) *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 Trust Deed. If the creation and redemption of Units is temporarily suspended, the trading price of the Units may be adversely affected and differ from the market value of the Fund's underlying assets.

- (r) *Use of futures and options contracts involves certain risks.* The Manager may use futures contracts and options to manage interest rate risk and otherwise for efficient portfolio management with a view to achieving the Fund's investment objective. In particular, the Manager may invest the Fund's assets in futures contracts and options in order to seek performance that corresponds to the iBoxx ABF Singapore Bond Index and to manage cash flows. 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 the iBoxx ABF Singapore Bond 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.
- (s) *Use of repurchase agreements involves certain risks.* For example, if the seller of securities under a repurchase agreement defaults on its obligation to repurchase the underlying securities, as a result of its insolvency or otherwise, the Fund will seek to dispose of such securities, which action could involve costs or delays. If the seller becomes insolvent and subject to liquidation or reorganization under applicable bankruptcy or other laws, the Fund's ability to dispose of the underlying securities may be restricted. Finally, it is possible that the Fund may not be able to substantiate its interest in the underlying securities. If the seller fails to repurchase the securities, the Fund may suffer a loss to the extent proceeds from the sale of the underlying securities are less than the repurchase price.
- (t) *Risk of swap agreements.* The risk of loss with respect to swaps generally is limited to the net amount of payments that the Fund is contractually obligated to make. Swap agreements are also subject to the risk that the swap counterparty will default on its obligations. If such a default were to occur, the Fund will have contractual remedies pursuant to the agreements related to the transaction. However, such remedies may be subject to bankruptcy and insolvency laws which could affect the Fund's rights as a creditor. For example the Fund may not receive the net amount of payments that it contractually is entitled to receive.
- (u) *Reliance on Market Makers.* There may or may not be Market Makers for the Fund. Investors should note that liquidity in the secondary market for the Units may be adversely affected if there is no Market Maker for the Fund.
- (v) *Concentration of the iBoxx ABF Singapore Bond Index in certain issuers.* The iBoxx ABF Singapore Bond Index and the investments of the Fund may be concentrated in securities of a single or several issuers. Changes in the financial condition of an issuer, changes in specific economic or political conditions that affect a particular issuer, and changes in general economic or political conditions can affect the value of an issuer's securities. Such issuer-specific changes may have an impact on the securities held by the Fund.
- (w) *Risk of short selling.* The Fund may make short sales for the purpose of achieving the investment objective of the Fund provided they arise from derivative transactions which are used for hedging and efficient portfolio purposes. However, the possible losses to the Fund from short selling a security differ from losses that could be incurred from a cash investment in the same security. Such losses are unlimited due to the lack of an upper limit on the price to which a security may rise, whereas the maximum potential loss from a cash investment is the total amount of the cash investment.
- (x) *Asset class risk.* The returns generated from the securities in which the Fund invests may not provide returns equivalent to that of other classes of securities or different asset classes. The securities in which the Fund invests may be subject to cycles of underperformance relative to that of other classes of securities.
- (y) *EMEAP's investment in the Fund.* The Executives' Meeting of East Asia and Pacific Central Banks ("EMEAP") member central banks and monetary authorities are like any other investors in the Fund and each of them is entitled to dispose of their respective interest in the Units they hold. There are no guarantees that the EMEAP member central banks and monetary authorities will continue to be investors in the Fund. Should the EMEAP member central banks and monetary authorities decide to sell or redeem all or a portion of their Units, this may have a materially adverse effect on the Fund and the price of the Units.
- (z) *Minimum commercial size.* The Fund is structured as an index fund with a low total expense ratio (including such items such as Management Fees and Trustee Fees). As with any fund, in order to remain viable, the size of the Fund must be sufficient to cover at least its fixed operating costs; given the low fees, this means, that the size of the Fund needs to be significantly larger than other typical unit trust to remain viable.
- (aa) *Illiquidity of Singapore dollar bonds.* The Fund is invested in Singapore dollar bonds and in certain markets, there may be low levels of liquidity. There is a risk, therefore, that creation or redemption orders (requiring the

Manager to respectively buy or sell Index Securities and Non-Index Securities) may have a high cost of dealing, or take some time to be fully integrated into the portfolio holdings of the Fund and thereby cause a disruption in the Fund's asset allocation. Also, it is anticipated that the initial size of the Fund will be relatively large, with the potential effect of more costly periodic portfolio rebalancing.

- (bb) *Registration or cross-listing of Fund in other markets.* There is a likelihood that the Fund may in the future be registered on other markets, or cross-listed on other exchanges, or otherwise offered in other jurisdictions. As this is expected to improve the liquidity for existing Holders and result in more efficient secondary market pricing due to increased scope for arbitrage, the Manager may be permitted by the Trustee and the Supervisory Committee to charge the related costs to the Fund.
- (cc) *Licence to use Underlying Index may be terminated.* The Manager and the Trustee have been granted a licence by the Index Provider to use the iBoxx ABF Singapore Bond Index in order to create the Fund based on the iBoxx ABF Singapore Bond Index and to use certain trade marks and any copyright in the iBoxx ABF Singapore Bond Index. The Fund may not be able to fulfil its objective and may be terminated if the licence agreement between the Manager, the Trustee and the Index Provider is terminated. The Fund may also be terminated if the iBoxx ABF Singapore Bond Index ceases to be compiled or published and there is no replacement index using the same or substantially similar formula for the method of calculation as used in calculating the iBoxx ABF Singapore Bond Index.
- (dd) *Compilation of the iBoxx ABF Singapore Bond Index.* The securities which comprise the iBoxx ABF Singapore Bond Index are determined and composed by the Index Provider without regard to the performance of the Fund. The Fund is not sponsored, endorsed, sold or promoted by the Index Provider. The Index Provider makes no representation or warranty, express or implied, to investors in the Fund or other persons regarding the advisability of investing in securities generally or in the Fund particularly. The Index Provider has no obligation to take the needs of the Trustee, the Manager or investors in the Fund into consideration in determining, composing or calculating the Underlying Index. There is no assurance that the Index Provider will compile the iBoxx ABF Singapore Bond Index accurately, or that the Underlying Index will be determined, composed or calculated accurately, and consequently there can be no guarantees that its actions will not prejudice the interests of the Fund, the Manager or investors.
- (ee) *Composition of the iBoxx ABF Singapore Bond Index may change.* The composition of the iBoxx ABF Singapore Bond Index will change as Index Securities mature or are redeemed or as new securities are included in the iBoxx ABF Singapore Bond Index. When this happens the weighting or composition of the securities owned by the Fund would be changed as considered appropriate by the Manager in order to achieve the investment objective. Thus, an investment in Units will generally reflect the iBoxx ABF Singapore Bond Index as its constituents change and not necessarily the way it is comprised at the time of an investment in Units. Appendix 1 of this Prospectus describes how the iBoxx ABF Singapore Bond Index is computed.
- (ff) *Singapore Government Political, Economic and Social Risk.* Any material changes in the political, economic or social conditions prevailing in any of the economy of Singapore could have a material adverse effect on the NAV of the constituent securities of the iBoxx ABF Singapore Bond Index and consequently on the value of Units.
- (gg) *Emerging Market Risk.* The Fund may invest in securities issued by certain Asian Governments whose economies are considered to be emerging markets. These markets are subject to special risks associated with foreign investment in these emerging markets including, but not limited to: generally less liquid and less efficient securities markets; generally greater price volatility; exchange rate fluctuations and exchange controls; imposition of restrictions on the expatriation of funds or other assets; less publicly available information about issuers; the imposition of taxes; higher transaction and custody costs; settlement delays and risk of loss; difficulties in enforcing contracts; lesser regulation of securities markets; smaller market capitalisation; different accounting and disclosure standards; governmental interference; greater risk of market shutdown; the risk of expropriation of assets; higher inflation; social, economic and political uncertainties; and the risk of war.

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

X SUBSCRIPTION OF UNITS

20. How to purchase Units with cash or CPF monies

20.1 Investors may apply for Units using cash (but not CPF monies) through Participating Dealers on any Cash Dealing Day which occurs only once a week. That means that there will be limited opportunities for investors to apply to the

Fund through the Participating Dealers for Units using cash. Investors may, through the Participating Dealers, submit Creation Requests to the Registrar on every Dealing Day for in-kind subscription of Units (see paragraphs 22 to 23 of this Prospectus for more details) but it is expected that smaller investors who wish to acquire Units other than on a Cash Dealing Day will do so by trading in the Units on the SGX-ST. Investors may buy Units on the SGX-ST through brokers in the same way as they may buy shares in companies listed on the SGX-ST. Investors may buy Units in the Fund on the SGX-ST using either cash or their CPF monies. The use of CPF monies shall be subject to such regulations, directives, requirements or terms and conditions as may be imposed by the CPF Board or the relevant CPF agent bank.

- 20.2 Payment for Units with cash may be made in such manner stipulated by the Participating Dealers from time to time.
- 20.3 In respect of institutional clients, an investment form may also be obtained directly from the Participating Dealers and, once duly completed, forwarded by the Participating Dealers to the Registrar, together with the subscription monies in respect of the application for Units. A list of the Participating Dealers may be obtained from the Manager.
- 20.4 Notwithstanding anything in this paragraph, the Manager shall retain the absolute discretion to accept or reject any application for Units 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.
- 20.5 Currently, the minimum initial investment and subsequent minimum investment for the Fund is 50,000 Units or such other investment amount as may be determined from time to time by the Manager upon giving prior notice to the Trustee and with the approval of the Supervisory Committee. Investors who wish to invest more than the minimum initial investment and subsequent minimum investment may do so in increments of 1,000 Units.
- 21.1 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 and/or the Transaction Fee. The Issue Price of the Units shall be ascertained as follows:
- (i) by dividing the Value of the Deposited Property as at the Valuation Point of the relevant Cash Dealing Day on which applications for Units are deemed to be received by the Manager by the number of Units then in issue and deemed to be in issue; and
 - (ii) by adjusting the resulting total per Unit to the nearest S\$0.0001 (with fractions of S\$0.00005 being round up).

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

- 21.2 Requests for subscription of Units using cash must reach the Registrar before the Dealing Deadline for the 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 before the Dealing Deadline for the next Cash Dealing Day. This means that if an application is received by the Registrar before the Dealing Deadline on the relevant Cash Dealing Day, the Issue Price you pay will be based on the Value of the Deposited Property on the last Dealing Day of that week. This Issue Price will be determined only on the next Business Day and will generally be published in the Business Times within 2 Business Days after the relevant Cash Dealing Day.
- 21.3 The following is an illustration on the amount that an investor will have to pay based on an investment of 50,000 Units and a notional Issue Price of S\$1.05 (the actual Issue Price of the Units will fluctuate according to the Value of the Deposited Property):

50,000 Units Number of Units proposed to be subscribed	x	S\$1.05 Issue Price	=	S\$52,500 Your Investment (excluding Duties and Charges)
---	----------	--------------------------------	----------	---

- 21.4 Applications for subscription of Units using cash will only be accepted and processed if the application monies and/or the Duties and Charges in respect of that application have been received in full in cleared funds by or to the order of the Trustee by no later than the third Dealing Day after the 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 for all direct and indirect losses incurred by the Fund resulting from applications submitted by them that are cancelled, including, the Duties and Charges, interest costs incurred by the Fund and any losses arising in respect of the Fund's

purchase and sale of Investments in connection with such cancellation (including the difference between the NAV on the Cash Settlement Date compared to the relevant Dealing Day).

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

How to subscribe for Units in-kind

- 22.1 For so long as the Units are listed, quoted and traded on the SGX-ST, the Manager may issue Units in blocks of 20,000,000 Units (each a "Creation Unit") or multiples thereof on a continuous basis on every Dealing Day to Participating Dealers at the Issue Price for that Creation Unit. The Issue Price for the Creation Unit shall be ascertained as follows:

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

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

Procedures for Creation of Units

- 22.2 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.

- 22.3 Creation Requests received from Participating Dealers and accepted by the Manager before the Dealing Deadline on each Dealing Day will be issued at that Dealing Day's Issue Price as calculated in accordance with paragraph 22.1 of this Prospectus. Creation Requests received from Participating Dealers after the Dealing Deadline or on a day which is not a Dealing Day shall be deemed to be received by the Registrar before the Dealing Deadline for the next Dealing Day. 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.

- 22.4 When submitting the Creation Request, the Participating Dealer should tender to the Custodian of the Fund the Index Securities and Non-Index Securities as comprising a Deposit Basket for each Creation Unit no later than the Dealing Day which is 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.

- 22.5 The creation of Units in Creation Unit aggregations will only be done if the following are satisfied:

- (i) the Index Securities and Non-Index Securities delivered to the Custodian in respect of that issue of Creation Units have been approved by the Manager as comprising a Deposit Basket with respect to the relevant Dealing Date and the Value of any Non-Index Securities 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 and the Supervisory Committee) of the Issue Price on the previous Dealing Day;
- (ii) the aggregate of (a) the Value of the Index Securities and Non-Index Securities on the relevant Dealing Date delivered to the Custodian and (b) the amount of cash paid to or to the order of the Trustee or Custodian in

respect of the Cash Issue Component for the Creation Unit aggregation (as described in paragraph 22.6 below) is equal to the Issue Price for that Creation Unit aggregation;

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

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

22.6 The Cash Issue Component of a Creation Unit is the difference between the Value of the Index Securities and Non-Index Securities constituting a Deposit Basket on the relevant Dealing Date delivered to the Custodian and the Issue Price of the Creation Unit as calculated in paragraph 22.1. If the Cash Issue Component, after taking into account of any Duties and Charges and/or Transaction Fee is a negative amount no cash shall be payable or paid by a Participating Dealer, but a cash amount equal to the negative shall be paid by the Trustee to the Participating Dealer within three (3) Dealing Days following the relevant Dealing Day.

Acceptance of Orders for Creation Unit aggregations

22.7 The Trustee and the Manager reserve the absolute right without giving any reason therefore 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, the Manager and the Custodian are under no duty to provide reasons for rejecting a Creation Request in respect of the Fund.

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

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

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

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

XI REALISATION OF UNITS

26. How to sell Units for cash or CPF monies

26.1 Investors may apply to redeem Units for cash (but not CPF monies) through Participating Dealers on any Cash Dealing Day which occurs only once a week. That means there will be limited opportunities for investors to apply to the Fund through Participating Dealers to redeem Units for cash. **Investors who wish to dispose of less than the minimum**

redemption number of Units (as set out in paragraph 27) 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 29 of this Prospectus for more details) but it is expected that smaller investors who wish to redeem Units other than on a Cash Dealing Day will do so by trading in the Units on the SGX-ST. Investors may sell their Units for cash or sell their Units which were purchased with CPF monies on the SGX-ST through brokers in the same way as they may sell shares in companies listed on the SGX-ST.

26.2 A Holder may redeem Units in cash through completing the realisation request (or such other form as the Manager may approve from time to time) and forwarding the same to Participating Dealers. However, a Holder who has applied to subscribe for Units using cash on the Cash Dealing Day in any week shall not be entitled to redeem the Units to be issued to him until the following Cash Dealing Day.

27. There is no minimum holding amount for the Units. The minimum redemption number of Units is 50,000 Units or such other number of Units as may be determined from time to time by the Manager upon giving prior notice to the Trustee and with the approval of the Supervisory Committee. Holders with less than the minimum redemption number of Units may only sell their Units for cash by trading in the Units on the SGX-ST.

28.1 The net redemption proceeds are calculated by multiplying the number of Units to be redeemed by the Redemption Value of the Units on the Cash Dealing Day which shall be ascertained as follows:

- (i) by dividing the Value of the Deposited Property at the Valuation Point of each Dealing Day on which applications to redeem Units are deemed to be received by the Manager by the number of Units then in issue and deemed to be in issue; and
- (ii) by adjusting the resulting total per Unit to the nearest S\$0.0001 (with fractions of S\$0.00005 being round up).

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

28.2 Applications to redeem Units for cash must reach the Registrar before the Dealing Deadline 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 before the Dealing Deadline for the next Cash Dealing Day. This means that if an application is received by the Registrar before the Dealing Deadline on the Cash Dealing Day, the Redemption Value you will get will be based on the Value of the Deposited Property on the last Dealing Day of that week. This Redemption Value will be determined only on the next Business Day and will generally be published in the Business Times within 2 Business Days after the relevant Cash Dealing Day].

28.3 The following is an illustration on the redemption proceeds (before deduction of Duties and Charges) that an investor will receive based on the redemption of 50,000 Units and a notional Redemption Value of S\$1.05 (the actual Redemption Value of the Units will fluctuate according to the Value of the Deposited Property).

50,000 No. of Units Redeemed	x	S\$1.05 Redemption Value	=	S\$52,500 Redemption Proceeds (excluding any Duties and Charges)
---	----------	---	----------	---

28.4 Where Units are to be redeemed for cash, the Manager shall proceed to effect any sales of Investments necessary to provide the cash required to pay the realisation proceeds and notify the Trustee that those Units are to be redeemed and cancelled. In such event the Fund shall be reduced by the cancellation of those Units on the Cash Settlement Date and for settlement on that Cash Settlement Date the Trustee shall pay the realisation proceeds to the relevant Holder. Notwithstanding the foregoing, no realisation proceeds shall be paid unless Units, the subject of the application to redeem Units for cash, have been delivered to the Trustee for redemption by such time on the Cash Settlement Date as the Trustee and the Manager shall for the time being prescribe. 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 applicant (for the account of the Fund) a cancellation fee of such amount as it may from time to time determine to represent the administrative costs involved in processing the redemption request, and any losses arising in respect of the Fund's sale and purchase of Investments and any interest costs incurred by the Fund in connection with such failed redemption. In addition, the Manager may, but shall not be bound to require the Participating Dealer to pay to the Trustee for the account of the Fund in respect of each Unit, the subject of the application for redemption of Units for

cash, the amount (if any) by which the redemption value of each such Unit is less than the Issue Price which would have applied in relation to each such Unit as if the Manager had received on the relevant Cash Settlement Date in relation to such Units to be redeemed an application from such applicant for the subscription of such Units in accordance with the provisions of paragraph 21 of this Prospectus.

28.5 The Redemption Value excludes Realisation Charge as no Realisation Charge is payable.

28.6 Payment will be made within four (4) Business Days after the Cash Dealing Day subject to the provisions of the Trust Deed. For Units purchased with cash, the net redemption proceeds shall be paid to the investor.

How to redeem Units in-kind

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

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

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

Procedures for Redemption of Units in-kind

29.2 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.

29.3 Redemption Requests received from Participating Dealers and accepted by the Registrar before the Dealing Deadline on each Dealing Day will be redeemed at that Dealing Day's Redemption Value as calculated in accordance with paragraph 29.1 of this Prospectus. Redemption Requests received from Participating Dealers after the Dealing Deadline or on a day which is not a Dealing Day shall be deemed to be received by the Registrar before the Dealing Deadline for the next Dealing Day. 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.

29.4 The Index Securities and Non-Index Securities comprising the Redemption Basket ("Redemption Securities") distributable and Cash Redemption Component (less any Transaction Fees) in respect of the redemption of Units may be transferred

or paid sooner but shall, subject to the provisions of paragraph 32 of this Prospectus, be distributable and payable no later than the Settlement Date provided that the Units, which are the subject of the redemption request, have been delivered to the Trustee by the Settlement Date and the full amount of the Cash Redemption Component (if negative) and any additional sums payable under paragraph 31 and/or the Transaction Fees payable have been deducted and set-off or otherwise paid in full by the Settlement Date. For the purposes of this paragraph 29.4, the Holder on whose behalf a Redemption Request is made by a Participating Dealer shall be deemed to authorise (i) the transfer of the Redemption Securities by book entry to the designated stock account and (ii) the payment of the Cash Redemption Component by book entry payment to the designated cash account or by telegraphic transfer to a bank account in the name or to the order, in each case, of that Participating Dealer by or through whom that redemption request was made. The Cash Redemption Component shall be paid in Singapore dollars and, if paid by telegraphic transfer, shall be paid to a Singapore dollar account of a Singapore bank, unless otherwise agreed by the Manager.

29.5 Where Units are to be redeemed, the Manager shall proceed to effect any sales of Investments necessary to provide the cash required to pay the Cash Redemption Component and notify the Trustee that those Units are to be redeemed and cancelled. In such event the Fund shall be reduced by the cancellation of those Units on that Settlement Date and for settlement on that Settlement Date (or such later date as may from time to time be determined by the Manager with the consent of the Trustee) the Trustee shall transfer the applicable Redemption Securities out of the Deposited Property to or to the order of the Participating Dealer through which the redeeming Holder made his redemption request and shall pay the Cash Redemption Component to the relevant Holder. 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 applicant (for the account of the Fund) a cancellation fee of such amount as it may from time to time determine to represent the administrative costs involved in processing the redemption request, and any losses arising in respect of the Fund's sale and purchase of Investments and any interest costs incurred by the Fund in connection with such failed redemption. In addition, the Manager may, but shall not be bound to require the Participating Dealer to pay to the Trustee for the account of the Fund in respect of each Unit, the subject of the Redemption Request, the amount (if any) by which the redemption value of each such Unit is less than the Issue Price which would have applied in relation to each such Unit as if the Manager had received on the relevant Settlement Date in relation to such Units to be redeemed an application from such applicant for the creation of such Units in accordance with the provisions of paragraphs 21 to 22 of this Prospectus.

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

Acceptance of Orders for Redemption of Creation Unit aggregations

29.7 To be effective, a Redemption Request:

- (i) must be given to the Participating Dealer in accordance with a Participant Agreement;
- (ii) must specify the (round) number of Redemption Unit aggregations the subject of the Redemption Request; and
- (iii) may not be in respect of Units other than as comprising a Redemption Unit aggregation.

30. A Redemption Request once given cannot be revoked or withdrawn without the consent of the Manager.

31. The Manager may from time to time in its absolute discretion substitute an amount of cash to replace any Index Security or Non-Index Security comprised in a Redemption Basket in connection with a request to redeem any Redemption Unit aggregation provided that the aggregate Value of all replaced Index Securities and Non-Index Securities substituted by cash shall not exceed forty per cent. (40%) (or such other percentage as determined by the Manager from time to time and approved by the Trustee and the Supervisory Committee) of the redemption value. In the event the Manager exercises such discretion, the cash in lieu amount shall be equal to the Value of any substituted Index Security or Non-Index Security and shall comprise part of the Cash Redemption Component and each such substituted Index Security or Non-Index Security shall be deemed not to be a Redemption Security comprising part of the Redemption Basket. The Manager shall be entitled in its discretion to charge (for the account of the Fund) to the applicant of any Units for which cash is paid in lieu of delivering any Redemption Securities such additional sum it may consider represents the appropriate provision for expenses incurred by the Fund.

Applicable to redeeming Units

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

XII OBTAINING PRICES OF UNITS

33. The Issue Price and Redemption Value for the Units are televised on Teletext and published in the Business Times or such publications as the Manager may decide from time to time. 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 newspapers 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

34. The Manager may with the prior written approval of the Trustee, and shall at the request of the Trustee, temporarily suspend the creation and realisation of Units 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 Securities or Non-Index Securities comprised in a Deposit Basket or Redemption Basket or disposal of Investments for the time being comprised in the Deposited Property cannot, in the opinion of the Manager, be effected normally or without prejudicing the interests of Holders;
 - (e) any period when, in the opinion of the Manager, funds cannot be normally remitted from Deposited Property without prejudicing the interests of Holders;
 - (f) any period when the iBoxx ABF Singapore Bond Index is not compiled or published;
 - (g) any breakdown in the means normally employed in determining the Value of the Deposited Property or liability of the Fund or when for any other reason the Value of any Investment or other property for the time being comprised in the Deposited Property or the liabilities of the Fund cannot be promptly and accurately ascertained;
 - (h) any 48 hours (or such longer period as 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.

35. Such suspension (which expression shall include the aforesaid right to delay payment) shall take effect forthwith upon the declaration thereof by the Manager and thereafter there shall be no redemption of Units and/or transfer of such Redemption Securities and payment of the Cash Redemption Component or cash Redemption Value in respect of any such redemption until the Manager shall declare the suspension at an end, except that 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 34 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 34(a) to (j) above, the calculation of the Value of the Deposited Property and each Unit (including the Issue Price and Redemption Value) may also be suspended and the Manager shall be under no obligation to rebalance or adjust the Deposited Property, in either case at the discretion of the Manager. The Manager shall publish the fact that the calculation of the Value of the Deposited Property and each Unit is suspended immediately following such suspension and at least once a month during the period of such suspension in such newspaper or newspapers in Singapore or elsewhere as the Manager may from time to time think fit.
36. Any Participating Dealer may at any time after such a suspension has been declared and before termination of such suspension withdraw any redemption request or any application for the issue of Units by notice in writing to the Manager. If no such notification of the withdrawal of any such request or application has been received by the Manager before termination of such suspension, the Manager shall, subject to and in accordance with the provisions of the Trust Deed, redeem Units in respect of which Manager have received a valid Redemption Request and the Trustee and the Manager shall consider applications for the issue of Units as at the Dealing Day next following the termination of such suspension. In addition, the period for distributing any proceeds the distribution of which has been delayed pursuant to the suspension shall be extended by a period equal to the length of the period of the suspension.

XIV PERFORMANCE OF THE SCHEME AND THE BENCHMARK

- 37.1 The performance of the Fund as at 31 October 2009 is shown in the table below:

	Return over 1 year % change	Return over 3 years (A.C.R.)	Return over 5 years (A.C.R.)	Return over 10 years (A.C.R.)	Return since Inception (A.C.R.)
*Fund	4.82%	4.22%	N.A.	N.A.	3.28%
*Benchmark	5.11%	4.47%	N.A.	N.A.	3.54%

*Calculated on a NAV-to-NAV, S\$, net income reinvested basis.

Source: ©2009 Morningstar, Inc., DBS Asset Management Ltd

Benchmark: iBoxx ABF Singapore Bond Index total return series

Inception Date: 31 August 2005

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

- 37.2 The return on the Fund is calculated on a single pricing basis. There is no subscription fee or Realisation Charge for the Fund payable presently or during the duration of the periods for which the returns are calculated.
- 37.3 The returns for the Fund are calculated on the assumption that all dividends and distributions (if any) made by the Fund are reinvested, taking into account all charges which would have been payable upon such reinvestment.
- 37.4 Investors should note that the past performance of the Fund indicated in paragraph 37.1 above is not necessarily indicative of the future performance of the Fund.
- 37.5 As required under the regulations made under the Securities and Futures Act, this Prospectus does not contain any information on past performance based on simulated results of a hypothetical collective investment scheme.

Expense ratio

- 37.6 The expense ratio of the Fund (calculated in accordance with Investment Management Association of Singapore's guidelines on the disclosure of expense ratios and based on figures in the Fund's latest audited accounts) for the financial period ended 30 June 2009 is 0.27%.

The following expenses are excluded from the calculation of the expense ratios:-

- (a) brokerage and other transaction costs associated with the purchase and sales of investments (such as registrar charges and remittance fees);
- (b) foreign exchange gains and losses and other costs arising on the purchase or sale of a foreign unit trust or mutual fund;
- (c) front-end loads, back-end loads and other costs arising on the purchase or sale of a foreign unit trust or mutual fund;
- (d) tax deducted at source or arising from income received, including withholding tax;
- (e) interest expenses; and
- (f) dividends and other distributions paid to Holders.

Turnover ratio

37.7 The turnover ratio of the Fund (calculated based on the lesser of purchases or sales expressed as a percentage over average NAV, i.e. average daily net asset value over the financial period ended 30 June 2009 is 27.83%.

Benchmark

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

XV SOFT DOLLAR COMMISSIONS/ARRANGEMENTS

39.1 The primary objective of the Manager in placing orders for the purchase and sale of Index Securities and Non-Index Securities, when adjusting the Fund's portfolio to reflect changes in the iBoxx ABF Singapore Bond 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.

39.2 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.

39.3 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.

39.4 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, 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.

39.5 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

40. The Trust Deed also provides that the Trustee and the Manager shall conduct all transactions with or for the Fund on an arm's length basis.

- 41.1 The Trustee, the Manager and any Connected Persons of the Trustee and the Manager may:
- (a) 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
 - (b) invest in and deal with securities or any property of the kind included in the property of the Fund for their respective individual accounts or for the account of a third party.
- 41.2 Neither the Manager nor any of the directors of the Fund or any of their associates is or will become entitled to receive any part of the brokerage charged to the Fund, or any part of the fees, allowances, benefits, etc received on purchases charged to the Fund.
- 41.3 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 agent or 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.
- 41.4 Any cash of the Fund may be deposited with any Connected Person or invested in certificates of deposit or banking investments issued by any Connected Person. Banking or similar transactions may also be undertaken with or through a Connected Person.
- 41.5 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.
- 41.6 Where the Manager or any Connected Person of the Manager receives any cash rebate of all or any part of any commission paid out of the Fund, the Manager or that Connected Person shall not be entitled to retain that cash rebate but shall account for and pay the same to the Trustee to be held as property of the Fund.
- 41.7 The Manager may, 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.
- 41.8 The Manager may, in the course of its business, have potential conflicts of interest with the Fund. In such circumstances, the Manager will have regard to their obligations under the Trust Deed and, in particular, to their obligation to act in the best interests of the Fund and the Holders so far as practicable, having regard to its obligations to other clients when undertaking any investments where conflicts of interest may arise. In the event that such conflicts do arise, the Manager will use its best efforts to resolve such conflicts fairly and if material to report them to the Supervisory Committee.
- 41.9 In respect of voting rights where the Manager would face a conflict between its own interest and that of the Holders, the Manager shall cause such voting rights to be exercised according to the discretion of the Trustee.
- 41.10 International Index Company Limited is the Index Provider for the Underlying Index. The Index Provider is not a Connected Person of the Trustee, the Manager or the SGX-ST, however the Trustee and/or the Manager or their respective affiliates may from time to time have an interest in or be connected with the Index Provider. The Manager, the Trustee, the Custodian and the Registrar will act independently of the Index Provider. The Manager has entered into a Licence Agreement with the Index Provider and the licence fee payable by the Fund to the Index Provider is stated in paragraph 17 of this Prospectus.

XVII REPORTS

42. The Fund's financial year ends on 30 June in each year. 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 by post within three (3) months of the end of the Fund's financial year.

43. 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 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

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

XIX OTHER MATERIAL INFORMATION

Trading Units on the SGX-ST

45. Units are listed for trading on the secondary market on the SGX-ST. Units can be bought and sold throughout the trading day like other publicly traded shares. There is no minimum investment. Although Units are generally purchased and sold in “board lots” of 1,000 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

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

Units' Trading Prices and Market Makers

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

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

Distributions

50. The Manager currently intends to pay out income dividends and net realised capital gains of the Fund to Holders annually. There is currently no dividend reinvestment service. On each distribution, in relation to each fiscal year period as determined by the Manager the Trustee will allocate for distribution among the Holders of the Fund as at the Record Date such amount that the Manager determine to be distributed in their absolute discretion. Amounts to be distributed in respect of each Unit will be rounded down to the nearest S\$0.01 per Unit. The Record Dates may be changed, or added to, as determined by the Manager with the approval of the Trustee. Distributions will only be paid to the extent that they are available for distribution pursuant to the Trust Deed. 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 33 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.

- 51.1 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 professional about the tax consequences of an investment in Units.

Singapore Tax

- 51.2 The following summary of certain Singapore income tax consequences of the purchase, ownership and disposition of 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 deal with the consequences of application to all categories of investors, some of which may be subject to special rules. The comments herein are not binding on the Singapore tax authorities and there can be no assurance that it will not take a position contrary to any of the comments herein. Each prospective investor is advised to consult its own tax advisers concerning the application of Singapore tax laws to its particular situation as well as any consequences of the purchase, ownership and disposition of the Units arising under the laws of any other tax jurisdictions.

51.3 **Taxation of the Fund**

The Fund was granted the Designated Unit Trust (“DUT”) status by the Inland Revenue Authority of Singapore (“IRAS”) on 8 September 2005.

In accordance with Section 35(12) and (12A) of the Income Tax Act, Chapter 134 of Singapore (the “Income Tax Act”), subject to certain conditions, the following income (hereinafter termed as “Designated Income”) will not form part of the statutory income of the Fund and is thus not taxable at the Fund’s level for any year of assessment:

- 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 those where Singapore withholding tax has been deducted) from certain securities lending or repurchase arrangements with specified counterparties;
- rents and any other income derived from any 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 2013;
- 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 2013; and
- such other income directly attributable to QDS issued on or after a prescribed date, as may be prescribed by regulations.

Any income not falling within the above categories (“non-Designated Income”) will generally be subject to tax at the prevailing corporate income tax rate, currently 18%. This rate is proposed in the Singapore Budget 2009 to be reduced to 17% with effect from the Year of Assessment 2010 (i.e. financial year ending in 2009). The tax on such income will be

assessed on the Trustee in its capacity as the trustee of the Fund. Notwithstanding the foregoing, the Fund would not be taxable in respect of the following non-Designated Income received:-

- Singapore one-tier exempt dividends;
- Singapore normal-exempt dividends paid out of exempt profits or income assessed at concessionary tax rates; and
- tax exempt distributions from real estate investment trust listed on the Stock Exchange and registered business trusts.

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

51.4 **Taxation of Holders**

Individuals

Individuals (whether resident in Singapore or not) are exempt from Singapore income tax on distributions made by the trustee of any collective investment scheme constituted as a unit trust authorised under Section 286 of the Securities and Futures Act. This tax exemption does not apply to distributions received through a partnership in Singapore or 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 Securities and Futures Act, 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” would be 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 all of its issued shares are 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 the total number of its issued shares are beneficially owned, directly or indirectly, by persons who are not citizens of Singapore and not resident in Singapore; and
- a trust fund where at least 80% of the value of the fund is beneficially held, directly or indirectly, by individuals who are not resident in Singapore or by companies which are foreign investors or by both and, unless waived by the Singapore Minister for Finance or such person as he may appoint, where -
 - the fund is created outside Singapore; and
 - the trustee of the fund is neither a citizen of Singapore nor resident in Singapore.

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 would not be subject to any Singapore withholding tax or further Singapore income tax in the hands of a foreign investor.

Distributions paid by the Fund out of the following non-Designated Income would be exempt in the hands of a foreign investor:-

- Singapore one-tier exempt dividends;
- Singapore normal-exempt dividends paid out of exempt profits or income assessed at concessionary tax rates; and
- tax exempt distributions from real estate investment trust listed on the Stock Exchange and registered business trusts.

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 made by the Fund 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%. This rate is proposed in the Singapore Budget 2009 to be reduced to 17% with effect from the Year of Assessment 2010 (i.e. financial year ending in 2009). Where the Designated Income is interest and discount derived from QDS issued during the period from 17 February 2006 to 31 December 2013, any distributions made out of such income may, based on the current practice of the IRAS, be exempt from tax or be taxed at the concessionary rate of 10%, as the case may be, 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 would not be subject to any Singapore withholding tax or further Singapore income tax in the hands of Holders.

Distributions paid by the Fund out of the following non-Designated Income would be exempt in the hands of Holders:-

- Singapore one-tier exempt dividends;
- Singapore normal-exempt dividends paid out of exempt profits or income assessed at concessionary tax rates; and
- tax exempt distributions from real estate investment trust listed on the Stock Exchange and registered business trusts.

51.5 Disposal/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.

Based on the current practice of the IRAS, any payment received by Holders upon winding up of the Fund will be treated as a distribution by the Fund and the treatment on distributions as described above will apply to such payment, as appropriate.

Meetings of Holders

52. The Trust Deed sets out procedures to be followed in respect of meetings of the Holders, including provisions as to the giving of notice, appointment of proxies and quorum. The Holders shall in addition to all other powers conferred upon them by statute or by the Trust Deed or otherwise have the following powers exercisable by Extraordinary Resolution 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; or
- (iv) power to terminate the Fund.

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

Amending the Trust Deed without Holders' Approval

- 53.1 Subject as hereinafter provided, the Trustee and the Manager (with the consent of the Supervisory Committee) may from time to time alter, modify or vary the terms of the Trust Deed by deed supplemental hereto in such manner and to such extent as they may consider expedient for any purpose provided that unless the Trustee certifies in writing that such alteration, modification or variation is in the opinion of the Trustee not materially prejudicial to the interest of the Holders, does not to any material extent release the Trustee, the Manager or any other person from any liability to 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>.
- 53.2 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.
- 53.3 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 approved by the Supervisory Committee, in which case, the approval of Holders by Extraordinary Resolution will not be necessary to make that amendment.
- 53.4 All of the costs and expenses incurred by the Trustee or the Manager in connection with any such supplemental deed referred to in paragraph 53.1 or 53.3 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

54. The Trust Deed contains the duties and responsibilities of the Trustee and the Manager. The Trust Deed requires that (subject as provided in the Trust Deed) the Trustee and the Manager 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

- 55.1 Notwithstanding the termination of the Fund, the Holder of any Unit in respect of which any amount remains unpaid shall remain liable for such amount until payment to that Holder by the Trustee of the final distribution to be made in accordance with the Trust Deed.
- 55.2 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-paragraph (vii) below) and the Supervisory Committee (except in the case of sub-paragraphs (iii), (iv) and (ix) below) by notice in writing as hereinafter provided in any of the following events, namely:
- (i) if it becomes illegal, or in the opinion of the Trustee, impossible or impracticable to continue the Fund;
 - (ii) if the Fund shall become liable to taxation (whether in Singapore or elsewhere) in respect of income or capital gains at a rate considered by the Manager to be excessive in relation to the rate which would be borne by the Holders if they owned directly the Index Securities and Non-Index Securities in question;
 - (iii) if the Units cease to be listed on the SGX-ST;
 - (iv) if the Fund ceases to be authorised under Section 286 of the Securities and Futures Act;
 - (v) if the iBoxx ABF Singapore Bond 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 iBoxx ABF Singapore Bond Index or any successor index is not entered into by the Manager;

- (vii) if the Manager goes into liquidation (other than voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or shall be adjudged a bankrupt or insolvent or appoints liquidators or if a receiver shall be appointed in respect of the property or undertaking of the Manager or any part thereof or the Manager is the subject of any analogous proceedings or procedure in each case under the law of Singapore or such other law as may be applicable in the circumstances where, after the expiration of a period of three months, the Trustee has not appointed a new manager in accordance with Clause 29.4 of the Trust Deed;
- (viii) if on the expiration of three (3) months after notifying the Manager that in the Trustee's opinion a change of manager is desirable in the interests of the Holders pursuant to Clause 29.1.2 of the Trust Deed the Trustee has not found another company ready to accept the office of the manager of the Fund of which the Trustee and the Supervisory Committee and the Authority shall approve; or
- (ix) if the average of the daily Value of the aggregate Deposited Property is less than S\$200 million over any rolling three-month period.

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

- 55.3 The Manager 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 55.2(i) in which case termination may take effect forthwith without any prior notice to Holders).
- 55.4 The Fund may be terminated at any time by Extraordinary Resolution of the Holders and such termination shall take effect from the date on which such Extraordinary Resolution is passed or such later date (if any) as the Extraordinary Resolution may provide.
- 55.5 The Manager shall give written notice of the termination of the Fund pursuant to this paragraph 55 to the Authority in accordance with the CIS Code.
- 55.6 In the event of termination of the Fund, the Manager shall provide such information, documents and assistance as may be necessary or reasonably requested by the Trustee to enable the Trustee to fulfill its duties and obligations under the Trust Deed or the CIS Code and the Securities and Futures Act.
- 55.7 Upon the Fund being terminated, 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 Securities and Non-Index Securities then remaining in its hands as part of the relevant Deposited Property. Each Holder shall be entitled to receive approximately a proportionate amount of each type of Index Security and Non-Index Security (provided that no fraction of any Index Security or Non-Index Security shall be distributed) available for distribution together with a balancing payment in cash in the case of Holders who shall not receive the full proportionate amount of any Index Securities and Non-Index Securities and for such purpose the Trustee may sell any Index Securities and Non-Index Securities remaining in its hands as part of the Deposited Property. Such distribution, shall be carried out and completed in such manner and within such period after the termination of the Fund as the Trustee in its absolute discretion thinks advisable.
- 55.8 The Trustee shall be entitled to retain any monies or Index Securities or Non-Index Securities in its hands to the extent required, in its absolute discretion, to make full provision for all costs, charges, expenses, claims and demands incurred, made or apprehended by the Trustee being either in connection with or arising out of the liquidation of the Fund or otherwise properly payable out of the Deposited Property in accordance with the Trust Deed or law and out of the monies so retained to be indemnified and saved harmless against any costs, charges, expenses, claims and demands.
- 55.9 Any unclaimed Index Securities and Non-Index Securities held by the Trustee under the provisions of this paragraph 55 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 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 55.
- 55.10 No further Units shall be issued and no outstanding Units may be redeemed from the time of and upon liquidation of the Fund.

Remuneration of Manager and Trustee

- 56.1 The Manager shall, in addition to any other amounts which it is entitled to receive or retain for its own use and benefit under the Trust Deed, be entitled to receive for its own account out of the Deposited Property as soon as practicable after the last Dealing Day in each month in each year, commencing with the month in which the initial Units 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. The amount of the Management Fee shall not exceed a maximum of zero-point-one-five per cent. (0.15%) per annum of the daily Value of the Deposited Property provided that (i) the Manager may at any time charge a smaller percentage with authority, on giving notice to the Trustee and with the prior approval of the Supervisory Committee, to increase it to a larger percentage, not greater than the percentage permitted by the Trust Deed with effect from the expiry of three (3) months' notice in writing given by the Manager to the Holders; (ii) the Manager may, on giving notice to the Trustee and with the prior approval of the Supervisory Committee, at any time alter the dates of payment and basis of accrual provided that, in the opinion of the Trustee, it does not materially prejudice the interests of the Holders; and (iii) the Manager may not increase the Management Fee to a percentage greater than the percentage permitted by the Trust Deed or change the structure of the fees payable to the Manager without the sanction of an Extraordinary Resolution. The current level of the Management Fee is stated in paragraph 17 of this Prospectus.
- 56.2 The Trustee shall, in addition to any other amounts which it is entitled to receive or retain for its own use and benefit under 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 provided that (i) the Trustee may at any time charge a smaller percentage with authority, with the prior approval of the Manager and the Supervisory Committee, to increase it to a larger percentage, not greater than the percentage permitted by the Trust Deed with effect from the expiry of three (3) months' notice in writing given by the Trustee to the Holders; (ii) the Trustee may, with the prior approval of the Manager and the Supervisory Committee, at any time alter the dates of payment and basis of accrual if, in the opinion of the Trustee, it does not materially prejudice the interests of the Holders; and (iii) the Trustee may not increase the Trustee Fee to a percentage greater than the percentage permitted by the Trust Deed or change the structure of the fees payable to the Trustee without the sanction of an Extraordinary Resolution. The current level of the Trustee Fee is stated in paragraph 17 of this Prospectus.

Costs and Expenses Payable by the Fund

- 57.1 The following is a summary of the fees, costs and expenses which under the provisions of the Trust Deed, the Trustee and the Manager shall be entitled to make payment out of the Deposited Property to the extent they have been incurred in relation to the Fund:
- (i) all fees paid to the Authority in connection with or arising out of the Fund and/or its authorisation pursuant to the Securities and Futures Act and all fees paid to the CPF Board and its agents in connection with the Fund being designated as a CPFIS Included Fund;
 - (ii) any costs, fees and expenses to be paid under any licence and data supply contracts entered into by the Trustee and/or the Manager in respect of the Fund (including, without limitation, the Licence Agreement);
 - (iii) all stamp and other duties, taxes, governmental charges, brokerage, commissions, exchange costs and commissions and bank charges in relation to transactions involving the whole or any part of the Deposited Property or on the creation, cancellation or redemption of Units;
 - (iv) all professional fees relating to the agreeing and/or contesting of taxation liabilities or recoveries to be discharged out of or paid into the Fund;
 - (v) the fees and expenses of any person acting as the Participating Dealers (if any), 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 Participating Dealers (if any), 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 Trust;
 - (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 or the Supervisory Committee;
 - (xii) the fees and expenses incurred by the Manager and the Trustee in obtaining and/or maintaining the listing of Units on the SGX-ST or any 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 and/or the designation of the Fund as a CPFIS Included Fund;
 - (xiii) the fees and expenses incurred in connection with depositing and holding Units in the CDP;
 - (xiv) all costs incurred in respect of the calculation and publication of the Value per Unit and/or the Issue Price and the Redemption Value and/or prices for Units and/or the suspension of creations and issues and redemptions of Units in such newspaper or newspapers in Singapore and elsewhere as the Manager may from time to time think fit;
 - (xv) to the extent permitted by the CIS Code, all costs incurred in respect of the maintenance of a website or webpage dedicated entirely to the Fund, as approved by the Authority;
 - (xvi) all fees, costs and expenses incurred in respect of preparing, printing, distributing and updating this Prospectus and any supplemental and replacement prospectus relating to the Fund;
 - (xvii) all fees, costs and expenses incurred in respect of preparing any deeds supplemental to the Trust Deed and in respect of preparing any agreement in connection with the Fund;
 - (xviii) all costs incurred in respect of the preparation, publication and distribution of the audited accounts and unaudited interim accounts in accordance with the Trust Deed and of all statements, notices and other documents to the Fund;
 - (xix) all premiums, fees, costs and expenses incurred in purchasing and maintaining insurance for members or any member of the Supervisory Committee in accordance with the Trust Deed;
 - (xx) all fees and expenses of any delegate of the Supervisory Committee and of any attorney, banker, accountant, broker, lawyer or other professional person instructed by the Supervisory Committee in accordance with clause 30.2.5 of the Trust Deed;
 - (xxi) all fees and expenses of the Auditors in connection with the Fund;
 - (xxii) all fees and expenses incurred in connection with the retirement or removal of a Manager, the Trustee or the Auditors or the appointment of a new Manager, a new Trustee or new Auditors;
 - (xxiii) all expenses associated with the distributions declared pursuant to the Trust Deed;
 - (xxiv) all fees and expenses incurred by the Manager and the Trustee in 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; and
 - (xxvi) all such charges, costs, expenses and disbursements as under the general law the Trustee is entitled to charge to the Fund.

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

57.3 The preliminary expenses of establishing the Fund, which amount to not more than S\$300,000, have been paid out of the Deposited Property as permitted under paragraph 57.1 above and have been amortised over a period of one (1) year from the date when the initial Units were issued.

Valuation of the Fund

58.1 The Trustee shall calculate or procure the calculation of the Value of the Fund and determine its NAV as at the Valuation Point of each Dealing Day by valuing the Deposited Property in accordance with paragraphs 58.2 and 58.3 below, and deducting the liabilities of the Fund in accordance with paragraph 58.3 below, as at such Valuation Point. The Trustee may appoint any other professional person (other than the Manager) who is approved by the Manager to perform such calculation.

58.2 The Value of the Deposited Property shall be ascertained on the following basis:

- (i) The Value of Index Securities and Non-Index Securities shall be determined by reference to the bid prices for such Investments furnished by the Index Provider, a pricing service or by selected brokers approved by the Manager and the Trustee.
- (ii) The Value of Index Securities may be taken from the Index Provider (where available). Other acceptable pricing sources for Index Securities (where appropriate Values are not available from the Index Provider) and Non-Index Securities include, but are not limited to, FT Interactive, Bloomberg, Reuters and Citigroup Yield Book or any successors thereto.
- (iii) Index Securities and Non-Index Securities for which quotations are not readily available are valued at fair value as determined by the pricing service or by selected brokers using methods which include consideration of the following: yields or prices of bonds of comparable quality, type of issue, coupon, maturity and rating; indications as to value from dealers; and general market conditions.
- (iv) The pricing service or 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 bid price on the most appropriate Recognised 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 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 considered 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.

58.3 In calculating the Value of the Deposited Property 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 Securities and Non-Index Securities) bearing fixed interest shall be deemed to accrue from day to day;
- (vi) the outstanding liabilities, costs and expenses attributable to the Fund shall be deducted from the Deposited Property, 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;
 - (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.

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 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 44 above, or consult his/her solicitor, financial adviser or other professional adviser.

Document 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:-

“Asian Government” means the government of People’s Republic of China, Hong Kong SAR, Indonesia, Korea, Malaysia, The Philippines, Singapore or Thailand;

“Authority” means Monetary Authority of Singapore;

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

“Cash Dealing Day” means the last Dealing Day of each week and/or such other day(s) as from time to time determined by the Manager with the prior approval of the Trustee;

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

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

“CIS Code” means the Code on Collective Investment Schemes issued by the Authority pursuant to Section 321 of the Securities and Futures Act, as the same may be modified, amended, supplemented, revised or replaced from time to time;

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

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

“CPF” means Central Provident Fund;

“CPF Investment Guidelines” mean the CPF Investment Guidelines issued by the CPF Board as set out in Appendix 3 hereto, as the same may be modified, amended, supplemented or revised by the CPF Board from time to time;

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

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

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

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

“Dealing Deadline” means:

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

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

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

“Depositor” means:

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

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

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

“Depository Agent” means a member company of the SGX-ST, a trust company (registered under the Trust Companies Act, Chapter 336 of Singapore), a banking corporation or merchant bank (approved by the Authority under the Monetary Authority of Singapore Act, Chapter 186 of Singapore) or any other person or body approved by the Depository who or which:

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

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

“Derivatives” has the meaning ascribed to it in paragraph 14.3(iii) of this Prospectus;

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

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

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

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

“Index Provider” means International Index Company Limited;

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

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

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

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

“NAV” means net asset value;

“Non-Index Securities” means securities other than Index Securities;

“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;

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

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

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

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

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

“Securities and Futures Act” means Securities and Futures Act, Chapter 289 of Singapore;

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

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

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

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

“Underlying Index” means the iBoxx ABF Singapore Bond Index; and

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

Name of Fund: ABF Singapore Bond Index Fund

Date of Lodgement: 14 December 2009

DBS ASSET MANAGEMENT LTD

BOARD OF DIRECTORS

Amy Yip Yok Tak
Director

Mohamed Nawaz Jiffry Vilcassim
Director
(Signed by Deborah Ho, for and on
behalf of Mohamed Nawaz Jiffry
Vilcassim)

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, the Supervisory Committee or any of their respective affiliates or advisers in connection with the offering and listing of Units and none of them makes any representation as to or takes any responsibility for the accuracy or completeness of this Appendix. The information presented in this Appendix is subject to change by the Index Provider from time to time.

The iBoxx ABF Singapore Bond Index

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

Composition of the Underlying Index

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

Constituent securities of the Underlying Index

As at 31 October 2009, the composition and weightings of the constituent securities of the iBoxx ABF Singapore Bond Index were as follows:

No.	Issuer	Coupon (%)	Maturity	Weighting
1.	AFRICAN DEVELOPMENT BANK	1.720	21-Aug-12	0.45%
2.	ASIAN DEVELOPMENT BANK	3.335	18-Sep-11	0.44%
3.	ASIAN DEVELOPMENT BANK	3.270	8-Feb-12	0.36%
4.	HOUSING &DEVELOPMENT BRD	3.950	15-Jul-18	0.44%
5.	HOUSING &DEVELOPMENT BRD	3.630	27-Feb-23	0.44%
6.	HOUSING &DEVELOPMENT BRD	1.550	26-Oct-12	0.73%
7.	HOUSING &DEVELOPMENT BRD	3.375	21-Apr-15	0.73%
8.	HOUSING &DEVELOPMENT BRD	1.795	3-Jul-12	0.51%
9.	INTL BK RECON & DEVELOP	1.570	21-Aug-12	0.34%
10.	INTL FINANCE CORP	1.100	25-Sep-12	0.29%
11.	LAND TRANSPORT AUTHORITY	4.170	10-May-16	0.73%
12.	LAND TRANSPORT AUTHORITY	4.080	21-May-12	0.44%
13.	LAND TRANSPORT AUTHORITY	2.900	19-Jun-23	0.29%
14.	LAND TRANSPORT AUTHORITY	2.159	19-Jun-13	0.44%
15.	PSA CORPORATION LTD	4.000	5-Jun-19	0.44%
16.	PSA CORPORATION LTD	2.830	6-Jul-15	0.44%
17.	SINGAPORE GOVERNMENT	2.500	1-Oct-12	3.21%
18.	SINGAPORE GOVERNMENT	2.500	1-Jun-19	2.92%
19.	SINGAPORE GOVERNMENT	1.375	1-Oct-14	3.21%
20.	SINGAPORE GOVERNMENT	2.875	1-Jul-15	3.79%
21.	SINGAPORE GOVERNMENT	2.250	1-Jul-13	5.84%
22.	SINGAPORE GOVERNMENT	2.625	1-Apr-12	4.23%
23.	SINGAPORE GOVERNMENT	3.625	1-Jul-14	8.46%
24.	SINGAPORE GOVERNMENT	3.125	1-Feb-11	6.86%
25.	SINGAPORE GOVERNMENT	3.250	1-Sep-20	5.11%
26.	SINGAPORE GOVERNMENT	3.750	1-Sep-16	7.88%
27.	SINGAPORE GOVERNMENT	3.125	1-Sep-22	4.81%
28.	SINGAPORE GOVERNMENT	1.625	1-Apr-13	3.65%
29.	SINGAPORE GOVERNMENT	3.500	1-Mar-27	6.57%
30.	SINGAPORE GOVERNMENT	3.500	1-Jul-12	4.96%
31.	SINGAPORE GOVERNMENT	3.625	1-Jul-11	9.92%
32.	SINGAPORE GOVERNMENT	4.000	1-Sep-18	6.71%
33.	SINGAPORE GOVERNMENT	3.000	1-Sep-24	2.04%
34.	SINGAPORE POWER	4.050	4-May-13	0.44%
35.	SP POWERASSETS LTD	3.385	27-Apr-15	0.29%

No.	Issuer	Coupon (%)	Maturity	Weighting
36.	SP POWERASSETS LTD	4.840	22-Oct-18	0.73%
37.	SP POWERASSETS LTD	4.190	18-Aug-15	0.47%
38.	SP POWERASSETS LTD	4.665	18-Aug-20	0.41%
				100%

Source: International Index Company Limited, DBS Asset Management Ltd

Bond Selection rules and Underlying Index re-balancing

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

Bond Type

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

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

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

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

Retail bonds are excluded from the Underlying Index.

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

Credit Rating requirement and Issuer classification

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

Issuer Restrictions

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

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

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

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

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

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

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

Agencies are entities whose major business is to fulfill a government-sponsored role to provide public, non-competitive services. Often, such business scope is defined by a specific law, or the issuer is explicitly backed by the government. There are three

main categories of agencies: (i) financial; (ii) infrastructure & transport; and (iii) public utilities.

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

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

Rating requirements

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

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

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

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

Supranationals need to have at least AA- rating.

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

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

Classification review procedure

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

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

Bond life at issuance

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

Time to Maturity

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

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

Underlying Index re-balancing procedure

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

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

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

Data for Underlying Index Calculation

Static Data

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

Bond and Index Data

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

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

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

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

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

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

**APPENDIX 2: INVESTMENT GUIDELINES FOR NON-SPECIALISED FUND AS SET OUT IN APPENDIX 1 OF THE CIS CODE
(LAST UPDATED ON 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. 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 derivative transactions which are used for hedging or EPM.

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 party, 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: CPF INVESTMENT GUIDELINES (LAST AMENDED BY THE CPF BOARD ON 11 APRIL 2005)

The CPF Investment Guidelines below are in addition to the guidelines set out in the Non-Specialised Funds Investment Guidelines and will apply to the Fund only if and for so long as the Fund is a CPFIS Included Fund.

1. Diversification

- 1.1 The Trust must be reasonably diversified (e.g. in terms of type of investment, market, industry, issuer, etc., as appropriate), taking into account the type and size of the Trust, its Investment Objective and prevailing market conditions.
- 1.2 The Manager must adopt appropriate investment limits or operating ranges (by market, asset class, issuer etc.) for the Trust.

2. Deposits and Account Balances with Financial Institutions

For the purpose of this paragraph 2 of this Appendix a rating refers to a solicited rating and not a “pi” (“public information”) rating.

- 2.1 The Manager may place monies of the Trust with financial institutions with individual/financial strength ratings of above C by Fitch Inc. or Moody’s. Branches of a financial institution are deemed to have the same credit ratings as their head office. However, subsidiaries of financial institutions must have their own credit ratings.
- 2.2 Where a rated financial institution with which the Trust has placed monies ceases to meet the requisite minimum rating, the Manager should as soon as practicable but in any event within one month, withdraw the monies. In the case of a fixed deposit, if the Manager satisfies the Trustee that it is not in the best interest of the Holders to withdraw the deposits within one month, the Trustee may, subject to the following conditions, extend the one month period:
 - the deposit must not be rolled over or renewed;
 - the deposit is not put at substantial risk; and
 - such extension is subject to monthly review by the Trustee.

3. Credit Rating for Debt Securities

- 3.1 The Manager may invest the Trust in debt securities rated at least Baa by Moody’s, BBB by Standard and Poor’s or BBB by Fitch Inc (including sub-categories or gradations therein).
- 3.2 Debt securities that do not have the requisite ratings cited in paragraph 3.1 of this Appendix but which are fully, unconditionally and irrevocably guaranteed as to principal and interest by entities with individual/financial strength ratings of above C by Fitch Inc or Moody’s, qualify as approved investments under these guidelines.
- 3.3 Paragraphs 3.1 and 3.2 of this Appendix do not apply to debt securities issued by Singapore-incorporated issuers and Singapore statutory boards that are not rated. The Manager may invest the Trust in all such debt securities until such time as is stated otherwise.
- 3.4 If the credit rating of a debt security in the Trust’s portfolio falls below the minimum rating, the Manager is required to sell the debt security within three months, unless the Manager satisfies the Trustee that it is not in the best interest of the Holders to do so, in which case, such disposal should be carried out as soon as the circumstances permit. Such extension is subject to monthly review by the Trustee.

4. Single Party Limit

- 4.1 Exceptions to the single party limit allowed for structured products are subject to the criteria set out in Appendix 1 of the CPF Investment Guidelines, over and above that set out in Annex 1a of the CIS Code entitled “Exceptions to Single Party Rule for Investments in Structured Products”.

5. Securities Lending

- 5.1 Up to fifty per cent. (50%) of the value of the deposited property of the Trust may be lent at any time provided adequate collateral (i.e. collateral with sufficient margin over the value of the lent security) is taken. Such collateral can either be in:

- 5.1.1 cash;
- 5.1.2 deposits with financial institutions with a minimum short-term rating of Prime-1 by Moody's, A-1 by Standard & Poor's or F-1 by Fitch Inc;
- 5.1.3 letters of credit and banker's guarantees where the issuers are rated at least Prime-1 by Moody's, A-1 by Standard & Poor's or F-1 by Fitch Inc; or
- 5.1.4 debt securities which have remaining maturity of not more than 366 calendar days and are rated at least A2 by Moody's, A by Standard & Poor's or A by Fitch Inc.

However, the 366 day requirement need not be complied with, if the collateral taken are debt securities with rating of at least A2 by Moody's, A by Standard & Poor's or A by Fitch Inc., AND the securities lending transaction is conducted through an institution with a credit rating of at least A2 by Moody's, A by Standard & Poor's or A by Fitch Inc., AND the institution would indemnify the Trust in the event of losses due to failure by the securities borrower to return the borrowed stock.

- 5.2 Cash collateral should be invested only in debt securities which have remaining maturity of not more than 366 calendar days and rated at least A2 by Moody's, A by Standard & Poor's, A by Fitch Inc, or deposited with financial institutions with a minimum short-term rating of Prime-1 by Moody's, A-1 by Standard and Poor's, F-1 by Fitch Inc. Such deposits must have a remaining maturity of not more than 366 days.

6. Unlisted Shares

- 6.1 Investments in unlisted shares (excluding initial public offering shares which have been approved for listing) are allowed within the five per cent. (5%) deviation limit.

7. Borrowings

- 7.1 The ten per cent. (10%) borrowing limit set out in the Non-Specialised Funds Investment Guidelines must be adhered to without exception.

8. Deviations from The Guidelines

This paragraph sets out the circumstances when the Manager may invest up to five per cent. (5%) of the Value of the Trust in investments which fall outside the Non-Specialised Funds Investment Guidelines and/or the CPF Investment Guidelines.

8.1 CPFIS Included Fund Constituted in Singapore and are wholly managed in Singapore

If the Trust is a CPFIS Included Fund that is wholly managed in Singapore, the Manager must ensure that the Trust is managed in full compliance with the Non-Specialised Funds Investment Guidelines and that at least ninety-five per cent. (95%) of the Value of the deposited property of the CPFIS Included Fund is invested in accordance with these CPF Investment Guidelines at all times.

8.2 CPFIS Included Fund Constituted in Singapore that are Partially or Wholly Sub-Managed

If the Trust is sub-managed in Singapore or abroad and the Manager has received the CPF Board's approval for the sub-management of the Trust, the Manager must ensure that the CPFIS Included Fund is managed in full compliance with the Non-Specialised Funds Investment Guidelines and that at least ninety-five per cent. (95%) of the Value of the deposited property of the CPFIS Included Fund is invested in accordance with these CPF Investment Guidelines at all times.

8.3 CPFIS Included Fund Constituted in Singapore that invest in other collective investment schemes ("CISs") not included under CPFIS

With the CPF Board's approval, the Trust may invest in another CIS that is not included under CPFIS. In such a case, the Manager must ensure that at least ninety-five per cent. (95%) of the Value of the deposited property of the Trust is invested in accordance with the Non-Specialised Funds Investment Guidelines and these CPF Investment Guidelines at all times. Where the Trust invests partially in another CIS that is not included under the CPFIS, the five per cent. (5%) deviation allowed applied as follows:

The total sum of the Trust's pro-rated share of the deviating investments by **the underlying CIS** and the deviating investments of that part of the Trust which is **managed in Singapore** or **partially or wholly sub-managed in Singapore**

or abroad, shall not exceed five per cent. (5%) of the Value of the Trust.

“Pro-rated share” is defined as follows:

$$\text{Dollar value of investments of the Trust in underlying CIS} \times \frac{\text{Dollar value of deviating investments of underlying CIS}}{\text{Dollar value of underlying CIS}}$$

For the avoidance of doubt, the part of the Trust that is managed in Singapore, or partially or wholly sub-managed in Singapore or abroad must be invested in full compliance with the Non-Specialised Funds Investment Guidelines, and any deviating investments should only be in respect of these CPF Investment Guidelines.

9. Breach of Single Party and Other Limits

9.1 If the five per cent. (5%) limit on investments which deviate from the stated guidelines in paragraph 7 of this Appendix is exceeded as a result of one or more of the following events:

9.1.1 the appreciation or depreciation of the Value of the deposited property of the Trust;

9.1.2 any redemption of Units or payments made from the Trust; or

9.1.3 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 the underlying fund of the Trust acquiring more “deviating” investments, the Manager shall within **three (3)** months from the date when the limit is exceeded:

(a) if the Trust is locally managed or sub-managed, sell so much of such securities;

(b) if the Trust invests in a CIS not included under CPFIS, sell so much of such units in the CIS,

as may be necessary to result in the five per cent. (5%) limit being no longer exceeded. The period may be extended if the Manager satisfies the Trustee that it is in the best interest of Holders to do so. Such extension is subject to monthly review by the Trustee.

9.2 If any of the limits are exceeded other than as a result of the events stated in paragraphs 8.1.1, 8.1.2, 8.1.3 of this Appendix or the underlying funds of the Trust acquiring more prohibited investments, the Manager is required to sell so much of such investments and/or reduce such borrowings **immediately** to result in the limit being no longer exceeded.

9.3 The Manager is required to inform the CPF Board of a breach of the CPF Investment Guidelines by the Trust that they manage within 14 calendar days of the occurrence of the breach. If the Trust invests in other funds that are not managed by the Manager itself, the Manager is required to inform the CPF Board within 14 days of the date of notification of the breach by the manager of the other fund or the date the Manager becomes aware of the breach, whichever is the earlier. In the event that the Trustee agrees to an extension of the deadline (beyond that stipulated in these CPF Investment Guidelines) to rectify the breach, the Trustee should inform the CPF Board within seven calendar days of its agreement to the extension. The Trustee should also inform the CPF Board within seven (7) calendar days of the rectification of the breach.

9.4 If the Manager is unable to adhere to paragraph 8.2 of this Appendix and is unable to (or does not) obtain an extension under paragraph 8.3 of this Appendix, it must take the following actions:

9.4.1 report such breach to the CPF Board within 14 calendar days of the occurrence of the breach;

9.4.2 cease to accept subscriptions for the Trust from the CPF Ordinary and Special Accounts with immediate effect and seek to exclude the Trust from CPFIS;

9.4.3 provide, within three (3) months from the date of the breach;

(i) notice to each CPF member invested in the Trust;

(ii) full disclosure on the impact of the breach; and

- (iii) each investing member with the right to redeem or switch to another CPFIS Included Fund (if applicable) without charge, and

9.4.4 continue to monitor the breach and report to the CPF Board on a monthly basis as to the status of such breach until the breach is rectified.

10. Prohibited Investments

Any other investments/activities not mentioned in these CPF Investment Guidelines shall be prohibited, and subject to the deviation limit as stated in paragraph 7.

This page has been intentionally left blank

