

**This document is important. If you are in any doubt as to the action you should take, you should consult your stockbroker, lawyer, accountant, tax adviser or other professional advisers.**

An application was made to the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 30 July 2018 and 20 July 2020 for permission to list and deal in and for quotation of all the units of the Phillip SING Income ETF and Phillip SGD Money Market ETF respectively which may be issued from time to time. The Phillip SING Income ETF and Phillip SGD Money Market ETF have each received a letter of eligibility from the SGX-ST for the listing and quotation of its units on the Main Board of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed in this prospectus (the “**Prospectus**”) or any of the reports referred to in this Prospectus. The Phillip SING Income ETF’s and Phillip SGD Money Market ETF’s eligibility-to-list on the Main Board of the SGX-ST and admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of Phillip SING Income ETF or the Phillip SGD Money Market ETF or of their respective units or of Phillip Capital Management (S) Ltd (the “**Manager**”). Acceptance of applications for the units of the Phillip SING Income ETF and Phillip SGD Money Market ETF is conditional upon the issue of the units of the Phillip SING Income ETF and Phillip SGD Money Market ETF and permission being granted to list them on the SGX-ST. In the event that such permission is not granted, the subscription amounts received will be returned to the investors (without any interest).

**See “Risk Factors” under paragraphs 6 and 7 and “Specific Risk Factors” set out in the relevant Appendix of this Prospectus for a discussion of certain factors to be considered in connection with an investment in the sub-funds of Phillip Legacy Funds (the “Sub-Funds”).**

#### **PHILLIP LEGACY FUNDS**

*a Singapore unit trust with the following sub-funds authorised under  
Section 286 of the Securities and Futures Act, Chapter 289 of Singapore*

**Phillip SING Income ETF  
Phillip SGD Money Market ETF**

#### **PROSPECTUS**

**(Registered by the Monetary Authority of Singapore on 21 September 2021)**

#### **MANAGER**

**PHILLIP CAPITAL MANAGEMENT (S) LTD**

## PHILLIP LEGACY FUNDS

### DIRECTORY

#### MANAGER

Phillip Capital Management (S) Ltd  
(Company Registration No. 199905233W)  
250 North Bridge Road  
#06-00 Raffles City Tower  
Singapore 179101

#### TRUSTEE / REGISTRAR

HSBC Institutional Trust Services (Singapore)  
Limited  
(Company Registration No. 194900022R)  
10 Marina Boulevard  
Marina Bay Financial Centre Tower 2 #48-01  
Singapore 018983

#### DIRECTORS OF THE MANAGER

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

#### CUSTODIAN

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

#### SOLICITORS TO THE MANAGER

Simmons & Simmons JWS Pte. Ltd.  
168 Robinson Road  
#11-01 Capital Tower  
Singapore 068912

#### SOLICITORS TO THE TRUSTEE

Shook Lin & Bok LLP  
1 Robinson Road  
#18-00 AIA Tower  
Singapore 048542

#### AUDITORS

KPMG LLP  
16 Raffles Quay  
#22-00 Hong Leong Building  
Singapore 048581

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## PRELIMINARY

This Prospectus has been prepared in connection with the offer in Singapore of units in the Sub-Funds (“Units”) under the Phillip Legacy Funds (the “Trust”), an umbrella unit trust established under Singapore law by the deed of trust relating to the Trust (the “Trust Deed”).

The directors of the Manager individually and collectively accept full responsibility for the accuracy of information contained herein and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed in this Prospectus are fair and accurate in all material respects as at the date of this Prospectus and that there are no material facts the omission of which would make any statements in this Prospectus misleading. Where information in this Prospectus has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the directors of the Manager has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Prospectus in its proper form and context.

The collective investment schemes offered in this Prospectus, the Sub-Funds, are authorised schemes 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 “**MAS**”). The MAS assumes no responsibility for the contents of this Prospectus. Registration of this Prospectus with the MAS does not imply that the Securities and Futures Act, or any other legal or regulatory requirements have been complied with. The MAS has not, in any way, considered the investment merits of the Sub-Funds.

Applicants for Units should consult their financial advisers and take legal advice as appropriate as to whether any governmental or other consents are required, or other formalities need to be observed, to enable them to acquire Units and as to whether any taxation effects, foreign exchange restrictions or exchange control requirements are applicable.

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. Listing for quotation of the Units on the SGX-ST does not guarantee a liquid market for the Units.

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

### Phillip SGD Money Market ETF

The Phillip SGD Money Market ETF is a money market fund. The purchase of a unit in a money market fund is not the same as placing funds on deposit with a bank or deposit-taking company. Although the Manager may seek to maintain or preserve the principal value of the money market fund, there can be no assurance that the money market fund will be able to meet this objective. The Phillip SGD Money Market ETF is not a guaranteed fund, in that there is no guarantee as to the amount of capital invested or return received.

### Restriction on U.S. Persons on subscribing to the Sub-Funds

Persons to whom a copy of this Prospectus has been issued shall not circulate to any other person, reproduce or otherwise distribute this Prospectus or any information herein for any purpose whatsoever nor permit or cause the same to occur. In particular, please note that the Units have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**U.S. Securities Act**”) or any other applicable law of the United States. The Sub-Funds have not been and will not be registered as an investment company under the U.S. Investment Company Act of 1940, as amended. The Units are being offered and sold outside the United States to persons that are not “U.S. persons” (as defined in Regulation S promulgated under the U.S. Securities Act) in reliance on Regulation S promulgated under the U.S. Securities Act. The Units are not being offered or made available to U.S. persons and nothing in this Prospectus is directed to or is intended for U.S. persons.

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

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

### Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act (“**FATCA**”) includes provisions under which the Manager as a Foreign Financial institution (“**FFI**”) may be required to report to the U.S. Internal Revenue Service (“**IRS**”) certain information about Units held by U.S. persons for the purposes of FATCA and to collect additional identification information for this purpose.

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

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

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

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

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

Accordingly, the Manager and/or the Trustee will require investors to provide, amongst other things, information in relation to their identities and tax residences of their accounts (and the controlling persons, if any), account details, reporting entity, account balance/value and income/sale or redemption proceeds and any additional documentation or information, which will be reported to the Inland Revenue Authority of Singapore (“**IRAS**”) and the other relevant tax authorities for purposes of complying with FATCA, the CRS Regulations and any similar automatic exchange of tax information regimes.

#### Data Protection

For the purposes of, and subject to the provisions in, the Personal Data Protection Act 2012 (No. 26 of 2012) (“**PDPA**”) and its regulations, each investor consents and acknowledges that all personal data of the investor provided to the Trust, the Sub-Funds, the Manager, the Trustee or any delegate, agent or distributor appointed by the Manager or Trustee (including but not limited to the administrator, custodian, sub-custodians, registrar and any other third party service provider which may be applied), may be collected, used, disclosed or otherwise processed to enable each of the aforesaid entities to carry out their respective duties and obligations, or to enforce their respective rights and remedies, in connection with any investment by the investor into the Sub-Funds or any law applicable to the respective parties.

All enquiries in relation to the Trust should be directed to the Manager, Phillip Capital Management (S) Ltd.

## **DEFINITIONS**

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

“Application” means an application by a Participating Dealer for the creation or redemption of Units, in accordance with the procedures for creation and redemption of Units set out in the Operating Guidelines, the relevant Participation Agreement and the terms of the Trust Deed.

“Application Basket” means, a portfolio of Index Securities fixed by the Manager at the start of business on the relevant Dealing Day and/or the cash equivalent of the Index Securities where applicable, and/or such other securities as may be approved by the Manager, for the purpose of the creation and redemption of Units in an Application Unit size, notified on the relevant date by the Manager in accordance with the Operating Guidelines for Applications.

“Application Basket Value” means the aggregate value of the Index Securities and/or the cash equivalent of the Index Securities where applicable and/or such other securities as may be approved by the Manager constituting the Application Basket at the Valuation Point on the relevant Dealing Day.

“Application Cancellation Fee” means the fee payable by a Participating Dealer in respect of a default, as set out in the Trust Deed, this Prospectus and the Operating Guidelines applicable at the time the relevant Creation Application or Redemption Application is made.

“Application Unit”, in relation to each Sub-Fund, means such number of Units of a Class or whole multiples thereof (if any) as specified in the relevant Appendix for a Sub-Fund or such other number of Units of a Class from time to time determined by the Manager and notified to the Participating Dealers, either generally or for a particular Class or Classes or for a particular period of time.

“associate” has the meaning ascribed to it in the listing manual of the SGX-ST.

“Business Day”, in respect of a Sub-Fund, means, unless the Manager and the Trustee otherwise agree, a day on which (a)(i) the SGX-ST is open for normal trading, (ii) the relevant Market on which Index Securities are traded is open for normal trading or (iii) if there is more than one such Market, the Market designated by the Manager is open for normal trading, and (b) the Index is compiled and published, or such other day or days as the Manager and the Trustee may agree from time to time.

“Cancellation Compensation” means an amount payable by a Participating Dealer in respect of a default, as set out in the Trust Deed and the Operating Guidelines applicable at the time the relevant Creation Application or Redemption Application is made.

“Cash Component” means the difference between the aggregate Net Asset Value of the Units comprising an Application Unit and the Application Basket Value.

“CDP” means The Central Depository (Pte) Limited 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.

“Class” means any one of the classes of Units which may be issued in respect of a Sub-Fund pursuant to the Trust Deed.

“Code” means the Code on Collective Investment Schemes issued by the MAS (as may be amended from time to time).

“Code Guidelines” means the investment and borrowing guidelines as set out in Appendix 1 of the Code, the guidelines for money market funds set out in Appendix 2 of the Code (where applicable) and the guidelines for index funds as set out in Appendix 5 of the Code (where applicable), as the same may be modified, amended, supplemented or revised by the MAS from time to time.

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

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

“Creation Application” means an application by a Participating Dealer for the creation and issue of Units in an Application Unit size in accordance with the relevant procedures set out in the Trust Deed and the Operating Guidelines.

“Custodian” means The Hongkong and Shanghai Banking Corporation Limited or its successors.

“Dealing Day” means each Business Day during the continuance of the relevant Sub-Fund, and/or such other day or days as the Manager may from time to time determine with the prior approval of the Trustee either generally or for a particular Class or Classes of Units.

“Dealing Deadline” in relation to any Dealing Day, means such time or times as the Manager may from time to time with the prior approval of the Trustee determine generally or for a particular Class or Classes of Units of a Sub-Fund.

“Deposited Property” means all the assets (including Income Property (as defined in the Trust Deed)), received or receivable by the Trustee, for the time being held or deemed to be held upon the trusts and subject to the terms of the Trust Deed (or if the context so requires, the part thereof attributable to the relevant Sub-Fund) but excluding (i) Income Property standing to the credit of the Distribution Account (as defined in the Trust Deed) of such Sub-Fund (other than interest earned thereon) and (ii) any other amount for the time being standing to the credit of the Distribution Account of such Sub-Fund.

“Duties and Charges” means, in relation to any particular transaction or dealing, all stamp and other duties, taxes, government charges, brokerage, bank charges, transfer fees, registration fees, transaction levies and other duties and charges whether in connection with the constitution of the Deposited Property or the increase or decrease of the Deposited Property or the creation, issue, transfer, cancellation or redemption of Units or the acquisition or disposal of Securities or otherwise which may have become or may be payable in respect of, and whether prior to, upon or after the occasion of, any transaction or dealing and including but not limited to, in relation to an issue of Units or redemption of Units, a charge (if any) of such amount or at such rate as determined by the Manager to be made for the purpose of (i) compensating or reimbursing the Trust and/or the Sub-Funds for the difference between (a) the prices used when valuing the Securities of the Deposited Property for the purpose of such issue or redemption of Units and (b) (in the case of an issue of Units) the prices which would be used when acquiring the same Securities if they were acquired by the Trust and/or the

Sub-Funds with the amount of cash received by the Trust and/or the Sub-Funds upon such issue of Units and (in the case of a redemption of Units) the prices which would be used when selling the same Securities if they were sold by the Trust and/or the Sub-Funds in order to realise the amount of cash required to be paid out of the Deposited Property upon such redemption of Units and (ii) preventing the Net Asset Value of the Trust and/or the Sub-Funds from being diluted by the high transactional costs which would be incurred by the Trust and/or the Sub-Funds in connection with a large or significant Creation Application or Redemption Application.

“Excluded Investment Product” means any capital markets product that belongs to a class of capital markets products listed in the Schedule to the Securities and Futures (Capital Markets Products) Regulations 2018, issued by the MAS (as may be amended from time to time).

“Extension Fee” means the fee payable by a Participating Dealer to the Manager and/or the Trustee on each occasion that the Manager, upon a Participating Dealer’s request, grants the Participating Dealer an extended settlement in respect of a Creation Application or Redemption Application.

“Holder” means a person for the time being entered on the Register as the holder of Units including, where the context so admits as applicable, Joint Holders (as defined in the Trust Deed) so registered, except that where the registered holder is the CDP, the term “Holder” shall, in relation to Units registered in the name of the CDP mean, where the context requires or so admits as applicable, the Depositor and Joint Depositors (both as defined in the Trust Deed).

“Index” means the index against which a Sub-Fund may be benchmarked or may otherwise be referenced as set out in the relevant Appendix.

“Index Securities” means Securities of those companies which are at the relevant time the constituent companies of the Index, any Securities used to track the performance of such Securities constituting the Index at the relevant time or such other Securities designated by the Manager.

“Insolvency Event” occurs in relation to a person where (i) an order has been made or an effective resolution passed for the liquidation or bankruptcy of the person; (ii) a receiver or similar officer has been appointed in respect of the person or of any of the person’s assets or the person becomes subject to an administration order, (iii) the person enters into an arrangement with one or more of its creditors or is deemed to be unable to pay its debts, (iv) the person ceases or threatens to cease to carry on its business or substantially the whole of its business or makes or threatens to make any material alteration to the nature of its business, or (v) the Manager in good faith believes that any of the above is likely to occur.

“Issue Price” means in respect of each Sub-Fund (or Class), the price at which Units in that Sub-Fund (or Class) may be issued, determined in accordance with the Trust Deed.

“Listing Rules” means the listing rules issued by the SGX-ST applicable to the listing of each Sub-Fund as an investment fund on the SGX-ST (as amended or supplemented from time to time).

“Manager” means Phillip Capital Management (S) Ltd or such other person or persons for the time being duly appointed as manager or managers of the Trust in succession thereto in accordance with the Trust Deed.

“Market” means in relation to any Security, the SGX-ST or such other stock exchange from time to time determined by the Manager and any over-the-counter transaction conducted in any part of the world and in relation to any Security shall be deemed to include any bilateral agreement with a responsible firm, corporation or association in any country in any part of the world dealing in the Security which the Manager may from time to time elect.

“MAS” means the Monetary Authority of Singapore or its successors.

“Net Asset Value” means the net asset value of a Sub-Fund or, as the context may require, the net asset value of a Unit of a Sub-Fund (or Class thereof) calculated pursuant to the Trust Deed.

“Operating Guidelines” means, in respect of a Sub-Fund, the guidelines for the creation and redemption of Units of a Class as set out in the schedule to each Participation Agreement as may be amended, restated or supplemented from time to time by the Manager or the Trustee with the written approval of the other and following consultation, to the extent reasonably practicable, with the relevant Participating Dealers, including without limitation, the procedures for creation and redemption of Units subject always, in respect of the relevant Operating Guidelines for a Participating Dealer, any amendment being notified in writing by the Manager in advance to the Participating Dealer. Unless otherwise specified, references to the Operating Guidelines shall be to the Operating Guidelines for the relevant Sub-Fund applicable at the time of the relevant Application.

“Participating Dealer” means a broker or dealer who has entered into a Participation Agreement in form and substance acceptable to the Manager and the Trustee.

“Participation Agreement” means an agreement entered into between the Trustee, the Manager and a Participating Dealer setting out, amongst other things, the arrangements in respect of the Applications.

“Permissible Investment” means such investment as may be permitted to be made by a Sub-Fund under the Code, (where applicable) the CPF Investment Guidelines and (for so long as Units of a Sub-Fund are Excluded Investment Products and Prescribed Capital Markets Products) the Securities and Futures (Capital Markets Products) Regulations 2018, or as may be permitted to invest in, by the MAS.

“Prescribed Capital Markets Product” means any capital markets product that belongs to a class of capital markets products listed in the Schedule to the Securities and Futures (Capital Markets Products) Regulations 2018.

“Recognised Stock Exchange” means an international stock exchange which is approved by the Manager.

“Redemption Application” means an application by a Participating Dealer for the redemption of Units in Application Unit size in accordance with the Operating Guidelines and the Trust Deed.

“Redemption Value” means, in respect of a Unit of a Sub-Fund, the price per Unit at which such Unit is redeemed, calculated in accordance with the Trust Deed.

“Register” means, in respect of each Sub-Fund, the register of Holders to be kept in accordance with the Trust Deed.

“Registrar” means HSBC Institutional Trust Services (Singapore) Limited or such person as may from time to time be appointed as registrar in respect of each Sub-Fund pursuant to the Trust Deed to keep and maintain the Register.

“Securities Account” means a securities account or sub-account maintained by a Depositor with the CDP.

“Securities and Futures Act” means the Securities and Futures Act, Chapter 289 of Singapore (as may be amended or supplemented from time to time).

“Security” means any shares, stocks, debentures, loan stocks, bonds, securities, commercial paper, acceptances, trade bills, warrants, participation notes, certificates, structured products, treasury bills, instruments or notes of, or issued by or under the guarantee of, any body, whether incorporated or unincorporated, and whether listed or unlisted, or of any government or local government authority or supranational body, whether paying interest or dividends or not and whether fully-paid, partly paid or nil paid and includes (without prejudice to the generality of the foregoing):-

- (A) any right, option or interest (howsoever described) in or in respect of any of the foregoing, including units in any Unit Trust;
- (B) any certificate of interest or participation in, or temporary or interim certificate for, receipt for or warrant to subscribe or purchase, any of the foregoing;
- (C) any instrument commonly known or recognised as a security;
- (D) any receipt or other certificate or document evidencing the deposit of a sum of money, or any rights or interests arising under any such receipt, certificate or document; and
- (E) any bill of exchange and any promissory note,

provided that each of such Security falling within paragraphs (A) to (E) of this definition shall be a Permissible Investment.

“Settlement Day” means such Business Days in respect of the relevant Dealing Day as determined by the Manager in consultation with the Trustee from time to time and notified to the relevant Participating Dealers, either generally or for a particular Class or Classes of Units.

“SGX-ST” means the Singapore Exchange Securities Trading Limited or its successors.

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

“Transaction Fee” means the fee, in respect of a Sub-Fund, payable by the Participating Dealer to the Trustee and/or the Registrar (as the case may be) on each Application made by the relevant Participating Dealer.

“Trust Deed” means the deed of trust constituting the Trust dated 24 September 2018 between the Manager and the Trustee, as may be amended, supplemented and restated from time to time.

“Trustee” means HSBC Institutional Trust Services (Singapore) Limited or such other person or persons for the time being duly appointed as trustee or trustees hereof in succession thereto under the provisions of the Trust Deed.

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

“Unit” means a unit in a Class or Sub-Fund representing a certain number or fraction (including irregular fractions) of undivided shares in the Deposited Property attributable to a Sub-Fund which number shall be capable of variation (as between the Classes) in accordance with the provisions of the Trust Deed.

“Unit Trust” means any arrangement whose units are not quoted, made for the purpose, or having the effect, of providing facilities for the participation by persons, as beneficiaries under a trust, in profits or income arising from the acquisition, holding, management or disposal of Securities or any other property whatsoever or in respect of any such arrangement which offers more than one class of units to participating persons (each representing a separate portfolio acquiring, holding, managing or disposing as aforesaid) means each such class of units.

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

“Valuation Point” in respect of each Sub-Fund, means the official close of trading on the Market on which the Index Securities are listed on each Dealing Day or if more than one such Market, the official close of trading on the last relevant Market to close or such other time or times as determined by the Manager with the prior approval of the Trustee who shall determine if the Holders should be informed of such change provided that there shall always be a Valuation Point on each Dealing Day other than where there is a suspension of the creation and redemption of Units.

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

## 1. PHILLIP LEGACY FUNDS

The Trust is a Singapore umbrella unit trust constituted under Singapore law and established by way of a deed of trust dated 24 September 2018, as amended and restated by way of the 1<sup>st</sup> Amending and Restating Deed dated 22 September 2020 (collectively known as the “**Trust Deed**”). The Trust will consist of a number of Sub-Funds. The Trust currently has 2 Sub-Funds established under it. The parties to the Trust Deed are Phillip Capital Management (S) Ltd, as the manager (the “**Manager**”) and HSBC Institutional Trust Services (Singapore) Limited, as the trustee (the “**Trustee**”). A copy of the Trust Deed is available for inspection by Holders and potential investors at the registered office of the Manager during usual business hours. Unless expressly provided for in the Trust Deed or allowed under applicable laws, the assets of the Trust and/or the Sub-Funds shall at all times belong to the Trust and/or the Sub-Funds and be segregated from the assets of the Trustee, and shall not be used to discharge the liabilities of or claims against the Trustee or any other fund for which the Trustee acts as trustee.

Investors should note that the Sub-Funds differ from a typical unit trust offered in Singapore. The Units of a Sub-Fund are listed on the SGX-ST and trade like any other security listed on the SGX-ST. Only Participating Dealers may purchase or redeem Units directly from the Sub-Fund at the Net Asset Value. All other investors may purchase and sell Units in the Sub-Fund on the SGX-ST or through a Participating Dealer, subject to such terms and conditions as may be imposed by the Participating Dealer.

The Manager may select other stock exchanges in addition to the SGX-ST, for the listing of the Units of each Sub-Fund, as it may determine from time to time.

## 2. REGISTRATION AND EXPIRY DATE

The date of registration of this Prospectus by the MAS is 21 September 2021. This Prospectus shall be valid for a period of 12 months after the date of registration and shall expire on 21 September 2022.

## 3. INVESTMENT OBJECTIVE

The investment objective of each Sub-Fund is stated in the relevant Appendix.

## 4. INVESTMENT POLICY OF THE SUB-FUNDS

### 4.1 Investment Approach

The investment approach of each Sub-Fund is stated in the relevant Appendix.

### 4.2 Investment Strategy

The investment strategy of each Sub-Fund is stated in the relevant Appendix.

In managing the Sub-Funds, the Manager may adopt a Replication Strategy, Representative Sampling Strategy or Optimisation Strategy, each as described below.

#### (a) Replication Strategy

Using a Replication Strategy, a Sub-Fund will invest in substantially all the Index Securities in substantially the same weightings (i.e. proportions) as the applicable Index and the Application Basket may comprise odd lots of the Index Securities. For purposes of tracking the Index closely, the Manager may, from time to time, adjust the number of odd lots of Index Securities in each Application Basket.

(b) Representative Sampling Strategy

Using a Representative Sampling Strategy, a Sub-Fund will hold a representative sample of a portfolio of Securities selected by the Manager using quantitative analytical models in a technique known as “portfolio sampling”. Where a Representative Sampling Strategy is employed, Securities that are not constituents of the Index may be held by the Sub-Fund. Such Securities will be expected to have a high level of correlation or a similar valuation or market capitalisation as the relevant Index Securities.

(c) Optimisation Strategy

Using an Optimisation Strategy, a Sub-Fund will invest in a portfolio of assets selected by the Manager featuring a high correlation to the relevant Index and with the aim of minimising index tracking error.

## **5. INVESTMENT RESTRICTIONS AND BORROWING POLICY**

Each Sub-Fund is subject to the investment guidelines, restrictions and borrowing limits set out in the Code, which guidelines, restrictions and borrowing limits may be amended from time to time by the MAS. For so long as the Units are Excluded Investment Products and Prescribed Capital Markets Products, the Sub-Fund will not invest in any product or engage in any transaction which may cause the Units not to be regarded as Excluded Investment Products and Prescribed Capital Markets Products (unless otherwise permitted by the MAS).

Subject to the Code and to the provisions of the Trust Deed, the Trustee may at any time on the written instructions of the Manager make and vary arrangements for the borrowing (including entering into overdraft facilities) by the Trustee for the account of any Sub-Fund of any currency for the purpose of meeting redemptions and bridging requirements or such other purposes as permitted by the Code.

The Manager may from time to time formulate such other investment and borrowing restrictions to apply to the Sub-Fund, as it may in its sole discretion think fit, subject to the investment guidelines, restrictions and borrowing limits set out in the Code.

To the extent that Units of a Sub-Fund are classified as Excluded Investment Products and Prescribed Capital Markets Products, the Manager may engage in securities lending or repurchase transactions for the Sub-Fund, where such securities lending or repurchase transactions are carried out solely for the purpose of efficient portfolio management and do not amount to more than 50% of the Net Asset Value of the Sub-Fund, and is in line with the Securities and Futures (Capital Markets Products) Regulations 2018 issued by the MAS (as may be amended from time to time). Any securities lending or repurchase transactions which the Manager may engage in will be in accordance with Appendix 1 of the Code and Appendix 2 of the Code (where applicable).

## **6. RISK FACTORS**

*The Sub-Funds are subject to the following principal risks. The market price of Units and the Net Asset Value per Unit may fall or rise. There can be no assurance that you will achieve a return on your investments in the Units or a return on capital invested. Some or all of the following risks may adversely affect the Sub-Funds' Net Asset Value, yield, total return and/or its ability to achieve its investment objective. Investors should note the following risk factors associated with investing in the Sub-Funds. The following statements are intended to be summaries of some of those risks. They are by no means exhaustive and they do not offer advice on the suitability of investing in the Sub-Funds. Investors should carefully consider the risk factors described below together with all of the other information included in this Prospectus before deciding whether to invest*

*in Units of the Sub-Funds. You should be aware that an investment in the Sub-Funds may be exposed to other risks of an exceptional nature from time to time.*

### **6.1 Investment Objective Risk**

There is no assurance that the investment objective of a Sub-Fund will be achieved. Whilst the Manager will implement strategies it believes are appropriate for the investment objective of each Sub-Fund, there can be no assurance that these strategies will be successful. It is possible that an investor may lose a substantial proportion or all of its investment in a Sub-Fund. As a result, each investor should carefully consider whether you can afford to bear the risks of investing in the relevant Sub-Fund.

### **6.2 Market Risk**

The Net Asset Value of the Units of each Sub-Fund will fluctuate with changes in the market value of the Securities held by the Sub-Fund. The price of Units and the income from them may go down as well as up. Investors may not get back their original investment. The capital return and income of a Sub-Fund is based on the capital appreciation and income of the Securities that it holds, less expenses incurred. A Sub-Fund's return may fluctuate in response to changes in such capital appreciation or income. Furthermore, each Sub-Fund may experience volatility and decline in response to changes in the relevant Index. Investors in a Sub-Fund are exposed to the same risks that investors who invest directly in the underlying Securities would face. These risks include, for example, interest rate risks (risks of falling portfolio values in a rising interest rate market); income risks (risks of falling incomes from a portfolio in a falling interest rate market); and credit risk (risk of a default by the underlying issuer of a Security that forms part of the Index).

### **6.3 Passive Investment Risk**

The Sub-Funds are not actively managed and may be affected by changes in the market segments relating to the relevant Index or Indices. The Manager will not attempt to select Securities individually or to take defensive positions when the Index moves in an unfavourable direction. In such circumstances, investors may lose a significant part of their respective investments. Each Sub-Fund invests (either directly or indirectly) in the Securities included in or representative of the relevant Index regardless of their investment merit, except to the extent of any Representative Sampling Strategy or Optimisation Strategy. Investors should note that the lack of discretion on the part of the Manager to adapt to market changes due to the passive investment nature of a Sub-Fund will mean that falls in the Index or Indices in the case of Sub-Funds tracking the performance of the Index or Indices are expected to result in corresponding falls in the value of the Sub-Funds, and investors may lose substantially all of their investment.

### **6.4 Tracking Error Risk**

Factors such as fees and expenses of a Sub-Fund, imperfect correlation between a Sub-Fund's assets and the Index Securities, changes to the Index and regulatory policies may affect the Manager's ability to achieve close correlation with the performance of the relevant Index. A Sub-Fund's returns may therefore deviate from the relevant Index and there is no assurance that the Sub-Fund will be able to fully track the performance of the relevant Index. A Replication Strategy may be adopted to minimise tracking error, by investing a Sub-Fund's assets in substantially the same weightings as the relevant Index. An Optimisation Strategy may also be adopted to minimise tracking error, by investing a Sub-Fund's assets in a portfolio of assets featuring a high correlation to the relevant Index. A Sub-Fund may invest in Securities which are not constituents of the relevant Index by using the Representative Sampling Strategy or Optimisation Strategy. The Manager will endeavour to manage the tracking error if the Representative Sampling Strategy or Optimisation Strategy is used.

## **6.5 Concentration Risk**

A Sub-Fund which tracks the performance of a single geographical region may be subject to concentration risk. Such a Sub-Fund is likely to be more volatile than a broad-based fund, such as a global or regional equity fund, as it is more susceptible to fluctuations in value resulting from adverse conditions in the relevant region.

## **6.6 Foreign Exchange Risk**

An investment in a Sub-Fund may directly or indirectly involve exchange rate risk. The Index, the Index Securities or the Securities of a Sub-Fund may be denominated in currencies other than the base currency of the Sub-Fund. Fluctuations in the exchange rates between such currency and the base currency may have an adverse impact on the performance of the Sub-Fund.

## **6.7 Units may trade at prices other than at Net Asset Value**

The Net Asset Value of a Sub-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 Net Asset Value. There is a risk, therefore, that Holders may not be able to buy or sell at a price close to this Net Asset Value. The deviation from Net Asset Value is dependent on a number of factors, but will be accentuated when there is a large imbalance between market supply and demand for Units on the SGX-ST. However, given that the Units can be created and redeemed in an Application Unit size by Participating Dealers, as applicable, it is not anticipated that large discounts or premiums will be sustained.

## **6.8 Absence of prior Active Market**

Although an application has been made for the Units of a Sub-Fund to be 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 the Units may trade.

## **6.9 Creation and Redemption through Participating Dealers**

Investors may generally not create or redeem Units directly with the Manager and in any event can only create or redeem Units through Participating Dealers if investors are clients of the relevant Participating Dealer (subject to such terms and conditions as the Participating Dealer may impose). Units will normally only be issued or redeemed in an Application Unit size which is the number of Units specified in the relevant Appendix. The Participating Dealers are under no obligation to agree to do so on behalf of any investor and may impose terms and conditions in connection with such creation or redemption orders from investors. Each Participating Dealer may, in its absolute discretion, refuse to accept a creation order from an investor and can charge such fees as it may determine. The willingness of a Participating Dealer to redeem Units may depend upon, but is not limited to, that Participating Dealer's ability to sell the Units as well as any agreement which may be reached between the investor and the Participating Dealer. The Participating Dealer will not be able to create or redeem Units during any period when, amongst other things, dealings on the SGX-ST are restricted or suspended, settlement or clearing of securities through the CDP is disrupted or the Index is not compiled or published. In addition, the Participating Dealer will not be able to create or redeem Units if some other event occurs which impedes the calculation of the Net Asset Value of the Sub-Fund or disposal of the Sub-Fund's Securities cannot be effected.

## **6.10 Trading in Units on the SGX-ST may be suspended or delisted**

Investors will not be able to purchase or sell Units on the SGX-ST during any period when the SGX-ST

suspends trading in the Units. The SGX-ST may suspend the trading of Units whenever, amongst other factors, the SGX-ST determines that it is necessary or expedient in the interest of maintaining a fair, orderly and transparent market. The creation and redemption of Units may also be suspended in the event that the trading of Units on the SGX-ST is suspended. The SGX-ST imposes certain requirements for the continued listing of securities, including the Units, on the SGX-ST. Investors cannot be assured that the Sub-Funds will continue to meet the requirements necessary to maintain the listing of Units on the SGX-ST or that the SGX-ST will not change the listing requirements. The Sub-Funds may be terminated if Units are delisted from the SGX-ST or if the CDP is no longer able to act as the depository for the Units listed on the SGX-ST. Dealings of Units on the SGX-ST may not necessarily be suspended in the event that the creation and redemption of Units is temporarily suspended by the 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 Net Asset Value of the Sub-Funds.

#### **6.11 The Sub-Funds are not typical unit trusts**

Investors should note that the Sub-Funds are not like typical unit trusts offered to the public in Singapore. Units may only be created and redeemed in an Application Unit size by Participating Dealers and Units may not be subscribed for, or redeemed, directly by investors. For so long as the Units are listed for quotation on the SGX-ST, investors shall have no right to request the Manager to redeem or purchase their Units. Participating Dealers will not be able to create or redeem Units during any period when, amongst other things, dealings on the SGX-ST are restricted or suspended, settlement or clearing of securities in CDP is disrupted or, the Index is not compiled or published. Investors may generally only realise the value of their Units by selling their Units on the SGX-ST or through Participating Dealers (subject to such terms and conditions as the Participating Dealer may impose). These features are not usually present in a typical unit trust offered to investors in Singapore, where units can generally be purchased and redeemed directly with a manager or its approved distributors.

#### **6.12 Risks related to Borrowings by a Sub-Fund**

Subject to the Code, the Manager may pledge the assets of a Sub-Fund if the lender requires security to be provided in connection with any borrowings by the Manager for the account of the Sub-Fund. In the event that the Sub-Fund is unable to repay the principal or interest on such borrowing, the pledged assets may be disposed of by the lender. If the price received by the lender is insufficient to satisfy the outstanding due to the lender in full, the Sub-Fund may have to dispose of its investments to raise cash for payment of the shortfall to the lender. There may be an adverse effect on the Net Asset Value of the Sub-Fund if such disposal is effected during any period when general market conditions are unfavourable.

#### **6.13 Derivatives Risk**

(a) Use and risks associated with use of financial derivative instruments ("FDIs")

The Manager may use or invest in FDIs in accordance with the Securities and Futures (Capital Markets Products) Regulations 2018 (to the extent that Units of a Sub-Fund are Excluded Investment Products and Prescribed Capital Markets Products), Appendix 1 of the Code and Appendix 2 of the Code (where applicable). Such FDIs may include, but are not limited to futures, options, warrants, forwards, contract for differences, extended settlement contracts, swaps or swap options. Subject to the Securities and Futures (Capital Markets Products) Regulations 2018 (to the extent that Units of a Sub-Fund are Excluded Investment Products and Prescribed Capital Markets Products), the Manager may use or invest in FDIs for the purposes of hedging, efficient portfolio management, optimising returns or a combination of all three. In the case of a money market fund, the Manager may use or invest in FDIs

only for the purpose of hedging existing positions in the portfolio in accordance with Appendix 2 of the Code.

(b) Risks associated with the use of FDIs

While the judicious use of FDIs can be beneficial, the ability to use such instruments successfully depends on the Manager's ability to accurately predict movements in stock prices, interest rates, currency exchange rates or other economic factors and the availability of liquid markets. If the Manager's predictions are wrong, or if the FDIs do not work as anticipated, the Sub-Fund could suffer greater losses than if the Sub-Fund had not used such FDIs.

In addition to the inherent risks of investing in FDIs, a Sub-Fund will also be exposed to credit risk on the counterparties with which it trades, particularly in relation to FDIs that are not traded on a recognised market. Such instruments are not afforded the same protection as may be afforded to participants trading such FDIs on a recognised market, such as the performance guarantee of an exchange clearing house. The Sub-Fund may be subject to the possibility of insolvency, bankruptcy or default of a counterparty with which that Sub-Fund trades, which could result in substantial losses to the Sub-Fund.

Investments in derivatives may require the deposit of initial margin and additional deposit of margin on short notice if the market moves against the investment positions. If no provision is made for the required margin within the prescribed time, the Sub-Fund's investments may be liquidated at a loss. In cases of FDIs which are derivatives on commodities, such transactions shall be settled in cash at all times.

(c) Exposure to FDIs

The Manager confirms that the global exposure of each Sub-Fund to FDIs or embedded FDIs will not exceed 100%. Such exposure would be calculated using an approach as specified in the relevant Appendix.

(d) Risk Management Process and Compliance Controls

In the event the Manager uses FDIs, it is of the view that it has the necessary expertise to control and manage the risks relating to the use of FDIs.

The Manager will ensure that the risk management and compliance procedures and controls adopted are adequate and have been or will be implemented and that they have the necessary expertise to control and manage the risks relating to the use of FDIs.

#### **6.14 Taxation Risk**

Investing in a Sub-Fund may have tax implications for a Holder depending on the particular circumstances of each Holder. Prospective investors are strongly urged to consult their own tax advisers and counsel on the possible tax consequences with respect to an investment in the Sub-Fund. Such tax consequences may differ in respect of different investors.

#### **6.15 Securities Lending or Repurchase Transactions Risk**

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

(a) Counterparty risk

A counterparty to such securities lending or repurchase transaction may default on its obligations by being insolvent or otherwise being unable to complete a transaction.

(b) Liquidity risk

A counterparty may not be able to settle its obligation under such securities lending or repurchase transaction for the full value when it is due but would be able to settle on some unspecified date thereafter. This may affect the ability of a Sub-Fund to meet its redemption obligations and other payment commitments.

(c) Sufficiency of collateral risk

Following a default by a counterparty, a Sub-Fund can sell its collateral in the market to raise funds to replace the lent securities. It will suffer a loss if the value of the collateral securities falls relative to the lent securities.

(d) Collateral investment risk

The value of the securities in which the Manager invests the cash collateral may decline due to fluctuations in interest rates or other market-related events.

(e) Delivery risk

Delivery risk occurs both when securities have been lent and collateral has not been received at the same time or prior to the loan, and when collateral is being returned but the loan has not been received.

(f) Operational risk

The custodian or the lending agent may not administer the program as agreed. This includes the failure to mark to market the collateralisation levels, call for additional margin or to return excess margin and to post corporate actions and income including all economic benefits of ownership.

## **6.16 Liquidity Risk**

Trading volumes in the underlying investments of a Sub-Fund may fluctuate significantly depending on market sentiment. There is a risk that investments made by a Sub-Fund may become less liquid in response to market developments, adverse investor perceptions or regulatory and government intervention (including the possibility of widespread trading suspensions implemented by domestic regulators). In extreme market conditions, there may be no willing buyer for an investment and so that investment cannot be readily sold at the desired time or price, and consequently the relevant Sub-Fund may have to accept a lower price to sell the relevant investment or may not be able to sell the investment at all. An inability to sell a particular investment or portion of a Sub-Fund's assets can have a negative impact of the value of the relevant Sub-Fund or prevent the relevant Sub-Fund from being able to take advantage of other investment opportunities.

The Manager has established liquidity risk management policies which enables it to identify, monitor and manage the liquidity risks of the Sub-Funds. Such policies, combined with the liquidity management tools available, seeks to achieve fair treatment of Holders and safeguard the interests of remaining Holders against the redemption behaviour of other investors and mitigate against systemic risk.

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

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

- (a) a Sub-Fund may borrow up to 10 per cent. of the latest available Net Asset Value of the relevant Sub-Fund (or such other percentage as may be prescribed by the Code) at the time the borrowing is incurred and the borrowing period should not exceed one month provided always and subject to the borrowing restrictions in the Code;
- (b) the Manager may pursuant to the Trust Deed and subject to the provisions of the Code, suspend the redemption of Units of the relevant Class or Sub-Fund, and/or delay the payment of any monies and transfer of any Securities in respect of any Redemption Application;
- (c) in the event redemption requests received represent in aggregate more than 10% of the total number of Units in a Sub-Fund then in issue, the Manager may direct the Trustee to reduce the redemption requests rateably and pro rata amongst all Holders seeking to redeem Units on the relevant Dealing Day and carry out only sufficient redemptions which, in aggregate, amount to 10 per cent (or such higher percentage as the Manager may determine in respect of a Sub-Fund) of the Units in the Sub-Fund then in issue; and
- (d) the Manager conducts regular assessments of the liquidity profiles of the Sub-Funds' assets by reference to both current and anticipated market conditions and testing against the internal liquidity limits of the Sub-Funds. The Manager will exercise professional judgment in determining reasonable and appropriate factors to be considered in assessing liquidity. For example, potential quantitative factors include size, turnover, bid-ask spreads, transaction costs, and a Sub-Fund's holdings as a proportion of the outstanding issue, and, for fixed income securities, time of issuance and time to maturity. Qualitative factors may include currency denomination and credit quality. The Manager may also conduct stress testing to test a Sub-Fund's ability to withstand and meet anticipated redemption requests under both normal and exceptional liquidity conditions.

#### **6.17 Infectious Disease Risk**

An outbreak of the highly pathogenic avian influenza caused by the H5N1 virus ("**avian flu**"), the H1N1 virus ("**swine flu**"), the ASF virus ("**African swine fever**"), Severe Acute Respiratory Syndrome ("**SARS**"), Middle East Respiratory Syndrome ("**MERS**"), the Covid-19 disease caused by the SARS-CoV-2 virus ("**COVID – 19**") or other contagious disease may have an adverse effect on the economies of different regions in the world. In the past, large parts of Asia experienced outbreaks of avian flu and swine flu. An effective vaccine may not be discovered in time to protect against a potential avian flu or swine flu pandemic or to mitigate against COVID – 19 (and its variants). In 2003, Hong Kong experienced an outbreak of SARs, a highly contagious form of atypical pneumonia, which seriously interrupted economic activity and the demand for goods throughout Asia. In 2015, South Korea experienced an outbreak of MERS which is a viral respiratory infection with similar clinical features to SARS.

There is currently an outbreak of COVID – 19 globally, which has seriously interrupted economic activity globally. While COVID – 19 is still spreading and the final implications of the pandemic are difficult to estimate at this stage, it is clear that it will affect the lives of a large portion of the global population and cause significant effects. COVID – 19 has so far led to national holidays being extended and personnel being placed in quarantine and/or leave of absence, the closure of transport links for affected regions, and the implementation and enforcement of quarantine and lockdowns of affected regions.

The continued spread of COVID – 19 or an outbreak of avian flu, swine flu, SARS, MERS, or other contagious diseases or the measures taken by the governments of affected countries against the spread of COVID – 19 or such potential outbreaks or the perception that an outbreak of avian flu, swine flu, SARS, MERS or some other contagious disease may occur again, and may have an adverse effect on economic conditions in different regions of the world.

## **7. RISK FACTORS RELATING TO THE INDICES**

### **7.1 Errors or inaccuracies in the Index**

There may be inaccuracies, errors, omissions or mistakes in the compilation or calculation of the Index, which may result in significant deviations between the Net Asset Value of the Units and the Index. The Manager and the Trustee are not responsible or involved in the compilation or calculation of the Index, and thus cannot be held responsible or liable for any inaccuracies, errors, omissions or mistakes in such compilation or calculation. The computation of the Index may be inaccurate or incomplete if, amongst other factors, the information received by the Index provider from the Market on which an Index Security has its primary listing is inaccurate or incomplete. Examples of types of errors which may occur include:

- (a) the closing price of an Index Security on a given day being incorrect;
- (b) a missed corporate event;
- (c) a missed Index methodology event (deviation from what is stated in the methodology document for the Index); and
- (d) a late announcement in respect of an Index Security.

### **7.2 Index is subject to fluctuations**

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

### **7.3 Composition of and weightings in the Index may change**

The Securities which comprise the Index may be changed by the Index provider from time to time. The price of the Units may rise or fall as a result of such changes. The composition of the Index may also change if one of the Securities were to be delisted or if a new Security were to be added to the Index. If this happens, the weighting or composition of the Index Securities invested by a Sub-Fund would be changed as considered appropriate by the Manager in order to achieve the investment objective. Thus, an investment in the Sub-Fund will generally reflect the Index as its constituents change from time to time, and not necessarily the way it is comprised at the time of an investment in the Sub-Fund.

### **7.4 Licence to use the Index may be terminated**

The Manager has been granted a licence by the Index provider to use each Index in connection with the operation, marketing and promotion of the relevant Sub-Fund. The Sub-Fund may be terminated if the Index licence agreement is terminated and the Manager is unable to identify or agree with the Index provider or any other index provider terms for the use of a suitable replacement index that gives, in the opinion of the Manager, the same or substantially similar exposure as the Index. In the event that the Index is no longer available for use by a Sub-Fund, the Manager will source for a suitable replacement index that gives, in the

opinion of the Manager, the same or substantially similar exposure as the Index. Any such replacement index will be notified to Holders via SGXNET. Accordingly investors should note that the ability of a Sub-Fund to track the Index depends on the continuation in force of the Index licence agreement in respect of the Index or a suitable replacement.

In the event that the licence for the use of the Index is terminated for any reason, the Manager will notify Holders of such termination via an announcement on SGXNET.

## **7.5 Compilation of the Index**

No warranty, representation or guarantee is given as to the accuracy or completeness of the Index and its computation or any information related thereto. The process and the basis of computing and compiling the Index and any of its related formulae, constituent companies and factors may at any time be changed or altered by the Index provider without notice.

## **8. MANAGEMENT AND ADMINISTRATION**

### **8.1 Manager**

The Manager of the Trust is Phillip Capital Management (S) Ltd, whose registered office is at 250 North Bridge Road, #06-00 Raffles City Tower, Singapore 179101.

The Manager was incorporated in Singapore on 2 September 1999. The Manager holds a capital markets services licence granted by the MAS, and provides fund management and investment advisory services to both institutional and retail clients. The Manager is a member of PhillipCapital, an integrated financial services group established in 1975 (“**Group**”), providing a comprehensive range of financial services to retail and institutional customers. Today, the Group operates in the financial hubs of 15 countries and regions, including offices in Australia, Cambodia, China (and Hong Kong SAR), France, India, Indonesia, Japan, Malaysia, Singapore, Thailand, Turkey, United Kingdom, United Arab Emirates, United States of America and Vietnam. The Manager is regulated in Singapore by the MAS. The issued and paid-up share capital of the Manager is S\$50 million.

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

### **8.2 General Responsibilities of the Manager**

The Manager has general powers of management over the assets of the Trust and/or the Sub-Funds. The Manager has covenanted in the Trust Deed to use its best endeavours to carry on and conduct its business in a proper and efficient manner and will ensure that the Trust and each Sub-Fund are carried on and conducted in a proper and efficient manner. The Manager shall ensure that all transactions with or on behalf of a Sub-Fund are or will be transacted at arm’s length.

The Manager will also be responsible for ensuring compliance with the applicable provisions of the Securities and Futures Act and all other relevant legislation, the Listing Rules, the Code, the Trust Deed and all relevant

contracts. The Manager will be responsible for all communications with Holders.

In the absence of fraud, wilful default or negligence by the Manager, it shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted to be done by it in good faith under the provisions of the Trust Deed.

The Manager may delegate all or any of its duties, powers and discretions under the Trust Deed to any other person or corporation (including a Connected Person of the Manager) and notwithstanding such delegation the Manager shall remain entitled to receive and retain in full all sums payable to the Manager under any provision of the Trust Deed.

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

Any change to the manager of the Trust will be announced forthwith on the SGXNET.

If the Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or a receiver is appointed over any of its assets and is not discharged within 60 days or if a liquidator or judicial manager is appointed in respect of the Manager, the Trustee may by notice in writing to the Manager remove the Manager from office and/or terminate the Trust forthwith, in accordance with the Trust Deed.

### **8.3 Directors of the Manager**

The directors of the Manager are as follows:-

#### **Lim Hua Min**

Hua Min, of 250 North Bridge Road, #06-00 Raffles City Tower, Singapore 179101 is the Chairman of the Group and director of the Manager. He previously held senior positions in the Stock Exchange of Singapore and the Securities Research Institute. He has served on a number of committees and sub-committees of the Stock Exchange of Singapore. In 1997, he was appointed Chairman of the Stock Exchange of Singapore (SES) Review Committee, which is responsible for devising a conceptual framework to make Singapore's capital markets more globalised, competitive and robust. Hua Min holds a Bachelor of Science Degree (Honours) in Chemical Engineering from the University of Surrey and obtained a Master's Degree in Operations Research and Management Studies from Imperial College, University of London.

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

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

### **Linus Lim Wen Sheong**

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

### **Lim Wah Sai**

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

### **Louis Wong Wai Kit**

Louis, of 11/F United Centre, 95 Queensway, Hong Kong is a non-executive director of the Manager. He joined the Group in 1993 and has been the Director of Phillip Securities (HK) Ltd and Phillip Capital Management (HK) Ltd since 1996 and 2002 respectively. He has over 20 years of investment experience in securities dealing and 18 years in asset management. Louis obtained his Bachelor of Arts (Honours) degree from the University of Hong Kong.

## **8.4 Key Executives**

The key executive of the Manager in respect of the Phillip SING Income ETF is as follows:-

### **Tan Teck Leng**

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

The key executive of the Manager in respect of the Phillip SGD Money Market ETF is Sabrina Loh Yang Nee.

### **Sabrina Loh Yang Nee**

Sabrina Loh is the Investment Director of Phillip Capital Management (S) Ltd. In her role as Investment Director, she is responsible for the development and implementation of investment strategies and processes.

She is a member of the investment management committee. Her other key responsibilities include launching and managing of unit trust funds. Ms. Loh is also the Executive Director, Responsible Officer and Key Personnel of Phillip Capital Management (HK) Limited.

She is currently the lead manager for Phillip Money Market Fund and Phillip Singapore Real Estate Income Fund, which are authorised public unit trusts in Singapore, as well as Phillip HKD Money Market Fund, which is authorised for public offering in Hong Kong. Between the period from 2012 to 2017, she was the manager for Phillip US Dollar Money Market Fund, Phillip Income Fund and Phillip Global Opportunity Fund.

Ms. Loh has more than 20 years' experience of managing funds, including more than ten years' managing unit trusts. She began her career with DBS Asset Management and later joined Insurance Corporation of Singapore. Prior to joining Phillip Capital Management (S) Ltd, she worked for AVIVA Insurance Group.

Ms. Loh graduated with a Bachelor of Commerce (double majors in Economics and Finance) from Curtin University of Technology, Australia.

## **8.5 Trustee**

The Trustee of the Trust is HSBC Institutional Trust Services (Singapore) Limited whose registered address is at 10 Marina Boulevard, Marina Bay Financial Centre Tower 2 #48-01, Singapore 018983.

HSBC Institutional Trust Services (Singapore) Limited (the "**Trustee**") was incorporated on 24 February 1949 in Singapore. It has a paid up capital of S\$5,150,000 as at 1 January 2021. The Trustee does not have any material conflict of interest with its position as trustee of the Trust. The Trustee is regulated in Singapore by the MAS.

Under the Trust Deed, the Trustee is responsible for the safekeeping of the assets of the Trust and the Sub-Funds. Under and subject to the terms of the Trust Deed, the Trustee is entitled (for the purpose of indemnity against any actions, costs, claims, damages, liabilities, expenses or demands to which it may be put as trustee) to have recourse to the assets of the Trust and/or the Sub-Funds. The Trustee will remain as the trustee of the Trust until it retires or removed or replaced in accordance with the provisions of the Trust Deed.

If the Trustee goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon the terms previously approved in writing by the Manager) or a receiver shall be appointed over any of its assets or if a liquidator or judicial manager is appointed in respect of the Trustee, the Manager may by notice in writing to the Trustee remove the Trustee from office in accordance with the Trust Deed.

Please refer to the Trust Deed for further information on the roles and responsibilities of the Trustee.

## **8.6 Registrar**

HSBC Institutional Trust Services (Singapore) Limited has been appointed as the registrar of the Trust (the "**Registrar**").

The register of Holders of the Sub-Funds can be inspected at 20 Pasir Panjang Road (East Lobby), #12-21 Mapletree Business City, Singapore 117439 during usual business hours subject to reasonable conditions and restrictions as we or the Trustee may impose.

For so long as the Units are listed, quoted and traded on the SGX-ST, the Manager shall appoint The Central Depository (Pte) Limited (Company Registration No.: 198003912M) (the "**CDP**") as the unit depository for the Trust and the Sub-Funds, 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 such Units will be deposited with, CDP as the registered Holder of such Units.

### **8.7 Auditors**

The auditors of the Trust are KPMG LLP whose registered address is at 16 Raffles Quay, #22-00, Hong Leong Building, Singapore 048581.

Any changes to the auditor will be announced on the SGXNET and the Manager's website at [www.phillipfunds.com](http://www.phillipfunds.com).

### **8.8 Custodian**

The custodian of the Trust (the "**Custodian**") is The Hongkong and Shanghai Banking Corporation Limited whose registered address is at 1 Queen's Road Central, Hong Kong. The Custodian is regulated by the Hong Kong Monetary Authority and authorised as a registered institution by the Securities and Futures Commission of Hong Kong. The Custodian was incorporated on 14 August 1866 in Hong Kong.

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

As at 1 January 2021, its paid-up share capital constitutes an aggregate of HK\$116,102,479,495 and US\$7,198,000,000 now represented by its 46,440,991,798 ordinary shares in issue.

The Trustee has appointed the Custodian as the global custodian to provide custodial services to the Trust and the Sub-Funds globally. The Custodian is entitled to appoint sub-custodians to perform any of the Custodian's duties in specific jurisdictions where the Trust and/or the Sub-Funds invest.

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

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

The Custodian will remain as the custodian of the Trust until its appointment is terminated in accordance with the terms of its appointment.

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

Any changes to the Custodian will be announced on the SGXNET and the Manager's website at [www.phillipfunds.com](http://www.phillipfunds.com).

### **8.9 Fund Administrator**

HSBC Institutional Trust Services (Singapore) Limited, whose details are set out above, has been appointed as the fund administrator of the Trust (the “**Fund Administrator**”).

Any change to the fund administrator of the Trust will be announced on the SGXNET and the Manager’s website at [www.phillipfunds.com](http://www.phillipfunds.com).

## **9. BROKERAGE TRANSACTIONS**

The policy of the Manager regarding purchases and sales of Securities is that primary consideration will be given to obtaining the most favourable prices and best execution of transactions in accordance with the requirements of the Code. Consistent with this policy, when Securities transactions are effected on a stock exchange, the Manager’s policy is to pay commissions which are considered fair and reasonable without necessarily determining that the lowest possible commissions are paid in all circumstances.

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

In seeking to implement the above policies, the Manager effects transactions with those brokers and dealers that the Manager believes provide the most favourable prices and are capable of providing best execution of transactions in accordance with the requirements of the Code. If the Manager believes such price and execution are obtainable from more than one broker or dealer, it may give consideration to placing portfolio transactions with those brokers and dealers who also furnish other services to the Trust, the Sub-Funds or the Manager. Such services may include, but are not limited to, information as to the availability of Securities for purchase or sale, and statistical information pertaining to corporate actions affecting Securities.

None of the Manager, its directors and their associates is entitled to receive any part of any brokerage charged to the Trust and/or the Sub-Funds, or any part of any fees, allowances and benefits (other than soft dollar commissions or arrangements mentioned below) received on purchases charged to the Trust and/or the Sub-Funds.

## **10. SOFT DOLLAR COMMISSIONS OR ARRANGEMENTS**

The Manager may receive or enter into soft dollar commissions or arrangements in respect of the Trust and/or the Sub-Funds. The Manager will comply with applicable regulatory and industry standards on soft dollars. The soft dollar commissions which the Manager may receive include 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 analysis and custodial services in relation to the investments managed for clients. The soft dollar credits utilised are not allocated on a specific client basis. The brokers also execute trades for other funds managed by the Manager.

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

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

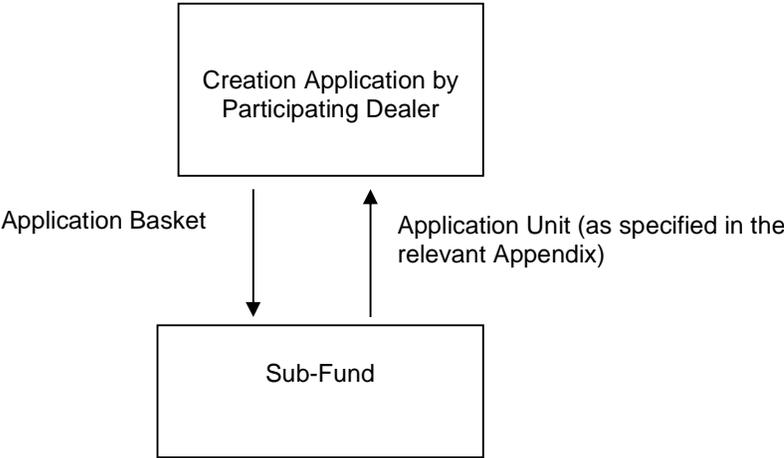
The Manager does not, and is not entitled to, retain cash or commission rebates for their own account in respect of rebates earned when transacting in Securities for account of the Trust and/or the Sub-Funds.

**11. OPERATION OF THE SUB-FUNDS**

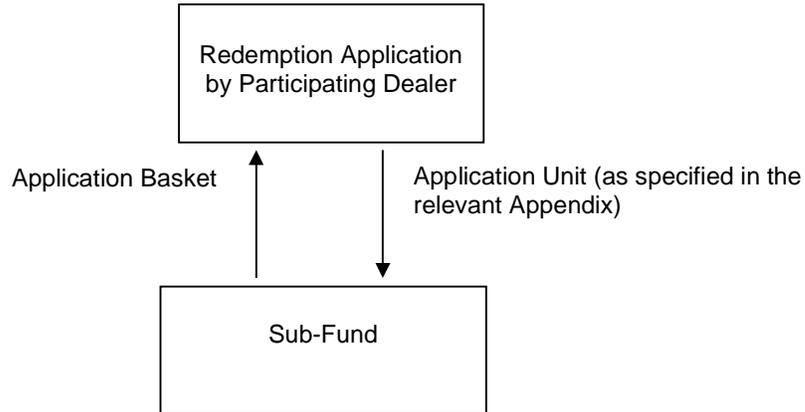
Only a Participating Dealer can create and redeem Units directly with a Sub-Fund. Any person, other than the Participating Dealer, who buys and sells Units of a Sub-Fund will have to effect this on the SGX-ST or through a Participating Dealer (subject to such terms and conditions as may be imposed by the Participating Dealer). The diagrams below illustrate the methods of acquiring and disposing Units in a Sub-Fund after listing:

**11.1 Direct creation and redemption by a Participating Dealer:**

***(i) Direct Creation by a Participating Dealer***

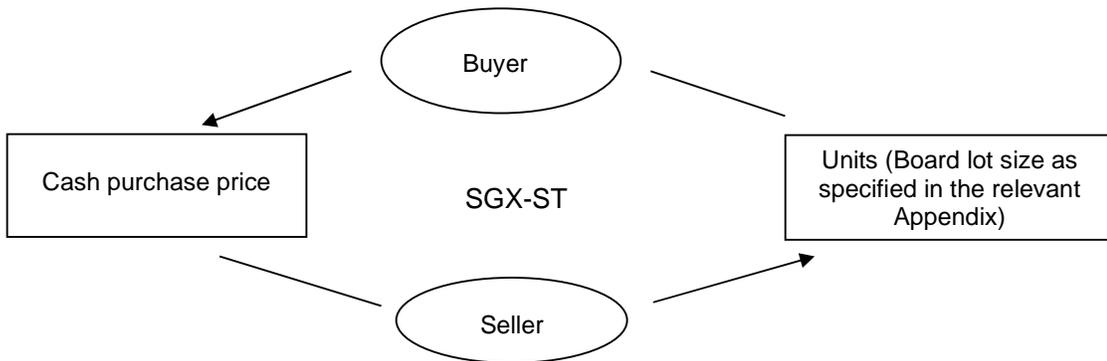


**(ii) Direct Redemption by a Participating Dealer**

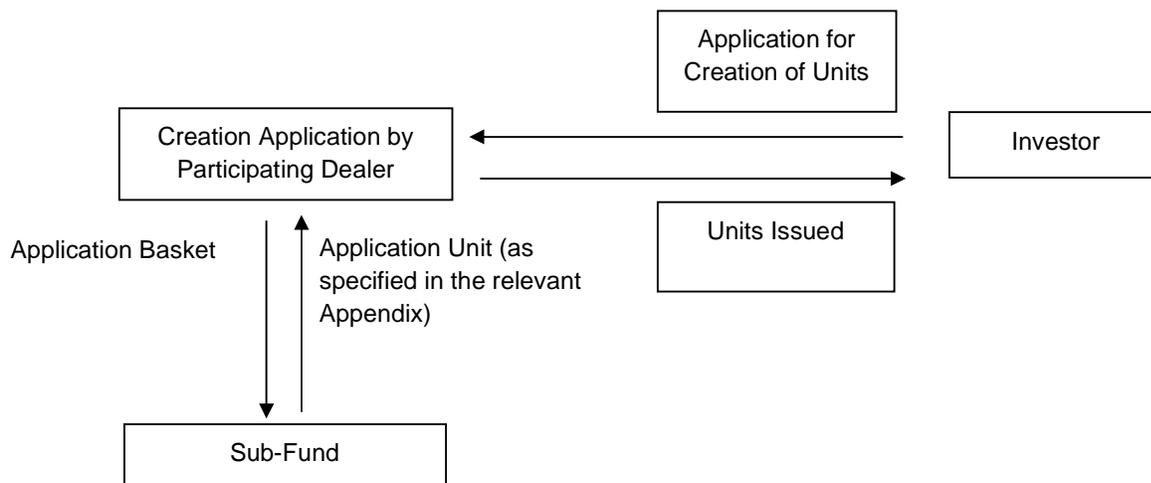


**11.2 Investors other than Participating Dealers:**

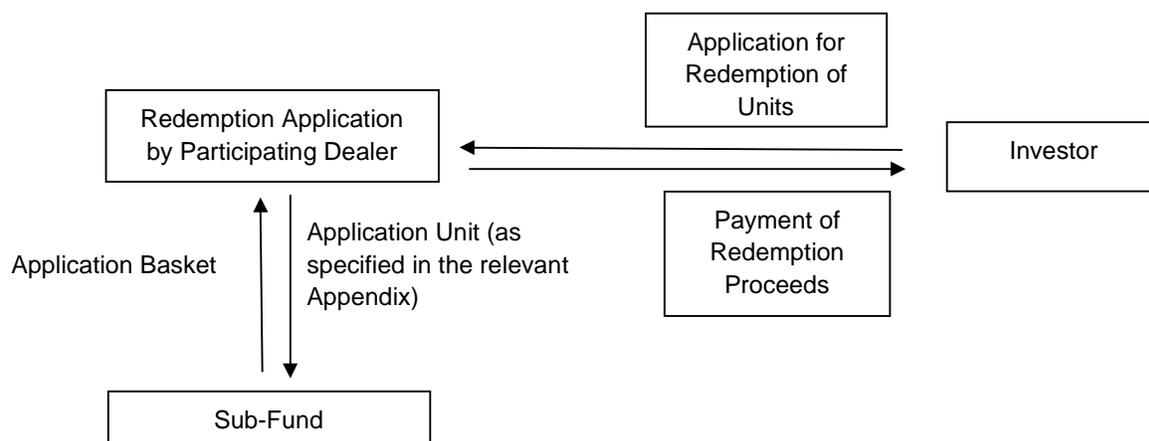
**(i) Trading Units in the secondary market on the SGX-ST:**



**(ii) Subscribing and redeeming Units through a Participating Dealer<sup>1</sup>**



<sup>1</sup> Only for clients of Participating Dealers and subject to such terms and conditions as may be imposed by the relevant Participating Dealer.

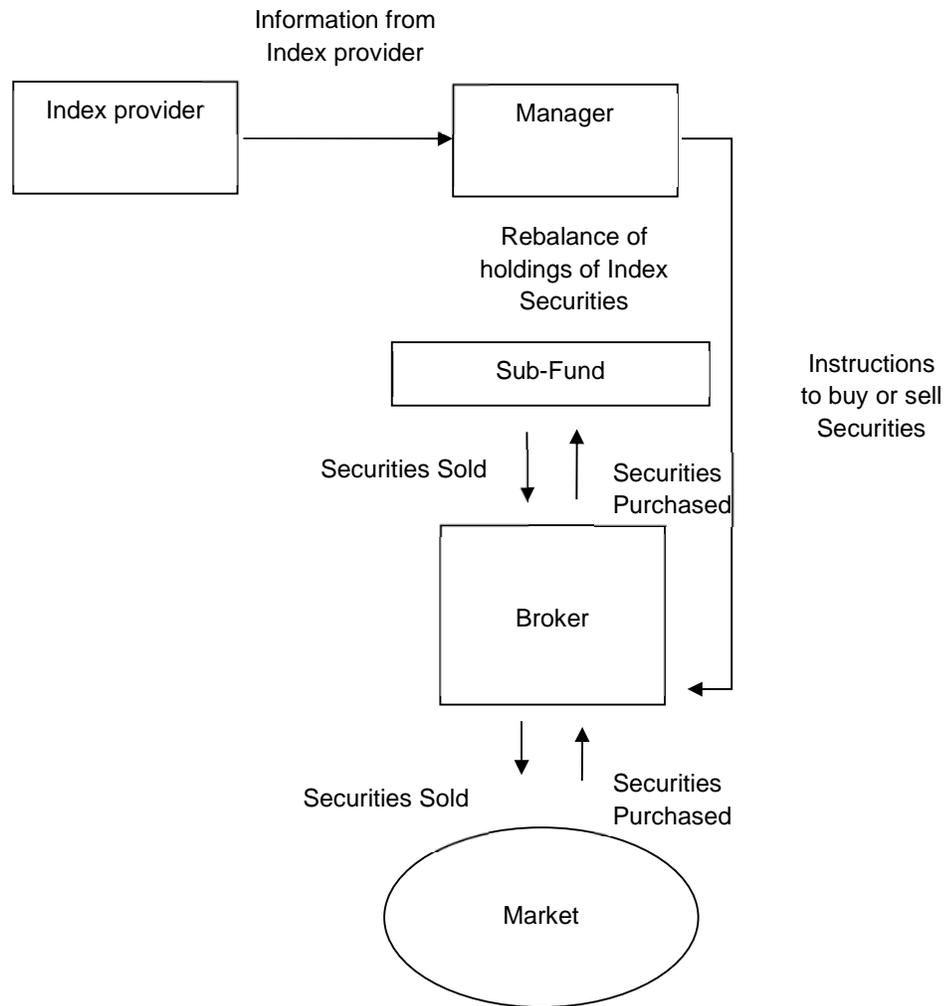


### 11.3 Index Rebalancing

Where a Sub-Fund tracks an Index, the constituent Index Securities and their respective weightings within the Index will change from time to time. In order for the Sub-Fund to achieve its investment objective of tracking the relevant Index, it will accordingly be necessary for the Manager to rebalance the Sub-Fund's holdings of Index Securities comprised in the relevant Index. The Manager will liaise with the Index provider with regard to such proposed rebalancing and/or derive public information announced by the Index provider and rebalance the holdings of Index Securities accordingly.

An Index will be reviewed on a periodic basis and minor rebalancing will be carried out as and when necessary. For Sub-Funds which adopt a Replication Strategy, it is expected that during the rebalancing, the Sub-Fund's holding of the Index Securities will be realigned to reflect substantially the Index constituents. Minor rebalancing will only be carried out after cost considerations have been taken into account. For Sub-Funds which adopt a Representative Sampling Strategy or an Optimisation Strategy, the Manager will monitor the tracking error daily and rebalance such Sub-Fund's holdings if considered necessary. You may obtain information on the tracking error of the relevant Sub-Fund (once available) from the Manager's website at [www.phillipfunds.com](http://www.phillipfunds.com).

The diagram below represents the rebalancing of a Sub-Fund's holdings of Index Securities following the rebalancing of the Index:



#### 11.4 Market Maker

A market maker is a broker or a dealer registered by the SGX-ST as a designated market maker to act as such by making a market for the Units in the secondary market on the SGX-ST. A designated market maker's obligations include quoting bid prices to potential sellers and offer prices to potential buyers when there is a wide spread between the prevailing bid prices and offer prices for Units on the SGX-ST. Designated market makers accordingly facilitate the efficient trading of Units by providing liquidity in the secondary market when it is required in accordance with the market making requirements of the SGX-ST. Subject to applicable regulatory requirements, the Manager intends to ensure that there is at least one designated market maker for each Sub-Fund to facilitate efficient trading.

The market makers for each Sub-Fund are stated in the relevant Appendix.

#### 11.5 Participating Dealer

The role of a Participating Dealer is to facilitate creation and redemption of Units in the Sub-Funds from time to time. Under the terms of the Participation Agreement, only a Participating Dealer may apply to create Units in respect of an Application Unit by the presentation of Index Securities and/or the cash equivalent of the Index Securities where applicable. In its absolute discretion, a Participating Dealer may also apply to create

Units on behalf of its clients from time to time, subject to such terms and conditions as may be imposed by the relevant Participating Dealer.

The Participating Dealers for each Sub-Fund are stated in the relevant Appendix.

## **12. DEALING BY INVESTORS**

Investors cannot create or redeem Units directly in a Sub-Fund. However, investors may purchase or sell Units either through Participating Dealers (subject to such terms and conditions as may be imposed by the relevant Participating Dealer) or through the SGX-ST.

For a Sub-Fund listed on the SGX-ST, investors can place an order to buy or sell Units in cash during the trading day through a broker or any trading member of the SGX-ST as one would in the case of a security listed on the SGX-ST, at any time after dealings in the Units commence and for so long as the Units are listed on the SGX-ST. The trading price of Units may differ from the Net Asset Value per Unit and there can be no assurance that a liquid secondary market will exist for the Units.

Investors who wish to use their Supplementary Retirement Scheme (“SRS”) monies to purchase Units in a Sub-Fund should check with their broker or SRS operator on the procedures.

Brokerage and other fees may be payable when purchasing and selling Units on the SGX-ST. Please see paragraph 20.4 “Fees and Charges Payable by Investors Dealing in Units on the SGX-ST” below.

## **13. SUBSCRIPTION AND REDEMPTION**

### **13.1 Minimum Subscription Amount**

The minimum subscription amount for a Sub-Fund through a Participating Dealer is 1 Application Unit. The Application Unit size for a Sub-Fund is the number of Units specified in the relevant Appendix. Investors who wish to acquire less than 1 Application Unit may only acquire such Units on the SGX-ST.

### **13.2 Continuous Offering of Units and Dealing Deadlines**

Units in a Sub-Fund will, subject to any suspension of dealings set out in the Trust Deed, be continuously offered to Participating Dealers who may apply for them on any Dealing Day on their own account or for the account of their clients in accordance with the Operating Guidelines. The Dealing Deadline for purposes of subscription or redemption of Units for each Sub-Fund is specified in the relevant Appendix. All dealing requests are dealt with at the same Net Asset Value at the same Valuation Point for the relevant Dealing Day (or such other time as may be determined by the Manager from time to time with the prior approval of the Trustee).

### **13.3 Procedures for Creation of Application Unit Size**

Only Participating Dealers may apply directly to the Manager to create Units in a Sub-Fund. The Manager shall instruct the Trustee in writing to effect, for the account of the relevant Sub-Fund, the creation of Units in Application Unit size in accordance with any of (a) or (b) below (or a combination of both):

- (a) in exchange for a transfer, by the Participating Dealer, to the Trustee for the account of the relevant Sub-Fund, of Securities constituting an Application Basket for the relevant Units, a cash amount equivalent to any Duties and Charges and any incidental costs associated with the creation of Units payable plus, if the Cash Component is a positive value, a cash payment equivalent to the amount of

the Cash Component; and if the Cash Component is a negative value, the Manager shall cause the Trustee to make a cash payment equivalent to the amount of the Cash Component (expressed as a positive figure) to the Participating Dealer, provided that in the event that the relevant Sub-Fund has insufficient cash required to pay any Cash Component payable by the relevant Sub-Fund, the Manager may effect the sale of all or some of the Deposited Property of the relevant Sub-Fund, or to borrow monies in accordance with the Trust Deed, to provide the cash required; or

- (b) in exchange for a cash payment equivalent to the relevant Application Basket Value (which shall be accounted for as Deposited Property) for the relevant Units in the Sub-Fund, *plus* an amount equivalent to any Cash Component (if the Cash Component is positive), which the Manager shall use (i) to purchase the Securities comprised in the Application Basket or (ii) to purchase such Securities as the Manager may consider appropriate or (iii) to apply such cash for entry into such contractual agreements (being FDIs or otherwise being in the nature of investments by the Sub-Fund) as the Manager consider appropriate, and if the Cash Component is a negative value, the Trustee shall be required to make a cash payment equivalent to the amount of the Cash Component (expressed as a positive figure) to the Participating Dealer, provided that the Manager shall be entitled in its absolute discretion to (1) charge (for the account of the relevant Sub-Fund) to the Participating Dealer, such additional sum as represents the appropriate provision for Duties and Charges and any incidental costs associated with the creation of Units, and (2) in respect of any difference (if any) between the prices used when valuing the Securities comprising the Application Basket of the relevant Sub-Fund for the purpose of such creation and the purchase prices actually paid or to be paid out of the Deposited Property in acquiring such Securities comprising the Application Basket by the Manager for the account of the relevant Sub-Fund (after the addition to the relevant purchase prices of any Duties and Charges and any incidental costs associated with such acquisition of Securities), require the Participating Dealer to pay such difference to the Trustee (if the difference is negative), or cause to be paid to the Participating Dealer (if the difference is positive), an amount as is determined by the Manager in its sole discretion up to an amount equal to such difference.

The Manager shall have the right to reject, acting in good faith, any Creation Application under exceptional circumstances, including without limitation the following circumstances:

- (a) any period during which (i) the creation or issue of Units of the relevant Class or Sub-Fund is suspended pursuant to the Trust Deed, (ii) the redemption of Units of the relevant Class or Sub-Fund is suspended pursuant to the Trust Deed, and/or (iii) the determination of Net Asset Value of the Sub-Fund is suspended pursuant to the Trust Deed;
- (b) where in the opinion of the Manager, acceptance of the Creation Application would have an adverse effect on the Sub-Fund;
- (c) where in the opinion of the Manager, acceptance of the Creation Application would have a material impact on the relevant Market on which a Security (that is a component of the Index for the relevant Sub-Fund) has its primary listing;
- (d) where there is in existence any trading restriction or limitation such as the occurrence of a market disruption event, suspected market misconduct or the suspension of dealing in relation to any of the Securities in the relevant Index;
- (e) where acceptance of the Creation Application would render the Manager in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Manager necessary for compliance with all applicable legal and regulatory requirements;

- (f) circumstances outside the control of the Manager make it for all practicable purposes impossible to process the Creation Application;
- (g) any period when the business operations of the Manager, the Trustee, the Custodian or any agent of the Trustee on which the Trustee relies to effect the creation of Units in the relevant Sub-Fund are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riot, strikes or acts of God; or
- (h) an Insolvency Event occurs in respect of the relevant Participating Dealer.

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

No fractions of a Unit shall be created or issued.

An application for the creation and issue of Units shall only be made or accepted (as the case may be) on a Dealing Day and shall only be in respect of Units constituting an Application Unit size. All Creation Applications shall only be accepted if made by or through a Participating Dealer in accordance with the terms of the Trust Deed and the relevant Participation Agreement. Subject to the Trust Deed, a Creation Application once given cannot be revoked or withdrawn without the consent of the Manager.

The Issue Price of Units of the Phillip SING Income ETF 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.

The Issue Price of Units of the Phillip SGD Money Market ETF shall be based on historical pricing which means that the Issue Price of the Units shall be ascertainable at the time of application for Units. The Issue Price will be determined at 8:30 a.m. (Singapore time) on the Dealing Day immediately preceding the date of issue of the Units.

The creation and issue of Units pursuant to a Creation Application shall be effected on the Settlement Day in accordance with the Operating Guidelines but:

- (a) for valuation purposes only, Units shall be deemed created and issued after the Valuation Point on the Dealing Day on which the relevant Creation Application was received or deemed received; and
- (b) the Register will be updated on Settlement Day or the Dealing Day immediately following Settlement Day if the settlement period is extended pursuant to the Trust Deed.

If a Creation Application is received and accepted by the Manager with a trade date specified on a day which is not a Dealing Day, or with no trade date specified or is received and accepted after the Dealing Deadline on a Dealing Day, that Creation Application shall be carried forward and deemed to be received at the opening of business on the next following Dealing Day, which shall be the Dealing Day for the purposes of that Creation Application.

For every successful Creation Application, the Participating Dealer will be sent a confirmation detailing the number of Units allotted within 7 Business Days of the receipt and acceptance of the application by the Manager. Investors who acquire Units constituting an Application Unit size through a Participating Dealer may request the Participating Dealer to apply to the CDP for his/her Units to be entered against his/her name on the records of the CDP in accordance with the CDP's terms and conditions.

The Manager may reject a Creation Application by a Participating Dealer if the application is not in a form and substance satisfactory to, and accompanied by such certifications required in the Operating Guidelines (if any) in respect of creation of Units, together with such certifications and opinions of counsel (if any) as the Trustee and the Manager may consider necessary to ensure compliance with applicable securities and other laws in relation to the creation of Units which are the subject of the Creation Application or other documents as may be required by the Trustee and the Manager in accordance with the Trust Deed, the relevant Participation Agreement and the Operating Guidelines.

The Manager may charge a Transaction Fee in respect of Creation Applications and may on any day vary the amount of the Transaction Fee it charges (but not as between different Participating Dealers). The Transaction Fee shall be paid by or on behalf of the Participating Dealer submitting the Creation Application(s) (and may be set off and deducted against any cash amount due to the Participating Dealer in respect of such Creation Application(s)) for the benefit of the Registrar and/or the Trustee.

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

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

Numerical example of amount payable in the case of a cash Creation Application

The following is an illustration of the total amount payable by a Participating Dealer in making a cash Creation Application based on one Application Unit of 50,000 Units and a notional Issue Price per Unit of S\$1.200 plus Duties and Charges of S\$50 and the Transaction Fee of S\$450. Please note that these figures are for illustration purposes only. The actual fees and charges payable for each Sub-Fund are provided in the relevant Appendix relating to each Sub-Fund.

(50,000 Units	x	S\$1.200)	+	S\$50	+	S\$450	=	S\$60,500
Number of Units proposed to be subscribed		Issue Price per Unit		Duties and Charges		Transaction Fee		Total amount payable

*Note: The above example is for illustration purposes only and should not be taken as any forecast of future performance. Investors subscribing through a Participating Dealer (whether directly or through a stockbroker) should note that there may be other additional fees and charges (including brokerage fees and charges) payable to the Participating Dealer, and that the Participating Dealer may ultimately pass on fees and charges which it paid to the Manager and/or Trustee for the Creation Application to the end investors. Investors should consult the relevant Participating Dealer for details on all additional fees and charges payable by investors.*

**13.4 Cancellation of Creation Application of Units and Extension of Settlement Period**

The Manager shall instruct the Trustee to cancel Units created and issued in respect of a Creation Application if:

- (a) all the Index Securities and/or the cash equivalent of the Index Securities constituting the Application

Basket deposited for exchange have not been vested by or on the relevant Settlement Day in the Trustee or to the Trustee's satisfaction or evidence of title and instruments of transfer satisfactory to the Trustee have not been produced to or to the order of the Trustee; or

- (b) the full amount of (i) any cash payable in connection with the Creation Application and (ii) any Duties and Charges, incidental costs associated with the creation of Units and Transaction Fee payable have not been received in cleared funds by or on behalf of the Trustee by such time on the relevant Settlement Day as prescribed in the Operating Guidelines,

provided that, in either event, the Manager with the approval of the Trustee, may at its discretion extend the settlement period (either for the Creation Application as a whole or for a particular Index Security or all the Index Securities and/or the cash equivalent of the Index Security(ies)), such extension to be on such terms and conditions (including as to the payment of any Extension Fee or collateral to the Manager or the Trustee or their Connected Persons or otherwise as it may determine) as the Manager with the approval of the Trustee, may determine.

Upon the cancellation of any Creation Application as provided for above or if a Participating Dealer otherwise withdraws a Creation Application other than in the circumstances contemplated in the Trust Deed, the Index Securities and/or the cash equivalent of the Index Securities constituting the Application Basket as have been vested in the Trustee and/or cash received by or on behalf of the Trustee in connection with the relevant Creation Application (in either case in respect of such cancelled Units) shall be redelivered to the Participating Dealer (excluding interest) and the relevant Units shall be deemed for all purposes never to have been created and the relevant Participating Dealer therefore shall have no right or claim against the Manager, the Trustee and/or the Registrar in respect of such cancellation provided that:

- (a) the Manager may charge the relevant Participating Dealer (for the account of the Trustee and/or the Registrar) an Application Cancellation Fee;
- (b) the Manager may at its absolute discretion require the Participating Dealer to pay to the account of the relevant Sub-Fund, in respect of each Unit so cancelled Cancellation Compensation, being the amount (if any) by which the Issue Price of each such Unit exceeds the Redemption Value which would have applied in relation to each such Unit if a Participating Dealer had, on the date on which such Units are cancelled, made a Redemption Application in accordance with the provisions of the Trust Deed, together with charges, expenses and losses incurred by the Sub-Fund as a result of any such cancellation;
- (c) the Transaction Fee, Extension Fee (if applicable) and/or Duties and Charges in respect of such Creation Application shall remain due and payable (notwithstanding that the Creation Application shall be deemed to never have been made) and once paid shall be retained by and for the benefit of the Trustee and/or the Registrar; and
- (d) no previous valuations of the Deposited Property shall be re-opened or invalidated as a result of the cancellation of such Units.

### **13.5 The Manager's Discretion to Accept Cash Collateral for Creation and Issue of Units**

If the Manager determines in its discretion (following an Application by a Participating Dealer) that any Index Security, included in an Application Basket is likely to be unavailable for delivery or available in insufficient quantity for delivery upon the creation of any Application Unit by a Participating Dealer, then the Manager shall have the right in its discretion to accept cash equal to or in excess of the market value at the Valuation

Point for the relevant Dealing Day of such Security in lieu of accepting such Index Security as constituting part of the Creation Application.

If the Manager (following an Application by a Participating Dealer) is satisfied upon a Creation Application by a Participating Dealer that the relevant Participating Dealer is restricted by regulation or otherwise from investing or engaging in a transaction in any Security, the Manager shall have the right in its discretion to accept cash equal to or in excess of the market value at the Valuation Point for the relevant Dealing Day of such Security in lieu of accepting such Security constituting part of the relevant Creation Application.

In either scenarios above, the Manager shall be entitled in its discretion to charge (for the account of the Trust or Sub-Fund) to the applicant of any Units for which cash is paid in lieu of delivering any Security in accordance with the Trust Deed such additional sum as represents the appropriate provision for Duties and Charges and any incidental costs associated with the creation of Units (including but not limited to bid/ask spread and price slippage).

### **13.6 Procedures for Redemption of Units via SGX-ST**

Investors who wish to dispose of less than an Application Unit size (as specified in the relevant Appendix) may do so by trading the Units on the SGX-ST. In the case of an investor who has purchased Units with monies from his SRS Account, any monies payable to such investor in respect of such Units shall be paid by transferring the monies to the relevant bank for credit of the investor's SRS Account or otherwise in accordance with the provisions of any applicable law, regulations or guidelines. In the event that the SRS Account has been closed, the monies shall be paid to the investor in cash or otherwise in accordance with any applicable law, regulations or guidelines.

Further, in the event that the Units cease at any time to be listed on the SGX-ST and any other stock exchange on which the Units may be listed or quoted on for a continuous period of 30 days, subject to paragraph 18 "Suspension of Dealings", the Manager may, within 14 days (or such other period as may be prescribed by the MAS or SGX-ST) from the end of such 30-day period, commence accepting redemption requests directly from investors subject to the provisions of the Trust Deed, and in the event that the Units are subsequently re-listed on the SGX-ST or a stock exchange, the Manager may, on reasonable notice given to investors, again require redemption requests to be made only through Participating Dealers (for Application Unit size) or SGX-ST (for Units less than an Application Unit size).

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

Only Participating Dealers may apply directly to the Registrar to redeem Units. The Manager shall have the exclusive right, at any time and from time to time following a Redemption Application made by a Participating Dealer in accordance with the Trust Deed, the relevant Participation Agreement and the Operating Guidelines, instruct the Trustee in writing to effect a reduction of the Deposited Property of the relevant Sub-Fund on the relevant Settlement Day by requiring the Trustee to cancel the number of Units specified in such notice.

An application for the redemption and cancellation of Units shall only be made or accepted (as the case may be) on a Dealing Day, shall only be in respect of Units constituting an Application Unit size thereof and shall only be accepted if made by or through a Participating Dealer in accordance with the terms of the Trust Deed and the relevant Participation Agreement.

In the case of the Phillip SING Income ETF, the Redemption Value 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.

In the case of the Phillip SGD Money Market ETF, the Redemption Value shall be based on historical pricing basis which means that the Redemption Value shall be ascertainable at the time of application to redeem Units. The Redemption Value will be determined at 8:30 a.m. (Singapore time) on the Dealing Day immediately preceding the date of redemption of Units.

If a Redemption Application is received and accepted by the Manager with a trade date specified on a day which is not a Dealing Day, or with no trade date specified or after the Dealing Deadline on a Dealing Day, that Redemption Application shall be carried forward and deemed to be received at the opening of business on the next following Dealing Day, which shall be the relevant Dealing Day for the purposes of that Redemption Application.

The Manager shall, on receipt of a valid Redemption Application for a particular Sub-Fund from a Participating Dealer which complies with the requirements of the Trust Deed, effect the redemption of the relevant Units and transfer to the Participating Dealer either (a) the appropriate number of Index Securities constituting the Application Basket for the relevant Units or (b) a cash amount equivalent to the Application Basket Value for the relevant Units; plus, where the Cash Component is a positive value, a cash payment equivalent to the amount of the Cash Component. If the Cash Component is a negative value, the Participating Dealer shall be required to make a cash payment equivalent to the amount of the Cash Component (expressed as a positive figure) to or to the order of the Trustee. In the event that the relevant Sub-Fund has insufficient cash to pay any cash payable, the Manager may effect the sale of all or some of the Deposited Property of the relevant Sub-Fund, or borrow monies in accordance with the Trust Deed, to provide the cash required.

To be effective, a Redemption Application must:

- (a) be given by a Participating Dealer in accordance with the Trust Deed, the relevant Participation Agreement and the relevant Operating Guidelines;
- (b) specify the number of Units which is the subject of the Redemption Application; and
- (c) include the certifications required in the Operating Guidelines (if any) in respect of redemptions of Units, together with such certifications and opinions of counsel (if any) as the Trustee and the Manager may consider necessary to ensure compliance with applicable securities and other laws in relation to the redemption of Units which are the subject of the Redemption Application.

Subject to the Trust Deed, a Redemption Application once given cannot be revoked or withdrawn without the consent of the Manager.

The Manager may deduct from and set off against any cash amount payable to a Participating Dealer on the redemption of Units such sum (if any) which represents the appropriate provision for Duties and Charges, any incidental costs associated with the redemption of Units (including but not limited to bid/ask spread and price slippage), the Transaction Fee and the Extension Fee (if applicable). To the extent that the cash amount is insufficient to pay such Duties and Charges, any incidental costs associated with the redemption of Units (including but not limited to bid/ask spread and price slippage), the Transaction Fee and the Extension Fee (if applicable) payable on such redemption the Participating Dealer shall promptly pay the shortfall in base currency for the Sub-Fund to or to the order of the Trustee. The Trustee shall not be obliged to deliver (and shall have a general lien over) the Index Securities constituting the Application Basket, if applicable, to be

transferred in respect of the relevant Redemption Application until such shortfall and any cash amount payable by the Participating Dealer under the Trust Deed, the Transaction Fee and the Extension Fee (if applicable) are paid in full in cleared funds to or to the order of the Trustee.

Unless specifically requested to do so by the Participating Dealer concerned, not later than one month after the relevant Dealing Day, the Trustee shall be under no obligation to check the calculation of the Redemption Value in connection with any redemption or cancellation of Units but shall be entitled at any time before the audited accounts of the Trust, covering the relevant Dealing Day, have been prepared, to require the Manager to justify its calculation of the Redemption Value.

Any Index Securities transferable and cash payable shall be transferred and paid on the Settlement Day in accordance with the Trust Deed provided that a Redemption Application duly signed by a Participating Dealer (to the satisfaction of the Manager and, where any amount is to be paid by telegraphic transfer to a bank account in Singapore, verified in such manner as may be required by, and to the satisfaction of, the Trustee) has been received in accordance with the Operating Guidelines and provided further that the Trustee shall have received the full amount of any cash amount payable to the Participating Dealer and any Duties and Charges, any incidental costs associated with the redemption of Units and the Transaction Fee and the Extension Fee (if applicable) payable have been deducted or otherwise paid in full.

On the relevant Settlement Day in relation to an effective Redemption Application:-

- (a) the Units, which are the subject of the Redemption Application, shall be redeemed and cancelled;
- (b) the Deposited Property shall be reduced by the cancellation of those Units but, for valuation purposes only, such Units shall be deemed to have been redeemed and cancelled after the Valuation Point as at the Dealing Day on which the Redemption Application was received; and
- (c) the name of the Holder of such Units shall be removed from the Register in respect of those Units on the relevant Settlement Day, and

the Trustee shall, if applicable, transfer the Index Securities constituting the Application Basket relevant to the Redemption Application out of the Deposited Property of the relevant Sub-Fund to the Participating Dealer or, if applicable, pay the cash amount equivalent to the Application Basket Value and, where required under the Trust Deed, shall pay any cash amount (with such deductions as are permitted by the Trust Deed) in accordance with and subject to the provisions of the Trust Deed as if the same were a distribution payable to the relevant Participating Dealer

No Index Security shall be transferred and no cash amount shall be paid in respect of any Redemption Application unless Units, which are the subject of the Redemption Application, have been delivered to the Trustee free and clear of any encumbrance for redemption by such time on the Settlement Day as the Trustee and the Manager shall for the time being prescribe for Redemption Applications generally.

Payment will be made within 7 Business Days after the receipt and acceptance of the Redemption Application unless the realisation of Units has been suspended in accordance with paragraph 18 "Suspension of Dealings".

*Numerical example of the amount of redemption proceeds payable in the case of a cash Redemption Application*

The following is an illustration of the redemption proceeds a Participating Dealer will receive in making a cash Redemption Application based on one Application Unit of 50,000 Units and a notional Redemption Value per

Unit of S\$1.200 minus Duties and Charges of S\$50 and the Transaction Fee of S\$450. Please note that these figures are for illustration purposes only. The actual fees and charges payable for each Sub-Fund are provided in the relevant Appendix relating to each Sub-Fund.

(50,000 Units Number of Units proposed to be redeemed	x	S\$1.200 Redemption Value per Unit	-	S\$50 Duties and Charges	-	S\$450 Transaction Fee	=	S\$59,500 Redemption Proceeds
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*Note: The above example is for illustrative purposes only and should not be taken as any forecast of future performance. Investors redeeming through a Participating Dealer (whether directly or through a stockbroker) should note that there may be other additional fees and charges (including brokerage fees and charges) payable to the Participating Dealer, and that the Participating Dealer may ultimately pass on fees and charges which it paid to the Manager and/or the Trustee for the Redemption Application to the end investors. Investors should consult the relevant Participating Dealer for details on all additional fees and charges payable by investors.*

### **13.8 Cancellation of Redemption Application of Units and Extension of Settlement Period**

In the event that Units, which are the subject of a Redemption Application, are not delivered to the Registrar for redemption in accordance with the foregoing:

- (a) the Manager may charge the relevant Participating Dealer (for the account of the Trustee and/or the Registrar) an Application Cancellation Fee;
- (b) the Manager may at its discretion require the Participating Dealer to pay to the account of the Sub-Fund, in respect of each Unit so cancelled Cancellation Compensation, being the amount (if any) by which the Redemption Value of each such Unit is less than the Issue Price which would have applied in relation to each such Unit if the Participating Dealer had, on the final day permitted for delivery of Units which are the subject of the Redemption Application, made a Creation Application in accordance with the Trust Deed plus any other amount as the Manager reasonably determines as representing any charges, expenses and losses suffered by the Sub-Fund as a result of such cancellation;
- (c) the Transaction Fee, the Extension Fee (if applicable) and/or Duties and Charges in respect of such Redemption Application shall remain due and payable (notwithstanding that the Redemption Application shall be deemed to never have been made) and once paid, shall be retained by and for the benefit of the Trustee and/or the Registrar; and
- (d) no previous valuations of the Deposited Property shall be re-opened or invalidated as a result of an unsuccessful Redemption Application.

The Manager with the 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 an Extension Fee to the Manager or the Trustee or their Connected Persons or otherwise as it may determine) as the Manager with the approval of the Trustee, may determine but, in any event, not later than one month from the receipt of an effective Redemption Application unless the Market(s) in which a substantial portion of investments of the relevant Sub-Fund is made is subject to legal or regulatory requirements (such as foreign currency controls) thus rendering the payment of redemption proceeds within the aforesaid time period not practicable. In such case, subject to all applicable legal and regulatory requirements, payments may be delayed but the extended

time frame for the payment of the redemption proceeds shall reflect the additional time needed in light of the specific circumstances in the relevant Market(s).

The Manager may charge a Transaction Fee in respect of Redemption Applications and may on any day vary the amount of the Transaction Fee it charges (but not as between different Participating Dealers). The Transaction Fee shall be paid by or on behalf of the Participating Dealer submitting the Redemption Application(s) (and may be set off and deducted against any cash amount due to the Participating Dealer in respect of such Creation Application(s)) for the benefit of the Registrar and/or the Trustee.

#### **14. DIRECTED CASH DEALING**

Where a Participating Dealer subscribes or redeems in cash, the Manager may at its sole discretion (but shall not be obliged to) transact with a broker/dealer nominated by the Participating Dealer. Should the nominated broker/dealer default on, or change the terms for, any part of the transaction, the relevant Participating Dealer shall bear all the associated risks and costs. In such circumstances, the Manager has the right to transact with another broker/dealer and amend the terms of the Creation Application or Redemption Application to take into account the default and the changes to the terms.

#### **15. NO CERTIFICATES**

Certificates will not be issued in respect of Units in the Sub-Funds. Units will be deposited, cleared and settled by the CDP, and held in book-entry form. CDP is the registered owner (i.e. the sole Holder on record) of all outstanding Units deposited with the CDP and is therefore recognised as the legal owner of such Units. Investors owning Units are beneficial owners as shown on the records of CDP or the Participating Dealers (as the case may be).

#### **16. DETERMINATION OF NET ASSET VALUE**

The Net Asset Value of each Sub-Fund will be determined by the Fund Administrator as at each Valuation Point applicable to the relevant Sub-Fund, which may be different from the close of any Market, by calculating the value of the assets of the relevant Sub-Fund and deducting the liabilities of the relevant Sub-Fund, in accordance with the terms of the Trust Deed.

Set out below is a summary of how the assets of the relevant Sub-Fund are valued, subject to the provisions of the Code:

- (a) Securities that are quoted, listed, traded or dealt in on any Market shall unless the Manager (in consultation with the Trustee) determines that some other method is more appropriate and such alternative method has been agreed to by the Trustee and save in the case of the Phillip SGD Money Market ETF, be valued by reference to the price appearing to the Manager to be the official closing price or last known transacted price on the relevant Market, or the last transacted price on the relevant Market as at the Valuation Point in respect of the Dealing Day on which the value is to be determined or, if there be no such official closing price, last known transacted price or last transacted price, the value shall be calculated by reference to the last traded price on a Market as the Manager may consider in the circumstances to provide fair criterion, provided that (i) if a Security is quoted or listed on more than one Market, the Manager shall adopt the relevant price quoted on the Market which in its opinion provides the principal market for such Security; (ii) if prices on that Market are not available at the relevant time, the value of the Securities shall be certified by such firm or institution making a market in such investment as may be appointed for such purpose by the Manager; (iii) interest accrued on any interest-bearing Securities shall be taken into account, unless such interest is included in the quoted

or listed price; and (iv) the Manager and the Trustee shall be entitled to use and rely on electronic price feeds from such source or sources as they may from time to time determine, notwithstanding that the prices so used are not the official closing prices or last traded prices as the case may be;

- (b) the value of each interest in any unlisted mutual fund corporation or unit trust shall be the latest available net asset value per share or unit in such mutual fund corporation or unit trust or if not available or appropriate, the last available bid or offer price for such unit, share or other interest;
- (c) except as provided for in paragraph (a)(iii) or (b) and save in the case of the Phillip SGD Money Market ETF, the value of any investment which is not listed, quoted or ordinarily dealt in on a Market shall be the initial value thereof equal to the amount expended out of the relevant Sub-Fund in the acquisition of such investment (including, in each case the amount of stamp duties, commissions and other acquisition expenses) provided that the Manager may at any time in consultation with the Trustee and shall at such times or at such intervals as the Trustee shall request cause a revaluation to be made by a professional person approved by the Trustee as qualified to value such investments (which may, if the Trustee agrees, be the Manager);
- (d) cash, deposits and similar investments shall be valued at their face value (together with accrued interest) unless, in the opinion of the Manager in consultation with the Trustee, any adjustment should be made to reflect the value thereof;
- (e) in the case of the Phillip SGD Money Market ETF, the value of any Security whether listed, quoted, unquoted or ordinarily dealt in on a Market, shall be valued at its purchase cost after adding or deducting an adjustment factor which is derived by amortising (using the straight line method) the difference between the purchase cost and the redemption value on maturity over the remaining period (calculated in number of days) to maturity (the “**Adjustment Factor**”). The Adjustment Factor will be added (where the purchase cost is less than the redemption value on maturity) or deducted (where the purchase cost is more than the redemption value on maturity) to the purchase cost of such Security. For the purpose of this paragraph, “purchase cost” means the amount expended out of the Phillip SGD Money Market ETF in the acquisition of any Security (including, in each case the amount of stamp duties, commissions and other acquisition expenses); and
- (f) notwithstanding the foregoing, the Manager in consultation with the Trustee may adjust the value of any investment if, having regard to relevant circumstances, it determines that such adjustment is more appropriate to fairly reflect the value of the investment.

The Fund Administrator will perform any currency conversion at the rates which the Trustee and the Manager deem appropriate from time to time.

The above is a summary of the key provisions of the Trust Deed with regard to how the various assets of the relevant Sub-Fund are valued.

Any changes by the Manager to the method of determining the Net Asset Value as provided in Schedule 1 of the Trust Deed will require the prior written approval of the Trustee, and the Trustee shall determine if the Holders should be informed of any such change.

## **17. ISSUE PRICE AND REDEMPTION VALUE**

The Issue Price of Units, created and issued pursuant to a Creation Application, shall be the Net Asset Value per Unit truncated to three decimal places or to such other truncation or rounding as the Manager may from

time to time determine with the approval of the Trustee.

The Manager may, subject to the prior written approval of the Trustee, change the method of determining the Issue Price of a Unit as provided under the Trust Deed, and the Trustee shall determine if the Holders, should be informed of any such change.

The Redemption Value of Units tendered for redemption and cancellation shall be the Net Asset Value per Unit truncated to three decimal places or to such other truncation or rounding as the Manager may from time to time determine with the approval of the Trustee.

The Manager may, subject to the prior written approval of the Trustee, change the method of determining the Redemption Value of a Unit as provided under the Trust Deed, and the Trustee shall determine if the Holders, should be informed of any such change.

## **18. SUSPENSION OF DEALINGS**

Subject to the provisions of the Code, the Manager shall, after giving notice to the Trustee, have the right to suspend the creation and/or redemption of Units and/or delay the payment of any monies and transfer of any Securities in respect of any Redemption Application in the following circumstances:

- (a) during any period when trading on the SGX-ST or any other Recognised Stock Exchange is closed;
- (b) during any period when trading on the SGX-ST or any other Recognised Stock Exchange is restricted or suspended;
- (c) during any period when a Market on which a Security (that is a component of the Index for the relevant Sub-Fund) has its primary listing, or the official clearing and settlement depository (if any) of such Market, is closed;
- (d) during any period when dealing on a Market on which a Security (that is a component of the Index for the relevant Sub-Fund) has its primary listing is restricted or suspended;
- (e) during any period when, in the opinion of the Manager, settlement or clearing of Securities in the official clearing and settlement depository (if any) of such Market is disrupted;
- (f) during the existence of any state of affairs as a result of which delivery or purchase of Securities or disposal of investments for the time being comprised in the relevant Sub-Fund cannot, in the opinion of the Manager, be effected normally or without prejudicing the interests of Holders of the relevant Sub-Fund;
- (g) during any period when the Index for the relevant Sub-Fund is not compiled or published;
- (h) during any breakdown in any of the means normally employed in determining the Net Asset Value of the relevant Sub-Fund or the Net Asset Value per Unit of the relevant Class or when for any other reason the Value of any Securities or other property for the time being comprised in the relevant Sub-Fund cannot, in the opinion of the Manager, reasonably, promptly and fairly be ascertained;
- (i) during any period when the determination of the Net Asset Value of the relevant Sub-Fund is suspended pursuant to the Trust Deed;

- (j) any 48 hours period (or such longer period as the Manager and the Trustee may agree) prior to the date of any meeting of Holders, or any adjourned meeting thereof;
- (k) during any period when the business operations of the Manager, the Trustee, the Custodian or any agent of the Trustee on which the Trustee relies to effect the creation/redemption of Units in the relevant Sub-Fund are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riot, strikes or acts of God;
- (l) during any period when the market value or fair value of a material portion of the relevant Sub-Fund's Deposited Property cannot be determined;
- (m) during any period when the dealing of Units is suspended pursuant to any order or direction issued by the MAS; or
- (n) during any circumstances as may be required under the provisions of the Code.

Subject to the provisions of the Code, a suspension of the determination of the Net Asset Value shall terminate upon the earlier of:

- (a) the Manager declaring the suspension is at an end; or
- (b) the first Dealing Day on which (i) the condition giving rise to the suspension has ceased to exist and (ii) no other condition under which suspension is authorised under the Trust Deed exists.

Whenever the Manager declares such a suspension, it shall as soon as may be practicable after any such declaration and at least once a month during the period of such suspension, publish an announcement on its website containing information about the suspension of the determination of the Net Asset Value and/or suspension of dealings. Such suspension will also be publicly announced on the SGXNET.

No Units will be created or issued during any period of suspension. The Manager may at any time by notice to the Trustee and the MAS, suspend the issue of Units if, as a result of the issue of such Units, a Sub-Fund would breach a provision of the Code Guidelines, and the relevant provisions relating to suspension of the right of Holders to redeem Units shall also apply in accordance with the provisions of the Trust Deed.

## **19. DISTRIBUTION POLICY**

The Manager will adopt a distribution policy for each Sub-Fund as set out in the relevant Appendix.

The Manager may make distributions out of distributable income and/or the capital of the Sub-Fund. Distributions (whether out of income and/or capital) may have the effect of lowering the Net Asset Value of the Sub-Fund and this will be reflected in the Redemption Value of the Units. Moreover, distributions out of capital may amount to a reduction of a Holder's original investment. Holders redeeming their Units may therefore receive an amount less than their initial investment. Such distributions may also result in reduced future returns to Holders.

Distributions will only be paid to the extent that they are available for distribution pursuant to the Trust Deed. Distributions are not guaranteed and are subject at all times to the Manager's discretion.

On a distribution, the Trustee, in accordance with the instructions of the Manager, will allocate the amount available for distribution and will pay such amount to the CDP who will in turn allocate and make the

necessary payment to the Holders based on the number of Units held by each Holder on the record of the CDP or its depository agents.

Amounts to be distributed in respect of each Unit shall be rounded to the nearest S\$0.01 per Unit. Subject to the Trust Deed, any unclaimed distributions payable to a Holder may at the expiration of 6 years from the date upon which the same became payable be paid into court subject to the right of the Trustee to deduct therefrom any expenses it may incur in making such payment.

## **20. FEES, CHARGES AND EXPENSES**

### **20.1 Manager's Fee**

The Manager is entitled to receive a management fee for each Sub-Fund, accrued daily and calculated as at each Dealing Day and payable monthly in arrears. The current management fee percentage in respect of each Sub-Fund is set out in the relevant Appendix.

Under the terms of the Trust Deed, the Manager may, on giving not less than one month's notice to the Trustee and the Holders of the relevant Sub-Fund, increase the rate of the management fee payable up to the maximum rate as permitted by the Trust Deed without the sanction of an extraordinary resolution.

### **20.2 General Expenses**

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

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

The cost and expenses for the preparation of this Prospectus and any supplementary, replacement or updated prospectus, trust deed and any deeds supplemental or amendment and restating deeds, product highlights sheets, reports and/or other statements to Holders will be borne by the relevant Sub-Fund(s).

The costs of establishing the Trust and the Phillip SING Income ETF (which shall not exceed S\$250,000) may be paid out of the Deposited Property of the Phillip SING Income ETF and may be amortised over a period of up to 5 years from the date of the first issue of Units of the Phillip SING Income ETF.

The costs of establishing the Phillip SGD Money Market ETF (which shall not exceed S\$150,000) may be paid out of the Deposited Property of the Phillip SGD Money Market ETF and may be amortised over a period of up to 5 years from the date of the first issue of Units of the Phillip SGD Money Market ETF.

### **20.3 Fees and Charges Payable by Participating Dealers**

The fees and charges payable by Participating Dealers in respect of each Sub-Fund are stated in the relevant Appendix.

#### 20.4 Fees and Charges Payable by Investors Dealing in Units on the SGX-ST

The fees and charges payable by investors dealing in Units in a Sub-Fund on the SGX-ST are summarised as follows:

Subscription/Redemption fee	Nil
Brokerage	Market rates. Investors will have to bear brokerage fees charged by their stockbrokers.
Clearing fee and SGX access fee	<p>Currently the clearing fee and SGX access fee for trading Units of the Phillip SING Income ETF on the SGX-ST are 0.0325% and 0.0075% of the transaction value<sup>#</sup> respectively and subject to the prevailing goods and services tax ("GST").</p> <p>Currently the clearing fee and SGX access fee for trading Units of the Phillip SGD Money Market ETF on the SGX-ST are 0.0001% and 0.0001% of the transaction value<sup>#</sup> respectively and subject to GST.</p>

<sup>#</sup> Subject to change at SGX-ST's discretion.

#### 20.5 Fees and Charges Payable by a Sub-Fund

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

Manager's fee	As specified in the relevant Appendix of a Sub-Fund.
Trustee's fee	As specified in the relevant Appendix of a Sub-Fund
Custodian fee	The Custodian Fee may exceed 0.10% per annum of the Net Asset Value of a Sub-Fund depending on, amongst others, the size of the Sub-Fund and the number of transactions carried out.
Other fees and charges	Other fees and charges include fund administration and valuation fees, legal fees, audit fees, transaction fees, accounting fees, licensing fees, transaction processing and cash processing fees. Such fees and charges are subject to agreement with the relevant parties and may amount to or exceed 0.10% per annum of the Net Asset Value of a Sub-Fund, depending on the proportion each fee or charge bears to the Net Asset Value of a Sub-Fund.

### 21. REPORTS AND ACCOUNTS

The financial year-end of the Trust is 31 December every year. Audited accounts and the annual report will be prepared and made available on the Manager's website at [www.phillipfunds.com](http://www.phillipfunds.com) within three months of each financial year-end (unless otherwise waived or permitted by the MAS). Semi-annual unaudited accounts and the semi-annual report will be prepared and made available on the Manager's website at

[www.phillipfunds.com](http://www.phillipfunds.com) within two months of the end of the period covered by the relevant accounts and report (unless otherwise waived or permitted by the MAS). Printed copies of the audited accounts and annual report, semi-annual unaudited accounts and the semi-annual reports are not sent to Holders. Holders may obtain electronic copies of these accounts and reports from the Manager's website at [www.phillipfunds.com](http://www.phillipfunds.com). However, Holders who would like to receive printed copies of the accounts and reports may submit the relevant request to the Manager. The Trustee will also make available, or cause to be made available, hardcopies of the accounts and reports to any Holder who requests for them within 2 weeks of any request from such Holder (or such other period as may be permitted by the MAS). The contents of the reports will comply with the requirements of the Code and the Listing Rules.

Copies of the audited accounts, the annual reports, the semi-annual unaudited accounts and the semi-annual reports will also be made available on SGXNET.

## **22. ANNOUNCEMENT OF MATERIAL INFORMATION**

The Manager will arrange for all material information that affects the Trust to be announced on SGXNET and on the Manager's website at [www.phillipfunds.com](http://www.phillipfunds.com).

## **23. TRUST DEED**

The Trust is established under Singapore law by the Trust Deed made between the Manager and the Trustee. All Holders are entitled to the benefit of, are bound by and are deemed to have notice of, the provisions of the Trust Deed. In the event of any conflict between any of the provisions of this Prospectus and those of the Trust Deed or Participation Agreement, the provisions of the Trust Deed or the Participation Agreement shall prevail. The Trust Deed contains provisions for the indemnification of the Trustee and the Manager and their respective agents and their relief from liability in certain circumstances. Holders and intending applicants are advised to consult the terms of the Trust Deed. All material amendments to the Trust Deed will be announced on the SGXNET.

## **24. MODIFICATION OF TRUST DEED**

The Trustee and the Manager may by deed supplemental or restated to the Trust Deed jointly modify, alter or add to the provisions of the Trust Deed provided that in the opinion of the Trustee such modification, alteration or addition (i) does not materially prejudice the interests of Holders in any Sub-Fund and does not operate to release to any material extent the Trustee or the Manager from any responsibility to the Holders in the relevant Sub-Fund, or (ii) is necessary in order to comply with applicable fiscal, statutory or official requirements (whether or not having the force of law) or (iii) is to be made to remove obsolete provisions or to correct manifest errors. In all other cases modifications require the sanction of an extraordinary resolution of the Holders affected passed at separate meetings of the Holders of Units in each Sub-Fund affected by such modification, alteration or addition provided that where, in the opinion of the Manager and the Trustee, all Holders of Units in all Sub-Funds are affected in the same way, then such sanctions may be by way of an extraordinary resolution passed at a meeting of Holders which may be attended by the Holders of Units in all of the Sub-Funds.

## **25. VOTING RIGHTS**

The Trustee or the Manager may (and the Manager shall at the request in writing of Holders together registered as holding not less than one-tenth in value of the Units in issue) at any time convene a meeting of Holders, of Units of any Class or Sub-Fund at such time and place as it may think fit.

These meetings may be used to modify the terms of the Trust Deed, including to increase the maximum fees payable to the service providers, to remove the Trustee or to terminate the Trust or any Sub-Fund at any time. Such amendments to the Trust Deed must be passed by a 75% majority of the votes cast. For meetings to pass ordinary resolutions, Holders will be given at least 14 calendar days' notice (inclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of such meeting. For meetings to pass extraordinary resolutions, Holders will be given at least 21 calendar days' notice (inclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of such meeting.

The Trustee, the Manager, the Custodian and their Connected Persons are prohibited from voting their beneficially owned Units at, or counted in the quorum for, the meeting at which they have a material interest (including, for the avoidance of doubt, interested party transactions (as defined in the Listing Rules and/or the listing rules of other Recognised Stock Exchange) in the business to be contracted).

In respect of voting rights where the Manager may face a conflict between its own interest and that of the Holders, the Manager shall cause such voting rights to be exercised in consultation with the Trustee.

## **26. RESTRICTIONS ON HOLDERS**

Every person purchasing Units will be deemed to have represented, agreed and acknowledged that it is not an Unauthorised US Person.

The Manager and/or the Trustee shall have power to impose such restrictions as it may think necessary for the purpose of ensuring that no Units are acquired or held directly, indirectly or beneficially by:-

- any person in breach of the law or requirements of any country or governmental authority or any stock exchange on which the Units are listed;
- any person or persons in circumstances (whether directly or indirectly affecting such person or persons and whether taken alone or in conjunction with any other persons, connected or not, or any other circumstances appearing to the Manager to be relevant) which in the opinion of the Manager might result in the Trust or any Sub-Fund, the Trustee or the Manager incurring any liability to taxation or suffering any other potential or actual pecuniary disadvantage or would subject the Manager, the Trustee, the Trust or any Sub-Fund, to any regulatory compliance which the Trust or the relevant Sub-Fund, the Trustee or the Manager might not otherwise have incurred, suffered or been subject to; or
- any person in breach of, or reasonably deemed by the Manager to be in breach of, any applicable anti-money laundering or FATCA or identification verification or national status or residency requirements imposed on him (whether under the terms of any underlying investment arrangement or otherwise) including without limitation the issue of any warranty or supporting document required to be given to the Trustee, the Registrar or the Manager.

If it shall come to the notice of the Manager or the Trustee that any Units are owned directly, indirectly or beneficially by any person in contravention of any such restrictions as are referred to in the Trust Deed, the Manager or the Trustee may give notice to such person requiring him to transfer such Units to a person who would not thereby be in contravention of any such restrictions as aforesaid or to request in writing the redemption of such Units in accordance with the provisions of the Trust Deed. If any person upon whom such a notice is served pursuant to the Trust Deed does not within 30 days after such notice transfer such Units as aforesaid or establish to the satisfaction of the Manager or the Trustee (whose judgment shall be final and binding) that such Units are not held in contravention of any such restrictions he shall be deemed upon the

expiration of 30 days after such notice to have requested in writing the redemption of all such Units pursuant to the provisions of the Trust Deed.

A person who becomes aware that he is holding or owning Units in contravention of any such restrictions as are referred to in the Trust Deed shall forthwith either transfer all such Units to a person who would not thereby be in contravention of any such restrictions as aforesaid or request in writing the redemption of all such Units pursuant to the provisions of the Trust Deed.

The Manager or the Trustee may at any time and from to time, by notice in writing, call upon any person holding directly or beneficially any Units to provide to the Manager or the Trustee such information and evidence as they shall require upon any matter concerned with or in relation to such person's holding of or interest in, or the ultimate beneficial owners of (or intermediate holders or owners of), the Units. The exercise by the Manager or the Trustee of the powers conferred by Clauses 3.4, 3.5, 3.6 or 7.23 of the Trust Deed shall not be questioned or invalidated in any case on the ground that there was insufficient evidence of ownership of Units by any person or that the true ownership of any Units was otherwise than appeared to the Manager or the Trustee at the relevant date, provided that the said powers shall have been exercised in good faith. Save where the Manager or the Trustee is found by a court of competent jurisdiction that it has been fraudulent, in wilful default or negligent, the Manager or the Trustee shall have no liability whatsoever to any person for any special, direct, indirect, consequential or any other damages (including lost profits) on account of anything done or omitted by the Manager or Trustee in exercising its duties and right to restrict or prevent ownership of Units by an Unauthorised US Person or any person falling under Clause 3.4 of the Trust Deed.

## **27. TRANSFER OF UNITS**

Units held by Holders may be transferred by an instrument in writing and must be signed (and, in the case of a body corporate, signed on behalf of or sealed) by the transferor and the transferee. The transferor shall be deemed to remain the Holder of the Units transferred until such time as the name of the transferee is entered in the Register pursuant to the transfer. For so long as the Units are listed on the SGX-ST, transfers of Units between depositors (i.e. direct account holders with the CDP and depository agents whose names are entered in CDP's register in respect of Units held by them) shall be effected electronically through the CDP making an appropriate entry in CDP's electronic register of the Units that have been transferred in accordance with CDP trading requirements, and the above paragraph will not apply to such transfers.

## **28. CONFLICTS OF INTEREST**

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

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

investors.

The Manager may also trade with and lend securities to its related corporations and/or any third party. To mitigate any potential conflict of interest, the Manager will conduct the transactions on an arm's length basis. To the extent that the Manager engages in securities lending or repurchase transactions for a Sub-Fund, the revenue arising from such transactions will accrue to the relevant Sub-Fund.

Subject to the Code, the associates of the Trustee may be engaged to provide banking, brokerage or financial services to the Sub-Funds; or buy, hold and deal in any investments; or enter into contracts or other arrangements with the Manager and/or the Trustee and they may make profits from these activities. Any such activities will be provided on an arm's length basis.

The Trustee is or may be involved in other financial, investment and professional activities which may on occasion cause conflict of interest within the management of the Sub-Funds. These include trustee and custodial and registrar services and serving as directors, officers, advisers or agents of other funds or other companies, including companies in which the Sub-Funds may invest. The Trustee will ensure that the performance of its duties will not be impaired by any such involvement that it may have. In the event that a conflict of interest does arise, the Trustee shall endeavour to ensure that it is resolved fairly and in the interest of investors.

## **29. REMOVAL OF THE MANAGER**

If any of the following events shall occur, namely:-

- (a) the Manager shall go into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously notified in writing to the Trustee) or if a receiver is appointed over any of its assets and shall not be discharged within 60 days or if a liquidator or judicial manager is appointed in respect of the Manager;
- (b) the Manager ceases to carry on business;
- (c) the Trustee shall form the opinion for good and sufficient reason, and shall so state in writing to the Manager that a change of manager is desirable in the interests of the Holders, provided that if the Manager within one month after such statement expresses its dissatisfaction in writing with such opinion, the matter shall then forthwith be referred to arbitration in accordance with the provisions of the Arbitration Act, Chapter 10 of Singapore, before three arbitrators, the first of whom shall be appointed by the Manager, the second of whom shall be appointed by the Trustee and the third of whom shall be jointly appointed by the Manager and the Trustee (failing which appointment, the third arbitrator shall be appointed by the President of the Court of Arbitration of the Singapore International Arbitration Centre) and any decision made pursuant thereto shall be binding upon the Manager, Trustee and the Holders;
- (d) the Holders (for which purpose Units held or deemed to be held by the Manager shall not be included) by extraordinary resolution duly passed at a meeting of Holders, shall so decide; or
- (e) the MAS directs the Trustee to remove the Manager,

the Trustee may, by notice in writing to the Manager remove the Manager from office and upon service of such notice, the Manager shall cease to be the manager of the Trust.

### **30. RETIREMENT OF THE MANAGER**

The Manager shall have the power to retire in favour of another manager considered by the Trustee to be suitably qualified, upon giving not less than 90 days' written notice to the Trustee and to the Holders and subject to such person entering into a deed or deeds providing for the matters mentioned under the Trust Deed. The Trustee shall as soon as practicable and by not more than 90 days after the Manager has indicated its intention to retire, give notice to Holders to convene a meeting of Holders to consider an extraordinary resolution to approve some other person considered by the Trustee to be suitably qualified to act as manager of the Trust.

Any change to the manager of the Trust will be announced forthwith on the SGXNET and on the Manager's website at [www.phillipfunds.com](http://www.phillipfunds.com).

### **31. REMOVAL OF THE TRUSTEE**

The Manager may by notice in writing to the Trustee remove the Trustee from office if any of the following shall occur, namely:

- (a) the Trustee shall go into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously notified in writing to the Manager) or if a receiver is appointed over any of its assets or if a liquidator or judicial manager is appointed in respect of the Trustee;
- (b) the Trustee ceases to carry on business;
- (c) the Trustee fails or neglects after reasonable notice in writing from the Manager to carry out or satisfy any material obligations that may be imposed on the Trustee under the Trust Deed;
- (d) the Holders (for which purpose Units held or deemed to be held by the Trustee shall not be regarded as being outstanding) by extraordinary resolution duly passed at a meeting of Holders, shall so decide;  
or
- (e) the MAS directs that the Trustee be removed.

### **32. RETIREMENT OF THE TRUSTEE**

Under the terms of the Trust Deed, the Trustee shall not be entitled to retire voluntarily except upon the appointment of a new trustee. Notwithstanding any other provisions of the Trust Deed, the Trustee may retire from office by giving not less than 90 days' written notice (or 30 days' written notice in the event of liquidation of the Manager, or a material breach by the Manager of its obligations under the Trust Deed) to the Manager. In the event of the Trustee desiring to retire the Manager shall find within 90 days (or, as the case may be, 30 days) from the date the Trustee notifies the Manager of such desire a new trustee to act as trustee and the Manager shall by deed supplemental hereto appoint such new trustee to be the trustee in the place of the retiring Trustee. If within a period of 90 days (or, as the case may be, 30 days) after the date on which the Trustee expresses in writing to the Manager its desire to retire, the Manager shall have failed to appoint a new trustee, the Trustee shall be entitled (but not obliged) to appoint a new trustee on the same basis as aforesaid or to terminate the Trust in accordance with the Trust Deed. The Trustee may only retire where adequate arrangements reasonably acceptable to the Manager have been made (i) for another trustee approved by the MAS to assume responsibility for the administration of the Trust, (ii) for another trustee to become a party to the Trust Deed, (iii) for the Trustee's interest in the Deposited Property to be transferred to that trustee (including all books, documents and records), and (iv) for the Trustee to retire at the same time

as the new trustee replaces it. The Manager shall as soon as practicable after the date when a change of trustee is effective give notice to the Holders of such change of trustee specifying the name and the address of the office of the new trustee in accordance with all applicable legal and regulatory requirements.

### **33. LIABILITY AND INDEMNITY OF TRUSTEE, MANAGER AND REGISTRAR**

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

None of the Trustee, the Manager or the Registrar or each of their duly appointed agents or delegates (hereinafter referred to as “**appointees**” for purposes of this paragraph 33 “Liability and Indemnity of Trustee, Manager and Registrar”) shall incur any liability in respect of any action taken or thing suffered by them in reliance upon any notice, resolution, direction, consent, certificate, affidavit, statement, certificate of stock, plan of reorganisation or other document of title, or other paper or document believed to be genuine and to have been passed, sealed or signed by the proper parties.

None of the Trustee, the Manager, the Registrar or each of their appointees shall be responsible for the authenticity of any signature on or any seal affixed to any endorsement on any certificate or to any instrument of transfer or form of application, request for realisation, endorsement or other document affecting the title to or transmission of Units (including signatures on such documents received by mail, facsimile, electronic mail or otherwise) or be in any way liable for any forged or unauthorised signature on or seal affixed to such endorsement, transfer, form or other document or for acting or relying on or giving effect to any such forged or unauthorised signature or seal or for exercising their discretion not to act on such instructions received by mail, facsimile, electronic transmission or otherwise.

The Trustee, the Manager and each of their appointees may rely upon the established practice and rulings of any Recognised Stock Exchange and any committees and officials thereof on which any dealing in any investment is from time to time effected in determining what shall constitute a good delivery and any similar matters and such practice and rulings shall be conclusive and binding upon all persons under the Trust Deed.

None of the Trustee, the Manager or the Registrar or each of their appointees shall be responsible for acting upon any resolution purporting to have been passed at any meeting of Holders in a particular Sub-Fund or (as the case may be) of all the Holders of Units, in respect whereof minutes shall have been made and signed even though it may be subsequently found that there was some defect in the constitution of the meeting or the passing of the resolution or that for any reason the resolution was not binding upon all the Holders in that Sub-Fund, or (as the case may be) all the Holders of Units.

None of the Trustee, the Manager or the Registrar or each of their appointees shall incur any liability to the Holders or any of them for doing or (as the case may be) failing to do any act or thing which by reason of any provision of any present or future law or regulation made pursuant thereto or of any decree, order or judgment of any court or by reason of any request, announcement or similar action (whether of binding legal effect or not) which may be taken or made by any person or body acting with or purporting to exercise the authority of any government or regulatory authority (whether legally or otherwise) either they or any of them shall be directed or requested to do or perform or to forbear from doing or performing. If for any reason it becomes impossible or impracticable to carry out the provisions of the Trust Deed, none of the Trustee, the Manager or the Registrar or each of their appointees shall be under any liability therefor or thereby.

The Trust Deed includes indemnities given in favour of the Trustee and the Manager and any indemnity expressly given to the Trustee or to the Manager or each of their appointees in the Trust Deed is in addition

to and without prejudice to any indemnity allowed by law.

Nothing in any of the provisions of the Trust Deed shall (i) exempt either the Trustee, the Manager or each of their appointees (as the case may be) from or against any liability to Holders due to its fraud, wilful default or negligence or any liability to Holders imposed by virtue of any Singapore law in relation to its duties nor (ii) indemnify either the Trustee or the Manager (as the case may be) against such liability by Holders or at Holders' expense.

The Trustee and the Manager may act upon any advice of or information obtained from any bankers, accountants, brokers, lawyers, agents or other persons acting as agents or advisers either of the Trustee or of the Manager and shall not be liable for anything done or omitted or suffered in good faith in reliance upon such advice or information.

Any advice or information may be obtained or sent by letter, telegram, facsimile transmission or electronic mail and neither the Trustee nor the Manager shall be liable for acting on any advice or information purported to be conveyed by any such letter, facsimile transmission or electronic mail notwithstanding that the same shall contain some error or shall not be authentic.

None of the Trustee, the Manager or the Registrar or each of their appointees shall be under any liability except such liability as may be expressly imposed by the Trust Deed nor shall any of them (save as herein otherwise appears) be liable for any act or omission of the other of them.

Subject to the terms of the Trust Deed, the Manager and the Trustee and any of their appointees shall be indemnified out of the Deposited Property against any action, costs, claims, damages, liabilities, expenses or demands (other than those arising out of any liability or obligation to the Holders imposed on the Trustee or Manager pursuant to the laws of Singapore or the proper law of the Trust Deed (if different)) to which it may be put as trustee or manager (as the case may be) and for this purpose shall have recourse to the assets of the relevant Sub-Fund in respect of which such action, costs, claims, damages, liabilities, expenses or demands have been made or arose out of or, where such action, costs, claims, damages, liabilities, expenses or demands relate to the Trust as a whole, the Deposited Property or any part thereof. This indemnity, subject to the Trust Deed, shall survive the retirement, removal or discharge of the Trustee or the Manager. For the purposes of such indemnity and reimbursement, the Trustee or the Manager may from time to time realise such property of the Deposited Property in such manner and at such time as the Trustee or the Manager thinks fit upon prior written notice to the Manager or the Trustee, as appropriate.

For the avoidance of doubt, any reference to the Trustee in this paragraph 33 shall be construed to mean the Trustee in its own capacity and, where appropriate, in its capacity as the Registrar of the Trust.

The Trustee or the Manager or the Registrar or any custodian appointed by the Trustee or any Connected Person of those respective parties may contract or enter into any financial, banking or other transaction with one another or with any Holder or any company or body any of whose shares or Securities, financial instruments or investment products form part of any Sub-Fund or may be interested in any such contract or transaction provided that such contract or transaction shall be conducted at arm's length, and the Trustee, the Manager, the Registrar, the Custodian and such Connected Person shall not be in any way liable to account to the Trust or any Sub-Fund or the Holders or any of them for any profit or benefit made or derived thereby or in connection therewith.

The Trustee shall not be under any obligation to appear in, prosecute or defend any action or suit in respect of the provisions of the Trust Deed or in respect of any Sub-Fund or any part thereof or any corporate or shareholders' action which in its opinion would or might involve it in expense or liability unless the Manager

shall so request in writing and the Trustee shall be indemnified out of the Deposited Property of the relevant Sub-Fund to its satisfaction against any costs or expenses in connection with the Trustee appearing, prosecuting or defending such action or suits.

Provided that the Trustee has exercised reasonable care and diligence in the selection, appointment and ongoing monitoring of any agent, nominee, custodian, co-custodian, sub-custodian or delegate (each a “**Correspondent**”), the Trustee shall not be liable for any loss to the Trust (including any Sub-Fund) incurred by reason of any act or omission of, or liquidation, insolvency or bankruptcy of any Correspondent any Correspondent, save where such loss arises directly as a result of the fraud, wilful default or negligence of the Trustee.

Notwithstanding any other provision of the Trust Deed under no circumstances shall the Trustee have any liability:

- (a) for any loss, damage, claim, cost or expense resulting from or caused by the liquidation, bankruptcy, insolvency, administration, act or omission of, any prime broker or central securities depository or clearing system or settlement system or clearing system depository or any other person with which any authorised investments and other property or assets acquired in relation to any Sub-Fund are deposited;
- (b) for any loss, damage, claim, cost or expense resulting from or caused by the authorised investments and other property or assets acquired in relation to any Sub-Fund which have been placed with any portfolio managers, futures commission merchants, bankers, lenders, agents, nominees, brokers, prime brokers or other intermediaries upon the instructions of the Manager or the Manager’s delegates;
- (c) for any loss, damage, claim, cost or expense resulting from or caused by the authorised investments and other property or assets acquired in relation to any Sub-Fund not registered in the name of the Trustee or its nominee; and
- (d) for any loss, damage, claim, cost or expense resulting from or caused by the insolvency of or act or omission of any agent, nominee or custodian not appointed by it.

Subject to the terms of the Trust Deed, the Trustee and the Manager shall not be liable to any person for any indirect or consequential loss, loss of business, goodwill, opportunity or profit or any special or punitive damages of any kind whatsoever; in each case however caused or arising and whether or not foreseeable, even if advised of the possibility of such loss or damage.

In the absence of fraud, wilful default or negligence by the Manager or the Trustee, neither of them shall incur any liability by reason of any loss which any Holder may suffer by reason of any depletion in the Net Asset Value of any Sub-Fund which may result from any borrowing arrangements made hereunder by reason of fluctuations in rates of exchange or otherwise and (save as otherwise expressly provided in the Trust Deed) the Manager and the Trustee and its duly appointed agents shall be entitled to be indemnified out of and have recourse to the relevant Sub-Fund in respect of any liabilities, costs, claims or demands which it may suffer arising directly or indirectly from the arrangements referred to in the Trust Deed.

#### **34. EXCHANGE CLEARANCE AND SETTLEMENT**

For the purpose of trading on the SGX-ST, a board lot for Units of the Phillip SING Income ETF and Phillip SGD Money Market ETF will comprise 100 Units and 5 Units respectively.

Upon listing and quotation on the SGX-ST, the Units will be traded under the electronic book-entry clearance

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

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

### **34.1 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 transfer fee payable to CDP (investors should refer to the CDP's website at [www.sgx.com](http://www.sgx.com) for the latest applicable transfer fee). All persons trading in the Units through the SGX-ST should ensure that the relevant Units have been credited into their Securities Account, prior to trading in such Units, since no assurance can be given that the Units can be credited into the Securities Account in time for settlement following a dealing. If the Units have not been credited into the Securities Account by the due date for the settlement of the trade, the buy-in procedures of the CDP will be implemented.

Trading of the Units on the SGX-ST will be carried out in the currency(ies) as specified in the relevant Appendix, and will be effected for settlement in CDP on a scripless basis. Settlement of trades on a normal "ready" basis on the SGX-ST generally takes place on the second Business Day following the transaction date (or such other period as may be determined by CDP). 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.

### **34.2 Clearing Fees**

A clearing fee and an SGX access fee for trading Units of the Phillip SING Income ETF on the SGX-ST is payable at the rate of 0.0325% and 0.0075% of the transaction value respectively (or such other rate of clearing fee and SGX access fee as the SGX-ST may determine from time to time).

A clearing fee and an SGX access fee for trading Units of the Phillip SGD Money Market ETF on the SGX-ST is payable at the rate of 0.0001% and 0.0001% of the transaction value respectively (or such other rate of clearing fee and SGX access fee as the SGX-ST may determine from time to time).

The clearing fee, access fee, instrument of transfer, deposit fee and unit withdrawal fee may be subject to the prevailing GST.

### **34.3 Dual Currency Trading**

A Sub-Fund may be traded in different currency denominations on the SGX-ST, as specified in the relevant Appendix. Investors can buy and/or sell Units in a currency specified in the relevant Appendix, regardless of the currency in which it was first bought and/or sold.

Unit holdings will be consolidated in investors' CDP accounts so that the total number of Units can be viewed at a glance, for example, 1,000 US\$-denominated Units and 2,000 S\$-denominated Units will be reflected as 3,000 Units in an investor's CDP account.

In most cases, the traded prices in the two currency counters should theoretically be equivalent or close to each other, taking into consideration the prevailing foreign exchange rate. However, in certain cases, due to market supply and demand factors in the respective counters and the market activity of the market makers, the price relationship and difference between the two counters might not necessarily be the foreign exchange rate between both counters.

Investors should refer to the SGX website at [www.sgx.com](http://www.sgx.com) for more information on dual currency trading.

## **35. TERMINATION**

The Trust is of indeterminate duration and shall continue until terminated in the manner provided in the Trust Deed.

The Trust may be terminated by the Trustee giving prior written notice to the Manager and the Holders if any of the following events shall occur, namely:

- (a) if the Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously notified in writing to the Trustee) or if a receiver is appointed over any of its assets and shall not be discharged within 60 days or if a liquidator or judicial manager is appointed in respect of the Manager;
- (b) the Manager ceases to carry on business;
- (c) the Trustee forms the opinion for good and sufficient reason and shall so state in writing to the Manager that the Manager is incapable of performing its duties under the Trust Deed satisfactorily;
- (d) any law or regulation is passed or amended or any regulatory directive or order is imposed that affects the Trust and which renders the Trust illegal, impracticable or inadvisable in the good faith opinion of the Trustee to continue;
- (e) the Trustee shall be unable to find a person acceptable to the MAS to act as the new manager within 90 days after the retirement or removal of the Manager for the time being pursuant to the Trust Deed;
- (f) the Trustee shall have decided to retire pursuant to the Trust Deed, but after the expiration of 90 days after the Trustee giving notice to the Manager of its desire to retire, the Manager shall be unable to find a suitable person who is willing to act as trustee; or
- (g) the MAS directs the termination of the Trust.

The Trustee may, in its absolute discretion, terminate the Trust under any of the circumstances set out above, by giving three months' prior notice in writing to the Manager, save that the Trustee may terminate the Trust forthwith pursuant to paragraphs (a), (b), (d) and (g) above.

The Trustee may by notice in writing to the Manager, terminate one or more Sub-Funds if:

- (a) the Trustee forms the opinion for good and sufficient reason that the Manager is incapable of performing its duties under the Trust Deed satisfactorily in respect of the relevant Sub-Fund; or
- (b) any law or regulation is passed or amended or any regulatory directive or order is imposed that affects the relevant Sub-Fund and which renders the relevant Sub-Fund illegal, impracticable or inadvisable in the good faith opinion of the Trustee to continue.

The Trustee may, in its absolute discretion, terminate a Sub-Fund under any of the circumstances set out above, by giving three months' prior notice in writing to the Manager, save that the Trustee may terminate a Sub-Fund forthwith pursuant to paragraph (b) above.

The Trust may be terminated by the Manager in its absolute discretion by notice in writing to the Trustee and the Holders if:

- (a) after one Year from the date of the Trust Deed, the aggregate Net Asset Value of all the Units in each Sub-Fund outstanding hereunder shall be less than S\$30 million;
- (b) any law or regulation is passed or amended or any regulatory directive or order is imposed that affects the Trust and which renders the Trust illegal, impracticable or inadvisable in the good faith opinion of the Manager to continue; or
- (c) within a reasonable time and using commercially reasonable endeavours, the Manager shall be unable to find a person acceptable to the Manager to act as the new trustee after deciding to remove the Trustee for the time being pursuant to the Trust Deed.

The Manager may, in its absolute discretion, terminate the Trust under any of the circumstances set out above, by giving three months' prior notice in writing to the Trustee, save that the Manager may terminate the Trust forthwith pursuant to paragraph (b) above.

One or more Sub-Funds may be terminated by the Manager in its absolute discretion by notice in writing to the Trustee if:

- (a) after one Year from the date of establishment of the relevant Sub-Fund, the aggregate Net Asset Value of all the Units in the relevant Sub-Fund outstanding hereunder shall be less than S\$30 million;
- (b) any law or regulation shall be passed or amended or any regulatory directive or order is imposed that affects a Sub-Fund and which renders such Sub-Fund illegal, impracticable or inadvisable in the good faith opinion of the Manager to continue;
- (c) in the case where the Manager decides to retire, either the Trustee shall be unable to find a person acceptable to the MAS to act as the new manager after the expiration of 30 days from the Manager giving the Trustee notice of its intention to retire pursuant to the Trust Deed;
- (d) the Index is no longer available for benchmarking or the Index license agreement is terminated and no suitable replacement Index is available to the Sub-Fund;

- (e) the Units of the relevant Sub-Fund are no longer listed on the SGX-ST or any other Recognised Stock Exchange (as the case may be);
- (f) the CDP or any other central depository system for the holding and transfer of book-entry securities is no longer able to act as the depository for the Units listed on the SGX-ST or any other Recognised Stock Exchange (as the case may be);
- (g) the MAS revokes or withdraws the authorisation of the Sub-Fund under the Securities and Futures Act;
- (h) at any time, the relevant Sub-Fund ceases to have any Participating Dealer;
- (i) the Manager is unable to implement its investment strategy in respect of the relevant Sub-Fund; or
- (j) at any time, the relevant Sub-Fund ceases to have any market maker.

The Manager may, in its absolute discretion, terminate a Sub-Fund under any of the circumstances set out above, by giving three months' prior notice in writing to the Trustee, save that the Manager may terminate a Sub-Fund forthwith pursuant to paragraphs (b), (e), (f) and (g) above.

The party terminating the Trust or relevant Sub-Fund shall give notice thereof to the Holders and by such notice fix the date at which such termination is to take effect which date shall not be less than three months after the service of such notice (unless otherwise stated). Any such notice to be given to Holders in relation to the termination of the Trust and/or a Sub-Fund will also be published on the Manager's website and SGXNET.

Further, the Holders may at any time authorise the termination of the Trust and/or a Sub-Fund by extraordinary resolution passed at a duly convened meeting of Holders.

Upon the Trust or any Sub-Fund being terminated, subject to authorisations or directions (if any) given to it by the Holders by extraordinary resolution:

- (a) No Participating Dealer may submit a Redemption Application.
- (b) The Manager shall arrange the sale of all investments then comprised in each Sub-Fund being terminated and such sale shall be carried out and completed in such manner and within such period after the termination of the relevant Sub-Fund as the Manager shall consider advisable.
- (c) The Trustee shall from time to time distribute to the Holders in each Sub-Funds being terminated rateably in accordance with the number of Units held by them respectively all net cash proceeds derived from the realisation of the investments comprised in the relevant Sub-Fund and available for the purposes of such distribution except that in the event that circumstances exist as a result of which, in the sole opinion of the Manager notified to the Trustee, it is not reasonably practicable to realise all the investments comprised in the relevant Sub-Fund, the Trustee shall, where possible, distribute to the Holders in each Sub-Fund rateably in accordance with the number of Units held by them respectively the investments available *in specie* at a valuation determined by the Trustee (provided that no Holder will be required to accept the distribution to him of any assets *in specie* without his written consent).
- (d) All payments in respect of such distributions shall be made in accordance with the relevant provisions of the Trust Deed. Every such distribution shall be made only upon delivery to the Trustee of such form of request for payment as the Trustee shall in its absolute discretion require.

- (e) The Trustee shall not be bound (except in the case of the final distribution) to distribute any of the monies for the time being comprised in each Sub-Fund the amount of which is insufficient to pay S\$0.01 in respect of each Unit.
- (f) The Trustee shall be entitled to retain out of any monies comprised in the Trust or any Sub-Fund such sum as it shall determine to be full provision for all costs, charges, expenses, claims, demands, actions and proceedings incurred, made or instituted against or apprehended by the Trustee in connection with or arising out of the Trust or the termination thereof or of any Sub-Fund and shall, out of the monies so retained, be indemnified and saved harmless against any such costs, charges, expenses, claims, demands, actions and proceedings.
- (g) Subject to a deed supplemental hereto having been duly executed pursuant to the Trust Deed and in accordance with the provisions of such deed, and paragraph (c) above, the Trustee may distribute the whole or any part of the entitlement of a Holder *in specie* or kind.
- (h) Any unclaimed proceeds or other monies held by the Trustee may at the expiration of 6 years from the date upon which the same became payable be paid into court subject to the right of the Trustee to deduct therefrom any expenses it may incur in making such payment.

In the event that the Trust or any Sub-Fund is terminated by the Trustee or the Manager in accordance with the terms of this Prospectus or the Trust Deed, notice of such termination will be announced on the SGXNET and the Manager shall notify the MAS and the SGX-ST of such termination at least 7 days before the effective date of the termination of the Trust or any Sub-Fund.

## **36. TAXATION**

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

### **36.1 Phillip Legacy Funds**

#### **Taxation of Sub-Funds**

The Singapore tax information herein is based on Section 13X of the Income Tax Act, Chapter 134 of Singapore ("Income Tax Act") as well as the Income Tax (Exemption of Income Arising from Funds Managed by Fund Manager in Singapore) Regulations 2010 (the "Section 13X Regulations") (hereafter referred to as the "**Enhanced-Tier Fund Scheme**"), read with relevant circulars issued by the MAS in this regard from time to time. It should be noted that the changes announced during the Singapore Budget 2019 on 18 February 2019, further details of which were released in the MAS circular dated 7 June 2019, have yet to be legislated.

The Trust has been awarded with the Enhanced-Tier Fund Scheme under Section 13X of the Income Tax Act with effect from 5 October 2020. Each of the Sub-Funds, as an Enhanced-Tier Fund, will enjoy tax exemption on Specified Income (as defined in the Income Tax (Exemption of Income of Prescribed Persons Arising from Funds Managed by Fund Manager in Singapore) Regulations 2010 (the "**Regulations**")) derived

from funds managed in Singapore by the Manager in respect of Designated Investments (as defined in the Regulations). The below list of “Specified Income” and “Designated Investments” are reproduced from the MAS circular dated 7 June 2019.

(a) “Specified Income”

Unless specifically excluded, all income and gains derived on or after 19 February 2019 from “designated investments” will be considered as “specified income”. Excluded income or gains are defined to be:

- (i) distributions made by a trustee of a real estate investment trust (as defined in Section 43(10) of the Income Tax Act) that is listed on the Singapore Exchange;
- (ii) distributions made by a trustee of a trust who is a resident of Singapore or a permanent establishment in Singapore, other than a trust that enjoys tax exemption under Sections 13CA, 13G, 13O or 13X of the Income Tax Act;
- (iii) income or gain derived or deemed to be derived from Singapore from a publicly-traded partnership, where tax is paid or payable in Singapore on such income of the partnership by deduction or otherwise; and
- (iv) income or gain derived or deemed to be derived from Singapore from a limited liability company, where tax is paid or payable in Singapore on such income of the limited liability company by deduction or otherwise.

(b) “Designated Investments”

The list of “designated investments” on or after 19 February 2019 is defined to mean:

- (i) stocks and shares of any company, other than an unlisted company that is in the business of trading or holding of Singapore immovable properties (other than one that is in the business of property development);
- (ii) debt securities (i.e. bonds, notes, commercial papers, treasury bills and certificates of deposits), other than non-qualifying debt securities<sup>2</sup> issued by an unlisted company that is in the business of trading or holding of Singapore immovable properties (other than one that is in the business of property development);
- (iii) units in real estate investment trusts and exchange traded funds constituted in the form of trusts and other securities (not already covered in other sub-paragraphs of this “designated investments” list) but excludes any securities issued by any unlisted company that is in the business of trading or holding of Singapore immovable properties (other than one that is in the business of property development);
- (iv) futures contracts held in any futures exchanges;
- (v) immovable property situated outside Singapore;
- (vi) deposits placed with any financial institution;
- (vii) foreign exchange transactions;
- (viii) interest rate or currency contracts on a forward basis, interest rate or currency options, interest rate or currency swaps, and financial derivatives;

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<sup>2</sup> “Non-qualifying debt securities” will refer to debt securities that do not enjoy the “Qualifying Debt Securities” tax status as defined under Section 13(16) of the Income Tax Act.

- (ix) units in any unit trust, except:
  - (A) a unit trust that invests in Singapore immovable properties;
  - (B) a unit trust that holds stock, shares, debt or any other securities, that are issued by any unlisted company that is in the business of trading or holding of Singapore immovable properties (other than one that is in the business of property development); and
  - (C) a unit trust that grant loans that are excluded under Section 1.1.1(a)(x) below;
- (x) loans, including secondary loans, credit facilities and advances, except:
  - (A) loans granted to any unlisted company that is in the business of trading or holding of Singapore immovable properties (other than one that is in the business of property development);
  - (B) loans to finance/ re-finance the acquisition of Singapore immovable properties; and
  - (C) loans that are used to acquire stocks, shares, debt or any other securities, that are issued by an unlisted company that is in the business of trading or holding of Singapore immovable properties (other than one that is in the business of property development);
- (xi) commodity derivatives<sup>3</sup>;
- (xii) physical commodities if:
  - (A) the trading of those physical commodities by the Enhanced-Tier Fund in the basis period for any year of assessment is done in connection with and is incidental to its trading of commodity derivatives (referred to in this sub-paragraph as related commodity derivatives) in that basis period; and
  - (B) the trade volume of those physical commodities traded by the Enhanced-Tier Fund in that basis period does not exceed 15% of the total trade volume of those physical commodities and related commodity derivatives traded in that basis period;
- (xiii) units in a registered business trust;
- (xiv) emission derivatives<sup>4</sup> and emission allowances;
- (xv) liquidation claims;
- (xvi) structured products (as defined in Section 13(16) of the Income Tax Act);
- (xvii) Islamic financial products<sup>5</sup> and investments in prescribed Islamic financing arrangements under Section 34B of the Income Tax Act that are commercial equivalents of any of the other “designated investments” specified in this list;
- (xviii) private trusts that invest wholly in “designated investments”;

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<sup>3</sup> Commodity derivatives means derivatives the payoffs of which are wholly linked to the payoffs or performance of the underlying commodity.

<sup>4</sup> Emission derivatives means derivatives, the payoffs of which are wholly linked to the payoffs or performance of the underlying emission allowances.

<sup>5</sup> Recognised by a Shariah council, whether in Singapore or overseas.

- (xix) freight derivatives<sup>6</sup>;
- (xx) publicly-traded partnerships that do not carry on a trade, business, profession or vocation in Singapore;
- (xxi) interests in limited liability companies that do not carry on any trade, business, profession or vocation in Singapore;
- (xxii) bankers' acceptances issued by financial institutions;
- (xxiii) accounts receivables and letters of credits; and
- (xxiv) interests in Tokumei Kumiai ("TK")<sup>7</sup>.

In the event that the Sub-Funds fail to satisfy any of the qualifying conditions of the Enhanced-Tier Fund Scheme for any basis period, the Trust will not enjoy the tax exemption on "Specified Income" derived from "Designated Investments" for the basis period concerned. If at any time the Trust ceases to meet the qualifying conditions of the Enhanced-Tier Fund Scheme, the Trust has to inform the MAS in writing within 1 week of such event. The Trust can however continue to enjoy the tax exemption in any subsequent basis period, if the Trust is able to satisfy the qualifying conditions of the Enhanced-Tier Fund Scheme in that subsequent period. The Enhanced-Tier Fund Scheme applies for the life of the Trust, provided that all the Section 13X conditions continue to be met. The Section 13X conditions are as follows:

- (i) the Trust has a minimum fund size of at least S\$50 million at the time of application for approval under the Enhanced-Tier Fund Scheme;
- (ii) the Trust is managed or advised directly throughout each basis period for any year of assessment by a fund management company in Singapore, where the fund management company:
  - (A) must hold a capital markets services licence for the regulated activity of fund management under the SFA or is exempt from the requirement to hold such a licence under the SFA, or as otherwise approved by the Minister or such other persons as he may appoint; and
  - (B) must employ at least three investment professionals who are earning more than S\$3,500 per month each and are substantially engaged in qualifying activities throughout the basis period relating to any year of assessment;
- (iii) the Trust incurs at least S\$200,000 in local business spending in each basis period relating to any year of assessment;
- (iv) the Trust will not use the fund structure to serve other investment purposes apart from what it is approved for under the Enhanced-Tier Fund Scheme;
- (v) the Trust cannot concurrently enjoy other tax incentive schemes; and
- (vi) the Trust satisfies any other conditions as specified in the letter of approval issued by the MAS approving the Fund for the purpose of the Enhanced-Tier Fund Scheme.

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<sup>6</sup> Freight derivatives means derivatives, the payoffs of which are wholly linked to the payoffs or performance of the underlying freight rates.

<sup>7</sup> A TK is a contractual arrangement under which one or more silent investors (the TK investor) makes a contribution to a Japanese operating company (the TK operator) in return for a share in the profit/ loss of a specified business conducted by the TK operator (the TK business).

Except for the condition in the preceding paragraph 1.1.1(i)(i) above which is required to be complied with at the time of application only, the Section 13X conditions will have to be fulfilled by the Trust throughout the life of the Sub-Funds.

The Manager will endeavour to conduct the affairs of the Trust in such a way that it will satisfy the qualifying conditions for the Enhanced-Tier Fund Scheme. Notwithstanding the foregoing, there is no assurance that the Manager will, on an on-going basis, be able to ensure that the Trust will always meet all the qualifying conditions for the Enhanced-Tier Fund Scheme. Upon any such disqualification, the Sub-Funds will be exposed to Singapore tax on its income and gains, wholly or partially as the case may be, at the prevailing corporate tax rate. The Sub-Funds can however, enjoy the tax exemption under the Enhanced-Tier Fund Scheme in any subsequent period if it is able to satisfy the specified conditions in that subsequent period.

Taxable income distribution from REITs listed in Singapore derived by the Sub-Funds will generally be subject to tax withheld at source at the prevailing income tax rate, currently 17%. Such taxable income distribution is not Specified Income and hence, will be subject to tax at the prevailing income tax rate, currently 17% in the hands of the Trustee, the tax liability of which could be offset by the tax withheld at source. Gains or profits derived by the Sub-Funds from the disposal of units in REITs listed in Singapore are Specified Income from Designated Investments.

Distributions made by the Sub-Funds to all Holders will not attract Singapore withholding tax.

### **Taxation of Holders**

Distributions made by the Sub-Funds out of tax-exempt income should be exempt from Singapore income tax in the hands of Holders.

### **Reporting obligations**

The Trust is required to submit an annual income tax return to IRAS. Additionally, the Trust will be required to submit annual declaration to the MAS within four (4) months of each financial year-end.

## **36.2 Disposal or redemption of Units**

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

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

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

## **37. MISCELLANEOUS INFORMATION**

### **37.1 Inspection of Documents**

Copies of the following documents are available for inspection at the offices of the Manager during usual business hours on each Business Day:

- Trust Deed; and
- the latest available annual report and audited accounts, and the latest semi-annual report and unaudited semi-annual accounts of the Trust (once available).

### **37.2 Online publication of dealing prices**

Upon the listing and quotation of the Units in the Sub-Funds on the SGX-ST, the Net Asset Value per Unit of the Sub-Funds will be published on the Manager's website at [www.phillipfunds.com](http://www.phillipfunds.com) on the Business Day following each Dealing Day.

The Net Asset Value per Unit of the Sub-Funds will also be announced on SGXNET at the end of each week.

### **37.3 Information on the Internet**

The Manager will publish information with respect to the Trust and the Sub-Funds on the Manager's website at [www.phillipfunds.com](http://www.phillipfunds.com) and on SGXNET including:

- this Prospectus and the Product Highlights Sheet of each Sub-Fund (as may be updated, replaced or supplemented from time to time);
- the latest available annual report and audited accounts, and the latest semi-annual report and unaudited semi-annual accounts of the Trust (once available);
- any removal or retirement of the Manager;
- any public announcements made by the Trust, including information with regard to the Indices, notices of the suspension of the calculation of the Net Asset Value, changes in fees, suspension and resumption of trading and changes in the Participating Dealer(s);
- monthly holdings, the closing Net Asset Value and Net Asset Value per Unit and monthly fund performance information; and
- any material events relating to the management of the Trust.

Material information on the Index of each Sub-Fund will be available on the website of the relevant Index provider.

### **37.4 Anti-Money Laundering Regulations**

As part of the Manager's and the Trustee's responsibility for the prevention of money laundering and countering the financing of terrorism and to comply with all applicable laws, regulations, notices, codes and guidelines to which the Manager, the Trustee, the Trust or any Sub-Fund is subject, the Manager, the Registrar or the Trustee may require a detailed verification of an investor's identity and the source of payment of any subscriptions. Depending on the circumstances of each application, a detailed verification may not be required where:

- the investor makes the payment from an account held in the investor's name at a recognised financial institution; or
- the application is made through a recognised intermediary.

These exceptions will only apply if the financial institution or intermediary referred to above is within a country recognised by the Trustee and the Manager as having sufficient anti-money laundering regulations.

### **37.5 Queries and Complaints**

If you have questions concerning the Trust or any Sub-Fund, you may call the Manager at telephone number (65) 6230 8133.

*The information relating to the Index of each Sub-Fund as presented in the relevant Appendix has been provided by the relevant Index provider and/or extracted from publicly available information that have not been prepared or independently verified by the Manager, the Trustee or advisers in connection with the offering and listing of Units and none of them makes any representations as to or takes any responsibility for the accuracy, adequacy, timeliness or completeness of such information contained in the relevant Appendix. Any liability for errors or omissions in the relevant Appendix, or for any action taken in reliance on the information contained therein is hereby expressly disclaimed. No warranty of any kind, implied, express or statutory, including but not limited to the warranties of non-infringement of third party rights, title, merchantability, satisfactory quality or fitness for a particular purpose, is given in conjunction with the relevant Appendix or any information contained therein.*

## APPENDIX I – PHILLIP SING INCOME ETF

### A. KEY INFORMATION

#### 1. Summary of Information

The following table is a summary of key information in respect of the Phillip SING Income ETF and should be read in conjunction with the full text of this Prospectus.

Investment Objective	To replicate as closely as possible, before fees and expenses, the performance of the Morningstar® Singapore Yield Focus Index <sup>SM</sup>
Investment Strategy	Replication Strategy
Index	Morningstar® Singapore Yield Focus Index <sup>SM</sup>
Index Provider	Morningstar Research Pte. Ltd.
Listing Date	29 October 2018
Exchange Listing	SGX-ST – Main Board
SGX Counter Name / Code	PHIL SING INC / OVQ
Trading Board Lot Size	100 Units or such other number of Units as the SGX-ST may determine to be the trading board lot size
Currency of Account (Base Currency)	Singapore dollars (S\$)
Trading Currencies	Singapore dollars (S\$)
Distribution Policy	Semi-annually
Creation / Redemption (only applicable to Participating Dealers):- (i) partial “in-kind” and partial cash or (ii) fully in cash	Application Unit size of 50,000 Units (or such higher number of Units in multiples of 1,000 Units)
Dealing Deadline for subscription or redemption of Units	12:00 p.m. (Singapore time) (or such other time as the Manager may determine with prior notification to Participating Dealers)
Management Fee	0.40% per annum of the Net Asset Value
Trustee’s Fee	Up to 0.04% per annum of the Net Asset Value, subject always to a minimum of S\$15,000 per annum.
Investor Profile	This Sub-Fund is only suitable for investors who:

	<ul style="list-style-type: none"> <li>• want capital growth and regular income in the form of dividends;</li> <li>• seek an index-based approach to investing in a diversified basket of stocks listed on the SGX-ST in a cost effective and easy to access manner; and</li> <li>• believe that the Index will increase in value over time.</li> </ul>
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## 2. Market Makers

The current designated market maker is Phillip Securities Pte Ltd.

Please approach the Manager or refer to the Manager's website at [www.phillipfunds.com](http://www.phillipfunds.com) for the current list of designated market maker(s) of the Sub-Fund. Any changes to the designated market maker(s) will be announced on the SGXNET.

## 3. Participating Dealers

Please approach the Manager or refer to the Manager's website at [www.phillipfunds.com](http://www.phillipfunds.com) for the current list of designated Participating Dealers of this Sub-Fund. Any changes to the Participating Dealer(s) will be announced on the SGXNET.

## 4. Dealing Deadline

The Dealing Deadline for the purposes of subscription or redemption of Units in cash or in-kind is 12:00 p.m. (Singapore time) (or such other time as the Manager may determine with prior notification to Participating Dealers).

## 5. Fees and Charges Payable by Participating Dealers

The fees and charges payable by Participating Dealers in respect of this Sub-Fund are summarised as follows:

<b>Creation of Units:</b>	
Transaction Fee <sup>1</sup>	S\$450 per Application (in cash) S\$2,500 per Application (in-kind)
Application Cancellation Fee <sup>2</sup>	S\$2,500 per Application
Extension Fee <sup>3</sup>	S\$2,500 per Application

<sup>1</sup> A Transaction Fee (which includes the transaction charges and out-of-pocket expenses) is payable by a Participating Dealer to the Trustee and/or the Registrar (as the case may be).

<sup>2</sup> The Application Cancellation Fee is payable by a Participating Dealer to the account of the Trustee and/or the Registrar on each occasion that a Creation or Redemption Application is cancelled by the Participating Dealer or the Trustee where applicable.

<sup>3</sup> The Extension Fee is payable by a Participating Dealer to the Manager and/or the Trustee on each occasion that the Manager, upon a Participating Dealer's request, grants the Participating Dealer an extended settlement in respect of an Application.

<b>Redemption of Units:</b>	
Transaction Fee	S\$450 per Application (in cash) S\$2,500 per Application (in-kind)
Application Cancellation Fee <sup>2</sup>	S\$2,500 per Application
Extension Fee <sup>3</sup>	S\$2,500 per Application

The fees and charges payable by Participating Dealers may be passed on to investors in full or in part, depending on the relevant Participating Dealer. The fees and charges payable by the Participating Dealers may also be waived by the Manager in its absolute discretion and any waiver will be applied to all Participating Dealers in relation to this Sub-Fund.

## **B. INVESTMENT OBJECTIVE, APPROACH AND STRATEGY**

### **1. Investment Objective**

The investment objective of this Sub-Fund is to replicate as closely as possible, before fees and expenses, the performance of the Morningstar® Singapore Yield Focus Index<sup>SM</sup>.

### **2. Investment Approach**

The Manager employs a “passive management” or indexing investment approach designed to track the performance of the Index.

The Manager seeks to achieve this Sub-Fund’s investment objective by investing all or substantially all of this Sub-Fund’s assets in Index Securities in substantially the same weightings as reflected in the Index and aims to deliver an investment performance which closely corresponds to the performance of the Index.

However, various circumstances may make it impossible or impracticable to purchase each component Index Security in such weightings. In those circumstances, the Manager may employ, alone or in combination with, other investment techniques in seeking to closely track the performance of the Index.

The Manager may be unable to purchase each component Index Security in the same proportion as the weightings in the Index if any of the Markets on which such Security has its primary listing is closed or temporarily inaccessible. Such circumstances may make it impossible for the Manager to purchase or sell Index Securities to track the Index accordingly.

If such circumstances were to arise, the Manager may use the Representative Sampling Strategy (as described below), by choosing alternative Securities as the relevant Index Security which has a high level of correlation or a similar valuation or market capitalisation.

As at the date of this Prospectus, the Manager does not intend to invest this Sub-Fund’s assets in commodities and precious metals. The Manager does not intend to invest this Sub-Fund’s assets in unlisted securities on an ongoing basis so long as the Index Securities are listed on the SGX-ST.

As at the date of this Prospectus, the Units of this Sub-Fund are classified as Excluded Investment Products and Prescribed Capital Markets Products.

For so long as the Units of this Sub-Fund are Excluded Investment Products and Prescribed Capital Markets Products, this Sub-Fund does not and will not invest in any product or engage in any transaction which may cause the Units not to be regarded as Excluded Investment Products and Prescribed Capital Markets Products. The Manager may engage in securities lending or repurchase transactions for this Sub-Fund, where such securities lending or repurchase transactions are carried out solely for the purpose of efficient portfolio management and do not amount to more than 50% of the Net Asset Value of this Sub-Fund, and is in line with the Securities and Futures (Capital Markets Products) Regulations 2018 issued by the MAS (as may be amended from time to time). Any securities lending or repurchase transactions which the Manager may engage in will be in accordance with Appendix 1 of the Code.

In the event that the Manager relies on credit ratings issued by credit rating agencies, the Manager will establish a set of internal credit assessment standards and will put in place a credit assessment process to ensure that its investments are in line with these standards. Information on the Manager's credit assessment process will be made available to investors upon request.

### **3. Investment Strategy**

In managing this Sub-Fund, the Manager may adopt either a Replication Strategy or a Representative Sampling Strategy (both as described above). The Manager may swap between the two strategies, without prior notice to investors, in its absolute discretion as often as it believes appropriate in order to achieve the investment objective of this Sub-Fund.

Hence, if the Manager believes that a Replication Strategy is not the most efficient means to track the Index, the Manager may decide to adopt a Representative Sampling Strategy instead.

The Manager will seek to construct the portfolio of this Sub-Fund such that, in the aggregate, its capitalisation, industry and fundamental investment characteristics perform like those of the Index.

As at the date of this Prospectus, this Sub-Fund intends to carry out its investment strategy via a Replication Strategy as described above. However, if the Manager believes that a Replication Strategy is not the most efficient means to track the Index, the Manager may decide to adopt a Representative Sampling Strategy instead.

The Manager may use or invest in FDIs in accordance with the Securities and Futures (Capital Markets Products) Regulations 2018 and Appendix 1 of the Code. Such FDIs may include, but are not limited to futures, options, warrants, forwards, contract for differences, extended settlement contracts, swaps or swap options. Subject to the provisions of the Securities and Futures (Capital Markets Products) Regulations 2018, the Manager may use or invest in FDIs for the purposes of hedging, efficient portfolio management, optimising returns or a combination of all three.

The Manager confirms that the global exposure of this Sub-Fund to FDIs or embedded FDIs will not exceed 100%. Such exposure would be calculated using the commitment approach.

There will be no change to the investment objective and/or investment policy of this Sub-Fund during the 3-year period commencing from 24 September 2018, unless any such change is approved by an extraordinary resolution of Holders in a general meeting or such prohibition on changes to the investment objective and/or investment policy of this Sub-Fund is waived by the SGX-ST. Where there is any change to the investment strategy adopted for this Sub-Fund, such changes will be announced by the Manager through SGXNET. A list of the holdings of this Sub-Fund will be published in the monthly fund factsheet which is available on the Manager's website at [www.phillipfunds.com](http://www.phillipfunds.com).

### C. SPECIFIC RISK FACTORS

In addition to the risk factors described under paragraphs 6 “Risk Factors” and 7 “Risk Factors Relating to the Indices” of this Prospectus, the Index Securities are comprised of stocks listed on the SGX-ST and may be less diversified compared to a broad-based fund, such as a global or regional equity fund. In addition, the Index Securities are exposed to assets in other jurisdictions notwithstanding that such constituents are listed on the SGX-ST. The performance of such stocks is dependent on and affected by economic and political developments, changes in interest rates and perceived trends in stock prices in these markets. Any adverse developments in these foreign markets may impact the performance of such stocks and adversely impact this Sub-Fund’s performance.

### D. DISTRIBUTION POLICY

Distributions, if any, will be determined by the Manager. To the extent that any distributions will be determined by the Manager, such distributions will be declared to Holders semi-annually in June and December of each year or at such other times as the Manager may determine. Investors should note that the declaration of semi-annual distributions is not guaranteed and the Manager may review the distribution policy in the future depending on prevailing market conditions.

### E. PERFORMANCE AND BENCHMARK OF THIS SUB-FUND

The performance of this Sub-Fund and its benchmark as of 30 July 2021 is as follows:

	1 year (%)	Since Inception(%)
Phillip SING Income ETF (Inception date: 29 October 2018)	23.07%	5.71%
Morningstar® Singapore Yield Focus Index <sup>SM</sup> (benchmark)	25.05%	7.01%

*Performance is calculated on a NAV-NAV basis, with all dividends and distributions reinvested (net of reinvestment charges).*

***Past performance of this Sub-Fund is not indicative of its future performance.***

### F. EXPENSE RATIO

This Sub-Fund’s expense ratio<sup>4</sup> for the financial year ended 31 December 2020 is 0.78% (excluding preliminary expenses) and 0.78% (including preliminary expenses).

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<sup>4</sup> The expense ratio will be calculated in accordance with the requirements in the Investment Management Association of Singapore’s guidelines on the disclosure of expense ratios and based on figures in the latest audited accounts of the Sub-Fund. The following expenses (where applicable) are excluded from the calculation of the expense ratio:

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

## G. TURNOVER RATIO

This Sub-Fund's turnover ratio (based on the lesser of purchases or sales of underlying investments expressed as a percentage of daily average net asset value) for the financial year ended 31 December 2020 is 34.48%.

## H. INFORMATION ON THE INDEX

### 1. Description of the Index

The Index is compiled and maintained by Morningstar Research Pte. Ltd. and is designed to screen for high yielding stocks listed on the SGX-ST with superior quality and financial health.

Morningstar Research Pte. Ltd. is independent of the Manager.

### 2. Index methodology

The Index is compiled and calculated by Morningstar Research Pte. Ltd. The Index derives its constituents from the members of the Morningstar Global Markets Index listed on the SGX-ST.

Securities in the Index are selected on the basis of three equally weighted criteria:

- (a) quality;
- (b) financial health; and
- (c) dividend yield.

The description of the Index methodology is available at

[https://assets.contentstack.io/v3/assets/bltabf2a7413d5a8f05/blt8a6c465a6afd2d22/5e6bccdf30fc17069ae80f65/Morningstar\\_Singapore\\_Yield\\_Focus\\_Index\\_Factsheet.pdf](https://assets.contentstack.io/v3/assets/bltabf2a7413d5a8f05/blt8a6c465a6afd2d22/5e6bccdf30fc17069ae80f65/Morningstar_Singapore_Yield_Focus_Index_Factsheet.pdf).

### 3. Characteristics and composition of the Index

The Index tracks the performance of Singapore high dividend securities with a weighting emphasis on quality, financial health and dividend yield. The maximum weighting of any Index Security is 10% at each rebalancing reference date.

The Index is reconstituted and rebalanced semi-annually and implemented after the close of business on the third Friday of June and December each year and is effective the following Monday. If the following Monday is a public holiday, it is effective on the immediate following Business Day. The Index provider may determine such other dates for rebalancing and implementation (with prior written notice to the Manager).

### 4. Constituents of the Index

As at 25 August 2021, the 10 largest constituents in the Index are as follows:

<u>No.</u>	<u>Stock Name</u>	<u>Sector</u>	<u>Weighting (%)</u>
1.	DBS Group Holdings	Financials	10.31%

<b>No.</b>	<b>Stock Name</b>	<b>Sector</b>	<b>Weighting (%)</b>
2.	Singapore Telecommunications Ltd	Communication Services	10.04%
3.	United Overseas Bank	Financials	10.04%
4.	Singapore Technologies Engineering Ltd	Industrials	9.67%
5.	Singapore Exchange Ltd	Financials	9.60%
6.	Overseas-Chinese Banking	Financials	9.48%
7.	Genting Singapore Limited	Consumer Discretionary	8.76%
8.	Venture Corp Ltd	Information Technology	7.24%
9.	NetLink NBN Trust	Communication Services	3.68%
10.	CapitaLand Integrated Commercial Trust	Real Estate	3.56%

Source: Morningstar Research Pte. Ltd.

## 5. Index publication

The Index values will be available via major data vendors including Bloomberg and Thomson Reuters. In addition, index values and factsheet can be retrieved from the Index provider's website: <https://indexes.morningstar.com/our-indexes/equity/F000010YGW>.

### I. DISCLAIMER BY MORNINGSTAR RESEARCH PTE. LTD.

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MORNINGSTAR DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE INDEX OR ANY DATA INCLUDED THEREIN AND MORNINGSTAR SHALL HAVE NO LIABILITY FOR ANY ERRORS, OMISSIONS, OR INTERRUPTIONS THEREIN. MORNINGSTAR MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY THE MANAGER, HOLDERS OF THIS SUB-FUND, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE INDEX OR ANY DATA

INCLUDED THEREIN. MORNINGSTAR MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE INDEX OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL MORNINGSTAR HAVE ANY LIABILITY FOR ANY SPECIAL, PUNITIVE, INDIRECT, OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

## **J. SUBSCRIPTION AND REDEMPTION**

### **1. Minimum Subscription Amount**

The minimum subscription amount for this Sub-Fund is 50,000 Units (or such higher number of Units in multiples of 1,000 Units) or such other subscription amount as may be determined by the Manager.

Investors who wish to acquire less than 50,000 Units may do so through the Participating Dealers. Please check with the Participating Dealers for the applicable minimum subscription amount.

Investors who wish to acquire less than 50,000 Units may acquire such number of Units on the SGX-ST.

### **2. Minimum Holding Amount**

There is no minimum holding amount for this Sub-Fund.

### **3. Minimum Redemption Amount**

The minimum redemption amount for this Sub-Fund is 50,000 Units (or such higher number of Units in multiples of 1,000 Units) or such other redemption amount as may be determined by the Manager.

Investors who wish to redeem less than 50,000 Units may do so through the Participating Dealers. Please check with the Participating Dealers for the applicable minimum redemption amount.

Investors who wish to redeem less than 50,000 Units may redeem such number of Units through trading on the SGX-ST.

## APPENDIX II – PHILLIP SGD MONEY MARKET ETF

### A. KEY INFORMATION

#### 1. Summary of Information

The following table is a summary of key information in respect of Phillip SGD Money Market ETF and should be read in conjunction with the full text of this Prospectus.

Investment Objective	To seek to provide investment results that closely correspond, before fees and expenses, to the performance of the FTSE SGD 3-month SOR Index or any replacement index which references the Singapore Overnight Rate Average (“ <b>SORA</b> ”) and provides for the same or substantially similar exposure as the FTSE SGD 3-month SOR Index.
Investment Strategy	Optimisation Strategy.
Index	FTSE SGD 3-month SOR Index.
Index Provider	FTSE Fixed Income LLC.
Listing Date	5 October 2020
Exchange Listing	SGX-ST – Main Board
SGX Counter Name / Code	Primary Currency: PHILLIP MM S\$ (MMS) Secondary Currency: PHILLIP MM US\$ (MMT)
Trading Board Lot Size	5 Units or such other number of Units as the SGX-ST may determine to be the trading board lot size
Currency of Account (Base Currency)	Singapore dollars (S\$)
Trading Currencies	Singapore dollars (S\$) US Dollars (US\$)
Distribution Policy	No distributions
Creation / Redemption (only applicable to Participating Dealers) – fully in cash only (SGD)	Application Unit size of 500 Units (or such higher number of Units in multiples of 10 Units)

Dealing Deadline for subscription or redemption of Units	10:00 a.m. (Singapore time) (or such other time as the Manager may determine with prior notification to Participating Dealers)
Management Fee	Currently 0.10% per annum of the Net Asset Value, which shall be subject to a quarterly reset and capped at a maximum of 0.30% per annum of the Net Asset Value.
Trustee's Fee	0.025% per annum of the Net Asset Value, subject always to a minimum of S\$24,000 per annum.
Investor Profile	This Sub-Fund is only suitable for investors who: <ul style="list-style-type: none"> <li>• seek a flexible investment tool for cash management;</li> <li>• seek to preserve principal value; and</li> <li>• seek to maintain a high degree of liquidity while obtaining returns comparable to savings deposits.</li> </ul>

## 2. Market Makers

The current designated market maker is Phillip Securities Pte Ltd.

Please approach the Manager or refer to the Manager's website at [www.phillipfunds.com](http://www.phillipfunds.com) for the current list of designated market maker(s) of this Sub-Fund. Any changes to the designated market maker(s) will be announced on the SGXNET.

## 3. Participating Dealers

Please approach the Manager or refer to the Manager's website at [www.phillipfunds.com](http://www.phillipfunds.com) for the current list of designated Participating Dealer(s) of this Sub-Fund. Any changes to the Participating Dealer(s) will be announced on the SGXNET and the Manager's website at [www.phillipfunds.com](http://www.phillipfunds.com).

## 4. Dealing Deadline

The Dealing Deadline for purposes of subscription or redemption of Units in cash is 10:00 a.m. (Singapore time) (or such other time as the Manager may determine with prior notification to Participating Dealers).

## 5. Fees and Charges Payable by Participating Dealers

The fees and charges payable by Participating Dealers in respect of this Sub-Fund are summarised as follows:

<b>Creation of Units:</b>	
Transaction Fee <sup>5</sup>	The Transaction Fee will be waived by the Manager for all

<sup>5</sup> A Transaction Fee (which includes the transaction charges and out-of-pocket expenses) is payable by a Participating Dealer to the Trustee and/or the Registrar (as the case may be).

	Participating Dealers in relation to this Sub-Fund.
Application Cancellation Fee <sup>6</sup>	S\$2,500 per Application
Extension Fee <sup>7</sup>	S\$2,500 per Application
<b><i>Redemption of Units:</i></b>	
Transaction Fee	The Transaction Fee will be waived by the Manager for all Participating Dealers in relation to this Sub-Fund.
Application Cancellation Fee <sup>2</sup>	S\$2,500 per Application
Extension Fee <sup>3</sup>	S\$2,500 per Application

The fees and charges payable by Participating Dealers may be passed on to investors in full or in part, depending on the relevant Participating Dealer. The fees and charges payable by the Participating Dealers may also be waived by the Manager in its absolute discretion and any waiver will be applied to all Participating Dealers in relation to this relevant Sub-Fund.

## **B. INVESTMENT OBJECTIVE, APPROACH AND STRATEGY**

### **1. Investment Objective**

The investment objective of this Sub-Fund is to seek to provide investment results that closely correspond, before fees and expenses, to the performance of the FTSE SGD 3-month SOR Index or any replacement index which references the SORA and provides for the same or substantially similar exposure as the FTSE SGD 3-month SOR Index.

The FTSE SGD 3-month SOR Index is expected to be discontinued as a result of the expected discontinuation of USD LIBOR, following the announcement by the UK regulatory authorities that the benchmark will not be sustained by regulatory powers after mid-2023. The Singapore Swap Offer Rate (“SOR”) relies on the USD LIBOR in its computation methodology and the likely discontinuation of LIBOR after mid-2023 directly impacts the future sustainability of the SOR and the FTSE SGD 3-month SOR Index. The Singapore Overnight Rate Average (“SORA”) has been identified by the Association of Banks in Singapore and the Singapore Foreign Exchange Market Committee as the alternative interest rate benchmark for the SOR.

In the event that the SOR is discontinued as mentioned above, the Manager will identify or agree with the Index provider or any other index provider terms for the use of a replacement index which references the SORA and provides for the same or substantially similar exposure as the FTSE SGD 3-month SOR Index. Any such replacement index which may be identified will be notified to Holders via an announcement on SGXNET.

<sup>6</sup> The Application Cancellation Fee is payable by a Participating Dealer to the account of the Trustee and/or the Registrar on each occasion that a Creation or Redemption Application is cancelled by the Participating Dealer or the Trustee where applicable.

<sup>7</sup> The Extension Fee is payable by a Participating Dealer to the Manager and/or the Trustee on each occasion that the Manager, upon a Participating Dealer’s request, grants the Participating Dealer an extended settlement in respect of an Application.

## **2. Investment Approach**

In order to achieve the investment objective, this Sub-Fund will invest all or substantially all of its assets in high quality debt and money market instruments, and deposits with eligible financial institutions. This Sub-Fund's investments may include government and corporate bonds, commercial bills and deposits with financial institutions. This Sub-Fund's approach to enhancing returns is to diversify across deposits of varying tenure. The Manager believes that the use of other high quality debt and money market instruments, which are normally available to large investors will also help to enhance returns for the investor. Appendix 2 of the Code will apply to this Sub-Fund.

As at the date of this Prospectus, the Manager does not intend to invest this Sub-Fund's assets in options, warrants, commodities and precious metals. The Manager may invest this Sub-Fund's assets in futures contracts and unlisted securities in accordance with the investment objective, investment approach and investment strategy of this Sub-Fund, and in compliance with the Code.

As at the date of this Prospectus, the Units of this Sub-Fund are classified as Excluded Investment Products and Prescribed Capital Markets Products.

For so long as the Units of this Sub-Fund are Excluded Investment Products and Prescribed Capital Markets Products, this Sub-Fund does not and will not invest in any product or engage in any transaction which may cause the Units not to be regarded as Excluded Investment Products and Prescribed Capital Markets Products. The Manager may engage in securities lending or repurchase transactions for this Sub-Fund, where such securities lending or repurchase transactions are carried out solely for the purpose of efficient portfolio management and do not amount to more than 50% of the Net Asset Value of this Sub-Fund, and is in line with the Securities and Futures (Capital Markets Products) Regulations 2018 issued by the MAS (as may be amended from time to time). Any securities lending or repurchase transactions which the Manager may engage in will be in accordance with Appendix 1 and Appendix 2 of the Code.

In the event that the Manager relies on credit ratings issued by credit rating agencies, the Manager will establish a set of internal credit assessment standards and will put in place a credit assessment process to ensure that its investments are in line with these standards. Information on the Manager's credit assessment process will be made available to investors upon request.

## **3. Investment Strategy**

In order to achieve the investment objective, the Manager will be adopting the Optimisation Strategy as the investment strategy of this Sub-Fund.

In constructing this Sub-Fund's portfolio using the Optimisation Strategy, the Manager will undergo a disciplined asset allocation process which focuses on the quality and maturity of the investments of this Sub-Fund. In terms of quality, the Manager will only place the deposited property of this Sub-Fund into high quality debt securities or high quality money market instruments which comply with Appendix 2 of the Code.

Subject to Appendix 2 of the Code, the Manager will be investing into high quality debt securities or high quality money market instruments which (i) hold a minimum short-term rating of F-2 by Fitch, P-2 by Moody's or A-2 by Standard and Poor's, or where it only has a long-term rating, such a rating of A by Fitch, A by Moody's or A by Standard and Poor's (including such sub-categories or gradations therein), (ii) are issued by supranational agencies or other foreign entities and rated other than by the aforementioned credit rating organisations, for which the Manager has satisfied the Trustee that the quality of the debt security or money market instrument is comparable to those with the aforementioned ratings, or (iii) are issued by a Singapore

entity, including the Singapore Government and statutory boards, and are not rated, for which the Manager has satisfied the Trustee that the quality of the debt security or money market instrument is comparable to those with the aforementioned ratings.

The Manager will be placing deposits with eligible financial institutions which complies with Appendix 2 of the Code. Under Appendix 2 of the Code, an eligible financial institution is defined as (i) a financial institution which has a minimum short-term rating of F-2 by Fitch, P-2 by Moody's or A-2 by Standard and Poor's (including such sub-categories or gradations therein), (ii) a financial institution rated other than by the aforementioned credit rating organisations for which the Manager has satisfied the Trustee that its short-term rating is comparable to the aforementioned ratings, or (iii) a Singapore-incorporated bank licensed under the Banking Act (Cap. 19) which is not rated, but has been approved under the Central Provident Fund Investment Scheme to accept fixed deposits.

Out of investments that fulfil the above criteria on quality, the Manager will construct this Sub-Fund's portfolio such that it has an overall weighted portfolio maturity around 90 days. In doing so, the Manager may place the deposited property of this Sub-Fund into deposits with eligible financial institutions, or high quality debt securities or high quality money market instruments, of differing maturities. For instance, the Manager may deploy the deposited property of this Sub-Fund into investments which have maturities exceeding 3 months. This ensures that this Sub-Fund will hold a portfolio of investments with staggered maturities, which effectively mitigates the risks of interest rate fluctuations. This will also ensure that this Sub-Fund's performance will have a high correlation to the FTSE SGD 3-month SOR Index.

Through this process, the Manager seeks to manage the liquidity, credit and interest rate risks of this Sub-Fund while at the same time provide diversification to this Sub-Fund. This Sub-Fund should hold a portfolio of investments that display generally the same risk and return characteristics of the FTSE SGD 3-month SOR Index.

The Manager may use or invest in FDIs in accordance with the Securities and Futures (Capital Markets Products) Regulations 2018, Appendix 1 of the Code and Appendix 2 of the Code. Such FDIs may include, but are not limited to futures, forwards, contract for differences, extended settlement contracts, or swaps.

The Manager confirms that the global exposure of this Sub-Fund to FDIs or embedded FDIs will not exceed 100%. Such exposure would be calculated using the commitment approach.

The following is an example of a portfolio constructed using the Optimisation Strategy. In this example, the Manager focuses on allocations to fixed deposit and cash as well as money market instruments, with the target weighted average days off maturity of the portfolio being around 90 days. By adopting the Optimisation Strategy, the Sub-Fund will achieve net yields that are similar to the returns of the Index.

<b>Proposed Portfolio</b>	<b>Allocation (as a % of the Sub- Fund's Net Asset Value)</b>	<b>Estimated Yield</b>	<b>Weighted Average Yield</b>	<b>FTSE SGD 3- month SOR Index (being the benchmark)</b>
Fixed deposits and cash (consisting of various maturities with a target weighted average	50%	0.34%	0.17%	0.22%

<b>Proposed Portfolio</b>	<b>Allocation (as a % of the Sub- Fund's Net Asset Value)</b>	<b>Estimated Yield</b>	<b>Weighted Average Yield</b>	<b>FTSE SGD 3- month SOR Index (being the benchmark)</b>
days of maturity around 90- days)				
Money market instruments (consisting of various maturities with a target weighted average days of maturity around 90- days)	50%	0.63%	0.31%	
<b>Total</b>			<b>0.48%</b>	
Annualised Expense ratio (before Management Fee)			0.142%	
Management Fee (estimate)			0.098%	
<b>Net Yield</b>			<b>0.24%</b>	

*Note: The above example is for illustrative purposes only and should not be taken as any forecast of future performance.*

There will be no change to the investment objective and/or investment policy of this Sub-Fund during the 3-year period commencing from 22 September 2020, unless any such change is approved by an extraordinary resolution of Holders in a general meeting or the change of the investment objective and policy is required pursuant to the requirement of any regulatory authority in Singapore or elsewhere or pursuant to the change in the laws and regulations in any jurisdiction, or the change of the investment objective or policy is not material. Where there is any change to the investment strategy adopted for this Sub-Fund, such changes will be announced by the Manager through SGXNET. A list of the holdings of this Sub-Fund will be published in the monthly fund factsheet which is available on the Manager's website at [www.phillipfunds.com](http://www.phillipfunds.com).

The SGX-ST has granted an exemption from compliance with Rules 404(4) and 617 of the Listing Rules. As such, investors' approval need not be sought for the change of this Sub-Fund's investment objectives and policies if (i) the change of the investment objective and policy is required pursuant to the requirement of any regulatory authority in Singapore or elsewhere or pursuant to the change in the laws and regulations in any jurisdiction, or (ii) the change of the investment objective or policy is not material.

In the event that the SOR is discontinued and a replacement index is chosen, the Manager will reach out to the SGX-ST to clarify that the proposed change in investment objective or policy is not material. The Manager will, as far as practicable, ensure that all the necessary procedures and applications (including seeking the Holders' approval (if required)) are proceeded upon in a timely manner for a seamless transition to the replacement index.

In the event that the SOR is discontinued, this Sub-Fund will hold a portfolio of investments that display generally the same risk and return characteristics of the replacement index that references the SORA and provides for the same or substantially similar exposure as the FTSE SGD 3-month SOR Index.

### **C. WAIVER FROM THE MAS IN RELATION TO THE CODE**

The MAS has granted waivers in respect of (i) paragraphs 4(d) and 4(e) of Appendix 5 of the Code in respect of the requirement for an index to be sufficiently diversified, and (ii) 7(d) of Appendix 5 of the Code in respect of the requirement to disclose the top 10 largest constituents of an index as of a date within a month of the date of the Prospectus.

Given this waiver, investors should note that this Sub-Fund does not fulfil all of the Code's requirements in relation to an Index Fund. This should be considered by each investor before investing in this Sub-Fund.

Prior to the discontinuance of the SOR as mentioned above, the Manager may have to submit a fresh waiver application to the MAS in respect of the replacement index. The Manager will, as far as practicable, ensure that all the necessary procedures and applications are proceeded upon in a timely manner in order to obtain a similar waiver from the MAS in respect of the replacement index.

### **D. SPECIFIC RISK FACTORS**

In addition to the risk factors described under paragraphs 6 "Risk Factors" and 7 "Risk Factors Relating to the Indices" of this Prospectus, investors should also consider the specific risks associated with investing in this Sub-Fund set out below before deciding whether to invest in this Sub-Fund.

(a) Investment not a deposit

Investors should note that the purchase of a Unit in this Sub-Fund is not the same as placing funds on deposit with a bank or deposit-taking company. This Sub-Fund does not guarantee principal and the Manager has no obligation to redeem the Units at the offer value. This Sub-Fund is also not protected by a deposit guarantee scheme.

(b) Risks associated with bank deposits

This Sub-Fund may make investments in the form of deposits with financial institutions. These deposits will be subject to the credit risks associated with the relevant financial institutions. The deposits may not be protected by any deposit guarantee schemes or may not be protected by the deposit guarantee schemes to the extent of the full amount deposited by this Sub-Fund. Therefore, if the relevant financial institution defaults, this Sub-Fund may suffer losses as a result.

(c) Risks associated with debt securities

- (i) *Short-term debt instruments risk:* As this Sub-Fund invests in short-term debt instruments with short maturities, the turnover rates of this Sub-Fund's investments may be relatively high, and this may result in increased transaction costs from the purchase or sale of short-term debt instruments. This may have a negative impact on the Net Asset Value of this Sub-Fund.
- (ii) *Credit/Counterparty risk:* This Sub-Fund is exposed to the credit/default risk of issuers of the debt securities that it may invest in.

- (iii) *Interest rate risk*: Investments in this Sub-Fund are subject to interest rate risk. In general, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise.
- (iv) *Sovereign debt risk*: This Sub-Fund's investment in debt instruments issued or guaranteed by governments may be exposed to political, social and economic risks. In adverse situations, the sovereign issuers may not be able or willing to repay the principal and/or interest when due or may request this Sub-Fund to participate in restructuring such debts. This Sub-Fund may suffer significant losses when there is a default of sovereign debt issuers.
- (v) *Credit rating risk and downgrading risk*: Credit ratings assigned by rating agencies are subject to limitations and cannot guarantee the creditworthiness of the security and/or issuer at all times. The credit rating of a debt instrument or its issuer may subsequently be downgraded by the rating agency. In the event of such downgrading, the value of this Sub-Fund may be adversely affected. The Manager may or may not be able to dispose of the debt instruments that are being downgraded.
- (vi) *Valuation risk*: Valuation of this Sub-Fund's investments may involve uncertainties. If such valuations turn out to be incorrect, this may affect the Net Asset Value calculation of this Sub-Fund.
- (vii) *Risks relating to repurchase agreements*: In the event of the failure of the counterparty with which collateral has been placed, this Sub-Fund may suffer losses due to delays in recovering collateral placed out or because the cash originally received is less than the collateral placed with the counterparty due to inaccurate pricing of the collateral or market movements.

(d) Risks associated with historical pricing

Units in this Sub-Fund are issued and realised on a historical pricing basis. The Issue Price and Realisation Price of such Units will be based on the Net Asset Value per Unit at 8:30 a.m. (Singapore time) on the Dealing Day immediately preceding the date of issue or redemption of the Units. As such, the issue and realisation prices of this Sub-Fund may not be reflective of the actual Net Asset Value of the Units of this Sub-Fund as at the date of issue or realisation. Any adjustments or shortfalls as a result will be borne by this Sub-Fund.

(e) Risks associated with the discontinuation of SOR

- (i) *Transition from SOR to SORA*: On 30 August 2019, the MAS announced the establishment of the Steering Committee for SOR Transition to SORA (“**SC-STs**”). The SC-STs will oversee an industry-wide interest rate benchmark transition from SOR to SORA. The transition is expected to take place from 2019 to 2022, starting with the deepening of new SORA-based markets, where SORA is used as the de facto interest rate benchmark, and thereafter the transition of SOR based legacy contracts, to be completed by end-2022. As part of this transition, the MAS will publish, on a daily basis, SORA averages for various tenors and a SORA index.

SORA has been identified as the alternative interest rate benchmark for SOR. This transition is necessary given the expected discontinuation of USD LIBOR, following the announcement by the UK regulatory authorities that the benchmark will not be sustained by regulatory powers after mid-2023. SOR relies on USD LIBOR in its computation methodology and the likely discontinuation of LIBOR after mid-2023 directly impacts the future sustainability of SOR.

In the event that the FTSE SGD 3-month SOR Index is no longer available for use by a Sub-Fund as a result of SOR being discontinued, the Manager will source for a replacement index that references the SORA and provides for the same or substantially similar exposure as the FTSE SGD 3-month SOR Index. Any such replacement index will be notified to Holders via SGXNET. In sourcing for a suitable replacement index, the Manager will make determinations, decisions, elections, calculations and adjustments that could affect the value of this Sub-Fund. In particular, the Manager will work with the Index provider or any other index provider to calculate term SORA, using methodology consistent with SC-STS recommendation or using any other appropriate methodology. In making the determinations, decisions, elections, calculations and adjustments, the Manager may have economic interests that are adverse to investors' interests, and such determinations, decisions, elections, calculations and adjustments may adversely affect the value of this Sub-Fund.

Investors should also note that there is no guarantee that the Manager will be able to identify or agree with the Index provider or any other index provider terms for the use of a suitable replacement index, or that the replacement index will be available prior to any discontinuation of SOR. In such circumstances, this Sub-Fund may be terminated by the Manager.

- (ii) *Composition and Characteristics of SORA are not the same as those of SOR:* SORA has been identified as the alternative interest rate benchmark for SOR. However, the composition and characteristics of SORA are not the same as those of SOR. This means that the SORA is not the economic equivalent of SOR for two key reasons. First, SOR is the effective rate of borrowing SGD synthetically, by borrowing USD and swapping for SGD, whereas SORA is the average rate of unsecured overnight interbank SGD transactions brokered in Singapore. Second, SOR's methodology and inputs are based on the volume-weighted average rate of USD/SGD FX swap transactions, with USD LIBOR as an input. In contrast, SORA is based on the volume-weighted average rate of transactions reported by brokers in Singapore to the MAS. As a result, there can be no assurance that SORA will perform in the same way as SOR would have at any time, including, without limitation, as a result of changes in interest and yield rates in the market, market volatility or global or regional economic, financial, political, regulatory, judicial or other events. For the same reasons, there is no guarantee that SORA is comparable as a substitute for SOR.

Therefore, there remains a possibility that market participants will not consider SORA a suitable substitute or successor for all of the purposes for which SOR historically has been used. If the performance of SORA is unfavorable, this could adversely affect the value and return on any investment which tracks an index based on SORA.

- (iii) *The MAS may make changes that could change the value of SORA or discontinue SORA:* The MAS, as the administrator of SORA, may make methodological or other changes that could change the value of SORA, including changes related to the method by which SORA is calculated, eligibility criteria applicable to the transactions used to calculate SORA, or timing related to the publication of SORA. In addition, the MAS may alter, discontinue or suspend calculation or dissemination of SORA.

## **E. DISTRIBUTION POLICY**

The Manager will not be declaring any distributions to Holders in respect of this Sub-Fund.

## **F. PERFORMANCE AND BENCHMARK OF THIS SUB-FUND**

As this Sub-Fund was only incepted on 5 October 2020, a track record of at least one year is not available as at the date of this Prospectus.

## **G. EXPENSE RATIO**

As this Sub-Fund was only incepted on 5 October 2020 and has been in existence for less than a year, this Sub-Fund's annualised expense ratio is 0.31%.

## **H. TURNOVER RATIO**

As this Sub-Fund was only incepted on 5 October 2020, this Sub-Fund's turnover ratio is not available as at the date of this Prospectus.

## **I. INFORMATION ON THE INDEX**

The description below contains information on the FTSE SGD 3-month SOR Index. In the event that the SOR is discontinued, the Manager will source for a replacement index that references the SORA and provides for the same or substantially similar exposure as the FTSE SGD 3-month SOR Index.

### **1. Description of the Index**

The Index is compiled and maintained by FTSE Fixed Income LLC and is designed to measure the performance of the three-month swap offer rate, offering investors a measure of the performance of short-term Singapore Dollar money markets.

FTSE Fixed Income LLC is independent of the Manager.

### **2. Index Methodology**

The Index is compiled and calculated by FTSE Fixed Income LLC and comprises only three-month Singapore Dollar swap offer rates.

In any given month, the Index comprises 3 three-month swap offer rates, one maturing in the given month, one maturing in the next month and one in the month following the next month. At the beginning of each month, one three-month swap offer rate matures and one three-month swap offer rate is added. The returns on the Index are calculated based on the swap offer rates that constitute the Index in that particular month. Index calculations take place daily and pricing is based on monthly swap offer rate fixing rates obtained from Refinitiv.

The description of the Index methodology is available at <https://www.yieldbook.com/m/indices/single.shtml?ticker=FFIISDSOR>

### **3. Characteristics and composition of the Index**

The Index measures the performance of the three-month swap offer rate, offering investors a measure of the performance of short-term Singapore Dollar money markets. In any given month, the Index comprises 3 three-month swap offer rates, one maturing in the given month, one maturing in the next month and one in the month following the next month.

#### **4. Constituents of the Index**

The Index does not have constituents.

#### **5. Index Publication**

The Index values will be available via <https://www.yieldbook.com/m/indices/returns.shtml>. In addition, index values and factsheet can be retrieved from the Index provider's website: <https://www.ftserussell.com/>.

#### **J. DISCLAIMER BY FTSE FIXED INCOME LLC**

This Sub-Fund has been developed solely by the Manager. This Sub-Fund is not in any way connected to or sponsored, endorsed, sold or promoted by the London Stock Exchange Group plc and its group undertakings (collectively, the "**LSE Group**").

All rights in the Index vest in the relevant LSE Group company which owns the Index. FTSE® is a trade mark of the relevant LSE Group company and is used by any other LSE Group company under license.

The Index is calculated by or on behalf of FTSE Fixed Income, LLC or its affiliate, agent or partner. The LSE Group does not accept any liability whatsoever to any person arising out of (a) the use of, reliance on or any error in the Index or (b) investment in or operation of the Sub-Fund. The LSE Group makes no claim, prediction, warranty or representation either as to the results to be obtained from the Sub-Fund or the suitability of the Index for the purpose to which it is being put by the Manager.

#### **K. SUBSCRIPTION AND REDEMPTION**

##### **1. Minimum Subscription Amount**

The minimum subscription amount for this Sub-Fund is 500 Units (or such higher number of Units in multiples of 10 Units or such other subscription amount as may be determined by the Manager).

Investors who wish to acquire less than 500 Units may do so through the Participating Dealers. Please check with the Participating Dealers for the applicable minimum subscription amount.

Investors who wish to acquire less than 500 Units may acquire such number of Units on the SGX-ST.

##### **2. Minimum Holding Amount**

There is no minimum holding amount for this Sub-Fund.

##### **3. Minimum Redemption Amount**

The minimum redemption amount for this Sub-Fund is 500 Units (or such higher number of Units in multiples of 10 Units) or such other redemption amount as may be determined by the Manager.

Investors who wish to redeem less than 500 Units may do so through the Participating Dealers. Please check with the Participating Dealers for the applicable minimum redemption amount.

Investors who wish to redeem less than 500 Units may redeem such number of Units through trading on the SGX-ST.



**APPENDIX III – LIST OF PRESENT AND PAST PRINCIPAL DIRECTORSHIPS OF DIRECTORS OVER THE LAST 5 YEARS**

<b>Current Directorships</b>	<b>Past Directorships of last 5 Years</b>
<b>Lim Hua Min</b>	
Phillip Securities Nominees Pte Ltd	Phillip Ventures Enterprise Fund Limited
Phillip Securities Pte Ltd	KREDIT Microfinance Institution Plc
Phillip Strategy Pte Ltd	Walker Crips Stockbrokers Limited
Phillip Futures Pte Ltd	
Phillip Credit Pte Ltd	
Camion Company Limited	
Phillip Financial Pte Ltd	
Walker Crips Group Plc	
Phillip Capital Pte Ltd	
Phillip Investment Corporation Pte Ltd	
Phillip Securities (Thailand) Public Co Ltd	
Phillip Brokerage Pte Ltd	
Phillip Capital Management (S) Ltd	
King & Shaxson Capital Limited	
Phillip Assets Pte Ltd	
IFS Capital Limited	
ECICS Limited	
PhillipCapital Japan Residential Fund Ltd	
Phillip Ventures Enterprise Fund 2 Ltd	
Phillip Ventures Enterprise Fund 3 Ltd	
Phillip Life Pte Ltd	
Phillip Enterprise Fund Limited	
Phillip Life Assurance Public Company Limited	
Phillip Bank Plc	
Phillip Ventures Enterprise Fund 5 Ltd	
Phillip UK Holdings Limited	
Phillip Ventures Enterprise Fund 6 Ltd	
<b>Jeffrey Lee Chay Khiong</b>	
Phillip Capital Management (S) Ltd	
Phillip Tokai Tokyo Investment Management Pte. Ltd.	
Phillip Asset Management Company Limited (as alternate director)	
Phillip Mutual Berhad (as alternate director)	
<b>Linus Lim Wen Sheong</b>	
Agility Asset Management ( Singapore) Pte Ltd	
Agility Partners Pte. Ltd.	

<b>Current Directorships</b>	<b>Past Directorships of last 5 Years</b>
Phillipcapital Menkul Değerler A.Ş	
Phillip Properties Pte Ltd	
Phillip Brokerage Pte Ltd	
Phillip Life Pte Ltd	
Phillip Assets Pte Ltd	
Phillip Capital Pte Ltd	
Phillip Strategy Pte Ltd	
Phillip Investment Corporation Pte Ltd	
Vanda Pte. Ltd.	
Phillip UK Holdings Limited	
Phillip Capital Management (HK) Limited	
Phillip Tokai Tokyo Investment Management Pte. Ltd	
Phillip Asset Management Company Limited	
Phillip Mutual Berhad	
Phillip MFIs Pte. Ltd.	
Phillip Capital (USA) Pte Ltd	
Camion Company Limited	
Phillip Thematic Fund Pte. Ltd.	
Phillip Private Equity Pte. Ltd.	
Phillip Capital Management (S) Ltd	
Cyberquote Pte Ltd	
Poems Pte Ltd	
Phillip Capital UK Limited (formerly King & Shaxson Capital Limited)	
King & Shaxson Custody Ltd (formerly Phillip Securities (UK) Nominees Ltd)	
<b>Lim Wah Sai</b>	
Phillip Life Assurance (Cambodia) PLC	
PCMA Holdings Pte Ltd	
Phillip MFIs Pte. Ltd.	
T.W.I.N. Agri Tech Co. Ltd	
Agility Property Services Hong Kong Limited	
Agility Holdings Inc.	
Vanda Property Holding Limited	
Phillip Capital Management (S) Ltd	
Phillip Insurance Investments Pte. Ltd	
Phillip Bullion Limited	
Phillip Capital (HK) Limited	
The Institute of Securities Dealers Limited	
The Hong Kong Association of Online Brokers Limited	

<b>Current Directorships</b>	<b>Past Directorships of last 5 Years</b>
Phillip Financial Advisors (HK) Limited	
Cyberquote (HK) Limited	
Phillip Finance (HK) Limited	
Hui Li (HK) Nominees Limited	
Swiftson Limited	
Phillip Capital Management (HK) Limited	
Phillip Securities (Hong Kong) Limited	
Phillip Commodities (HK) Limited	
<b>Louis Wong Wai Kit</b>	
Phillip Capital Management (S) Ltd	
Phillip Securities (Hong Kong) Limited	
Phillip Capital Management (HK) Limited	
Phillip Institute of Financial Learning Co Ltd	
Phillip Capital (HK) Limited	
Phillip Finance (HK) Limited	
Cyberquote (HK) Limited	

**PHILLIP LEGACY FUNDS  
PROSPECTUS**

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

Signed:



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Lim Hua Min  
Director  
(signed by Jeffrey Lee Chay Khiong  
for and on behalf of Lim Hua Min)

Signed:



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Jeffrey Lee Chay Khiong  
Director

Signed:



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Linus Lim Wen Sheong  
Director

Signed:



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

Signed:



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