

**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.**

Application was made on 3 August 2016 to the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for permission to list and deal in and for quotation of all the units of the Phillip SGX APAC Dividend Leaders REIT ETF (the "**Fund**") which may be issued from time to time. The Fund has 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 reports referred to in this Prospectus. The Fund'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 the Fund or its units or of Phillip Capital Management (S) Ltd (the "**Manager**"). Acceptance of applications for the units of the Fund is conditional upon the issue of the units of the Fund under paragraph 15 of this Prospectus 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 7 and 8 of this Prospectus for a discussion of certain factors to be considered in connection with an investment in the Units.**

**Phillip SGX APAC Dividend Leaders REIT ETF**  
*a Singapore unit trust authorised under*  
*Section 286 of the Securities and Futures Act, Chapter 289 of Singapore*

**PROSPECTUS**

**(Registered by the Monetary Authority of Singapore on 29 September 2017)**

**MANAGER**

**PHILLIP CAPITAL MANAGEMENT (S) LTD**

**PHILLIP SGX APAC DIVIDEND LEADERS REIT ETF**

**DIRECTORY**

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## PRELIMINARY

This Prospectus has been prepared in connection with the offer in Singapore of units in the Fund (“**Units**”), a unit trust established under Singapore law by the deed of trust relating to the Fund (the “**Trust Deed**”).

The directors of the Manager 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.

The collective investment scheme offered in this Prospectus, the Fund, is an authorised scheme under the Securities and Futures Act, Chapter 289 of Singapore (the “**Securities and Futures Act**”). A copy of this Prospectus has been lodged with and registered by the Monetary Authority of Singapore (the “**Authority**”). The Authority assumes no responsibility for the contents of this Prospectus. Registration of this Prospectus with the Authority does not imply that the Securities and Futures Act, or any other legal or regulatory requirements have been complied with. The Authority has not, in any way, considered the investment merits of the Fund.

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.

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

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

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

For the purposes of the U.S. Securities Act, the term “U.S. person” does not include: (i) any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-U.S. person by a dealer or other professional fiduciary organized, incorporated, or (if an individual), resident in the United States; (ii) any estate of which any professional fiduciary acting as executor or administrator is a U.S. person if (a) an executor or administrator of the estate who is not a U.S. person has sole or shared investment discretion with respect to the assets of the estate and (b) the estate is governed by non-United States law; (iii) any trust of which any professional fiduciary acting as trustee is a U.S. person, if a trustee who is not a U.S. person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no 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. FFIs that do not enter into an agreement with the IRS and comply with the FATCA regime could be subject to 30% withholding tax on any payment of U.S. source income as well as on the gross proceeds deriving from the sale of securities generating U.S. income made to the Fund.

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

Distributors and investors should note that it is the existing policy of the Manager that Units are not being offered or sold for the account of U.S. Persons for the purposes of FATCA and that subsequent transfers of Units to such U.S. Persons are prohibited. If Units are beneficially owned by such U.S. Person, the Manager (in consultation with 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. Investors should consult their tax advisors regarding the application of FATCA to their investment. Investors should check with the Manager or their appointed agents or distributors with regard to the documentation that may be required for the purpose of FATCA.

## Common Reporting Standard and Automatic Exchange of Information

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

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

Accordingly, the 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 then be reported to the Inland Revenue Authority of Singapore and the other relevant tax authorities for purposes of complying with FATCA, the CRS Regulations and any similar automatic exchange of tax information regimes.

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

## Data Protection

For the purposes of, and subject to the provisions in, the Personal Data Protection Act of Singapore (“**PDPA**”) and its regulations, each investor consents and acknowledges that all personal data of the investor provided to the Fund, the 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 Fund or any law applicable to the respective parties.

All enquiries in relation to the Fund 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 to the Registrar and the Manager for the creation or redemption of Units, in accordance with the procedures for creation and redemption of Units set out in the Operating Guidelines and the terms of the Trust Deed.

“Application Basket” means a portfolio of Index Securities which constitute the Index Basket 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 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 the Participating Dealer to the Trustee and/or the Custodian (as the case may be) 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.

“Application Unit” means 50,000 Units or such higher number of Units in multiples of 1,000 Units or such other number of Units from time to time determined by the Manager and notified to the Trustee and the Participating Dealer.

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

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

“Business Day” means a day (other than a Saturday or a Sunday or a gazetted public holiday) on which the Index is compiled and published, and on which banks in Singapore are open for general business (or such other day or days as may from time to time be determined by the Manager and Trustee). The Index will be calculated daily on each Business Day except on days when all exchanges, where the Index’s constituents are listed, are officially closed or if the exchange rates are not published.

“Cancellation Compensation” means an amount payable by a Participating Dealer to the Fund in respect of a default, as set out in the Trust Deed and in 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.

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

“Collective Investment Scheme” has the same meaning as in the Securities and Futures Act.



“Companies Act” means the Companies Act, Chapter 50 of Singapore (as may be amended 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 or corporation or company (as the case may be) means:

- (a) another firm or corporation in which the first mentioned firm or corporation has control of not less than 20 per cent. of the voting power in that other firm or corporation; and
- (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 to the Registrar and the Manager for the creation and issue of Units in an Application Unit size (or such higher number of Units in multiples of 1,000 Units) in exchange for Index Securities and/or the cash equivalent of the Index Securities where applicable or any other Securities as may be approved by the Manager constituting the Application Basket and any applicable Cash Component.

“Custodian” means DBS Bank Limited or its successors.

“Custodian Agreement” means the agreement to be entered into between the Trustee and the Custodian in respect of the Fund.

“Dealing Day” means each Business Day during the continuance of the Fund, and/or such other day or days as the Manager may from time to time determine with the prior approval of the Trustee.

“Dealing Deadline” in relation to any particular place and any particular Dealing Day, means such time on that Dealing Day as the Manager (with the prior approval of the Trustee) may from time to time determine.

“Deposited Property” means all the assets (including cash, if any) for the time being held or deemed to be held upon the trusts of the Trust Deed for the account of the Fund excluding any amount for the time being standing to the credit of the Distribution Account (as defined in the Trust Deed).

“Depository Agreement” means the Depository Services Agreement to be entered into between CDP, the Manager and the Trustee containing their agreement on the arrangements relating to the Units being deposited with CDP pursuant to the listing of the Fund on the SGX-ST (as amended from time to time).

“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, 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 Fund for the difference between (a) the prices used when valuing the Securities of the Fund 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 Fund with the amount of cash received by the Fund 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 Fund in order to realise the amount of cash required to be paid out of the Fund upon such redemption of Units and (ii) preventing the Net Asset Value of the Fund from being

diluted by the high transactional costs which would be incurred by the Fund in connection with a large or significant Application or Redemption Application.

“EIP” means an Excluded Investment Product as defined in the Notice on the Sale of Investment Products issued by the Authority (as may be amended from time to time).

“Extension Fee” means any fee payable by a Participating Dealer to the Trustee and/or the Custodian (as the case may be) in accordance with the Operating Guidelines because of the extension of any settlement period.

“Fund” means the Phillip SGX APAC Dividend Leaders REIT ETF.

“Income” means all interest, dividends and other sums deemed by the Manager to be in the nature of income (including taxation repayments, if any) received or receivable by the Trustee in respect of the Deposited Property.

“Index” means the SGX APAC Ex-Japan Dividend Leaders REIT Index or such other name by which the index may be known.

“Index Basket” means a portfolio of Index Securities as determined by the Manager to be substantially similar in composition and weighting to the Index, provided that such portfolio shall comprise only whole numbers of the Index Securities and no fractions or, if the Manager determines shall comprise only round lots and not any odd lots.

“Index Provider” means SGX Index Edge, the person responsible for compiling the Index against which the Fund benchmarks its investments and who holds the right to licence the use of such Index.

“Index Review Date” means the 4<sup>th</sup> Monday of March and September of each year, or such other dates as may be determined by the Index Provider. If such Monday is a public holiday, the results will be implemented on the next Business Day.

“Index Securities” means units or interests in the REITs listed on the Relevant Exchanges that are included in the Index from time to time.

“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.

“Investment and Borrowing Guidelines” means the investment and borrowing guidelines issued by the Authority as Appendix 1, Annexes 1A and 1B and Appendix 5 of the Code, as the same may be modified, amended, re-enacted or reconstituted from time to time by the Authority.

“Issue Price” means the price at which Units may be issued, determined in accordance with the Trust Deed.

“Listing Rules” means the listing rules for the time being applicable to the listing of the Fund as an investment fund on the SGX-ST (as may be amended from time to time).

“Manager” means Phillip Capital Management (S) Ltd or its successors.

“Market” means, in relation to any Index Security, a Relevant Exchange.

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

“Operating Guidelines” means the guidelines for the creation and redemption of Units set out in the Schedule to each Participation Agreement as may be amended from time to time by the Manager or the Trustee with the written approval of each other and following consultation, to the extent reasonably practicable, with the relevant Participating Dealer and as notified in writing to the relevant Participating Dealer. Unless otherwise specified, references to the Operating Guidelines shall be to the Operating Guidelines for the Fund applicable at the time of the relevant Application.

“Partial Delivery Request Fee” means the fee payable by a Participating Dealer to the Trustee and/or the Custodian (as the case may be) on each occasion that the Manager grants the Participating Dealer’s request for partial delivery of the Index Securities in respect of an in-kind Creation Application.

“Participating Dealer” means ABN AMRO Clearing Bank N.V., Commerzbank AG, Phillip Securities Pte Ltd and UOB Kay Hian Pte Ltd or any broker or dealer which 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 issue, redemption and cancellation of Units of the Fund.

“Permissible Investment” means such investment as may be permitted to be made by the Fund under the Code and (for so long as Units of the Fund are EIPs) Annex 1 of the Notice on the Sale of Investment Products issued, or as may be permitted to invest in, by the Authority.

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

“Redemption Application” means an application by a Participating Dealer to the Registrar and the Manager for the redemption of Units in Application Unit size (or such higher number of Units in multiples of 1,000 Units) in exchange for the relevant Index Securities and/or the cash equivalent of the Index Securities where applicable or any other Securities as may be approved by the Manager constituting the Application Basket and any applicable Cash Component.

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

“Register” means the register of Unitholders of the Fund.

“Registrar” means the Trustee or such other person as may from time to time be appointed by the Trustee to keep and maintain the Register.

“Relevant Exchanges” means the stock exchanges on which the Index Securities are listed and/or traded and a “Relevant Exchange” means any one of them.

“REITs” means real estate investment trusts, classified as “Residential and Commercial REITs” under the Thomson Reuters Business Classification.

“Securities Account” means a Securities account or sub-account maintained by a Depositor (as defined in

Section 130A of the Companies Act) with the CDP.

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

“Security” means any unit or interest in a collective investment scheme or REIT, share, stock, debenture, loan stock, bond, security, commercial paper, acceptance, depository receipt, trade bill, treasury bill, instrument or note of, or issued by or under the guarantee of, any body, whether incorporated or unincorporated, 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 Securities falling within paragraphs (A) to (E) of this definition shall be a Permissible Investment under the Code.

“Settlement Day” means any day up to three Business Days after the relevant Dealing Day and which shall be a Business Day (or such later Business Day as is permitted in relation to such Dealing Day pursuant to the Operating Guidelines) or such other number of Business Days after the relevant Dealing Day as the Manager and the Trustee may from time to time agree and notify to the Participating Dealer.

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

“Singapore dollar” or “S\$” means the lawful currency of Singapore.

“Transaction Fee” means the fee payable by the Participating Dealer to the Trustee and/or the Custodian (as the case may be) on each Application made by the Participating Dealer.

“Trust Deed” means the Trust Deed constituting the Fund dated 29 September 2016 between the Manager and the Trustee, as amended, supplemented or restated from time to time.

“Trustee” means DBS Trustee Limited.

“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 one undivided share or interest in the Fund.

“Unitholder” means a holder 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” means the official close of trading on the last Market to close on each Dealing Day on which the Index Securities are listed or traded or such other time or times as determined by the Manager from time to time with the prior written approval of the Trustee (and the Trustee shall determine if Unitholders should be informed of such changes) 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 or any other dealings in the Units.

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

## Key Information

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

Instrument Type	Exchange Traded Fund (“ETF”)
Tracked Index	SGX APAC Ex-Japan Dividend Leaders REIT Index
Listing Date	20 October 2016
Exchange Listing	SGX-ST
SGX Trading/Counter Name	Primary Currency: PHLP AP DIV REIT US\$ Secondary Currency: PHLP AP DIV REIT S\$D
Trading Board Lot Size	100 Units
Currency of Account (Base Currency)	United States dollars (US\$)
Trading Currencies	Primary Currency: US dollars (US\$) Secondary Currency: Singapore dollars (S\$)
Dividend Distribution	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)
Manager	Phillip Capital Management (S) Ltd
Trustee	DBS Trustee Limited
Registrar	DBS Trustee Limited
Custodian	DBS Bank Limited
Web Site	www.phillipfunds.com
Investor Profile	<p>The Fund is <u>only</u> suitable for investors who:</p> <ul style="list-style-type: none"> <li>• want capital growth and regular income in the form of dividends<sup>1</sup>;</li> <li>• seek an ‘index-based’ approach to investing in a diversified basket of REITs in a cost effective and easy to access manner; and</li> <li>• believe that the Index will increase in value.</li> </ul>

<sup>1</sup> Such dividend distributions are not guaranteed and are made at the Manager’s discretion. There is currently no income reinvestment service for the Fund. Please refer to paragraph 21 on the Manager’s Distribution Policy.

## **1. PHILLIP SGX APAC DIVIDEND LEADERS REIT ETF**

The Fund is a Singapore standalone unit trust constituted under Singapore law and established by way of a deed of trust dated 29 September 2016 (the “**Trust Deed**”). The parties to the Trust Deed are Phillip Capital Management (S) Ltd (the “**Manager**”) and DBS Trustee Limited, as the trustee (the “**Trustee**”). The Trust Deed has been amended by the First Amending and Restating Deed dated 4 October 2016 and the Second Amending and Restating Deed dated 29 September 2017 entered into between the Manager and the Trustee. A copy of the Trust Deed, as amended, is available for inspection by Unitholders and potential investors at the registered office of the Manager. Unless expressly provided for in the Trust Deed or allowed under applicable laws, the assets of the Fund shall at all times belong to the Fund 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 Fund differs from a typical unit trust offered in Singapore. The Units of the Fund are listed on the SGX-ST and trade like any other equity security listed on the SGX-ST. Only Participating Dealers may purchase or redeem Units directly from the Fund at the Net Asset Value. All other investors may purchase and sell Units in the Fund on the SGX-ST or through a Participating Dealer, subject to such terms and conditions as may be imposed by the Participating Dealer.

## **2. REGISTRATION AND EXPIRY DATE**

The date of registration of this Prospectus by the Authority is 29 September 2017. This Prospectus shall be valid for a period of 12 months after the date of registration and shall expire on 29 September 2018.

## **3. INVESTMENT OBJECTIVE**

The investment objective of the Fund is to seek to provide a high level of income and moderate long-term capital appreciation by tracking, as closely as possible, before expenses, the performance of the SGX APAC Ex-Japan Dividend Leaders REIT Index (the “**Index**”). By tracking the Index which is weighted by a fundamental factor such as total dividends, the Fund aims to enhance risk-adjusted returns above that of traditional market capitalisation-weighted indices as the 30 REITs comprising the Index will be ranked and weighted according to the highest total dividends paid in the preceding 12 months subject to size, free-float market capitalisation and liquidity constraints.

## **4. INVESTMENT POLICY OF THE FUND**

### **4.1 Investment Approach**

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

The Index is a fundamentally weighted index that comprises the 30 highest total dividend-paying REITs in the Asia Pacific Ex-Japan region subject to size, free-float market capitalisation and liquidity constraints. Index Securities are ranked and weighted in the Index based on total dividends, where total dividends refer to each Index Security’s trailing 12-month dividends per share (in US\$) multiplied by the free-float number of outstanding shares.

The Manager will seek to achieve the Fund’s investment objective by investing all or substantially all of the 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 Relevant Exchanges are closed or temporarily inaccessible. Such circumstances may make it impossible for the Manager to purchase or sell Index Securities to track the Index accordingly. This however should not occur in orderly market conditions as the Index Securities are themselves liquid and the Index itself has certain minimum liquidity criteria for the component Index Securities.

If such circumstances were to arise, the Manager may use the Representative Sampling Strategy (as described below), by choosing alternative Securities or REITs 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 the Fund's assets in options, warrants, futures contracts, commodities, unlisted securities and precious metals. In the event that the Manager uses financial derivative instruments to employ any currency hedging techniques to manage the impact of exchange rate fluctuations and/or for the purpose of efficient portfolio management, the Manager reserves the discretion to determine if currency exposure should be hedged actively, passively or not at all, in the best interest of the Fund.

As at the date of this Prospectus, the Fund is classified as an EIP.

For so long as the Units are EIPs, the 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 EIPs.

## **4.2 Investment Strategy**

In managing the Fund, the Manager may adopt either a Replication Strategy or a Representative Sampling Strategy. 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 the Fund.

As the Fund is an index-tracking fund which tracks the performance of the Index and holds the Index Securities, it is expected that the only asset class which the Fund will invest in is REITs.

## **4.3 Replication Strategy**

Using a Replication Strategy, the Fund will invest in substantially all the Index Securities in substantially the same weightings (i.e. proportions) as the 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.

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.

## **4.4 Representative Sampling Strategy**

Using a Representative Sampling Strategy, the 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 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.

The Manager will seek to construct the portfolio of the Fund such that, in the aggregate, its capitalisation, industry and fundamental investment characteristics perform like those of the Index. The Index will be reviewed semi-annually on the Index Review Date. The Fund likewise may be rebalanced semi-annually according to the Index rebalancing. The low frequency of rebalancing should result in a lesser turnover of Index Securities and hence lower overall Fund expenses.

There will be no change to the investment objective and/or investment policy of the Fund during the 3-year period commencing from the date of this Prospectus, unless any such change is approved by an extraordinary resolution of Unitholders in a general meeting. Where there is any change to the investment strategy adopted for the Fund, such changes will be announced by the Manager through SGXNET. A list of the holdings of the 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).

## **5. THE INDEX**

The Index is designed to track the performance of 30 highest total dividend-paying REITs in the Asia Pacific Ex-Japan region subject to size, free-float market capitalisation and liquidity constraints. Index Securities are ranked and weighted by total dividends, where total dividends refer to each Index Security's trailing 12 month dividends per share (in US\$) multiplied by the free-float number of outstanding shares.

### **Criteria for Index Additions**

To be eligible for inclusion in the Index, securities must meet the following criteria:-

- *Security Classification*

A trust or company is defined as a REIT, if such trust's or company's business sector is classified as "Residential and Commercial REITs" under the Thomson Reuters Business Classification.

- *Domicile*

Securities must be domiciled in Asia Pacific Ex-Japan, including but not limited to Australia, China, Hong Kong, India, Indonesia, Malaysia, New Zealand, Philippines, Singapore, South Korea, Taiwan or Thailand and each REIT's primary listing must be in an Asia Pacific market.

- *Market Capitalisation*

New constituents must meet a minimum median free-float market capitalisation of US\$300 million, measured at each Index Review Date. Existing constituents must meet a minimum median free-float market capitalisation of US\$240 million, measured at each Index Review Date.

- *Liquidity*

New constituents must meet a minimum median daily traded value of US\$400,000, measured at each Index Review Date. Existing constituents must meet a minimum median daily traded value of US\$320,000, measured at each Index Review Date. In addition, new constituents must meet a minimum daily traded velocity of 0.10%, measured at each Index Review Date. Existing constituents must meet a minimum daily traded velocity of 0.08%, measured at each Index Review Date. Velocity is defined as the average daily dollar traded volume for 6 months preceding the Index Review Date

divided by the free-float market capitalisation. The proportion of free-float for each security must also be greater than 20% of its total number of outstanding shares, where free-float means the number of outstanding shares available for the public to trade.

- *Maximum Weighting*

The maximum weighting of any Index Security is 10% at each semi-annual Index Review Date.

Please refer to Appendix II of this Prospectus for general information on the Index, including its eligibility criteria, construction, maintenance, governance and policy.

In the event that the Index is no longer available for use by the Fund, the Manager will source for a suitable replacement index that gives, in the opinion of the Manager, the same or substantially similar REIT exposure as the Index. Please refer to Appendix I for more information on the constituent REITs and their weighting in the Index.

Additional information in respect of the Index can be found at the Index Provider's website at [www.sgx.com/indices](http://www.sgx.com/indices).

## **6. INVESTMENT RESTRICTIONS AND BORROWING POLICY OF THE FUND**

The Fund is subject to the investment guidelines, restrictions and borrowing limits set out in the Code, which guidelines, restrictions and limits may be amended from time to time by the Authority. For so long as the Units are EIPs, the Fund will not invest in any product or engage in any transaction which may cause the Units not to be regarded as EIPs (unless otherwise permitted by the Authority).

Subject to the borrowing restrictions in the Code and the Trust Deed, the Trustee may at any time at the request of the Manager concur with the Manager in making and varying arrangements for the borrowing (including entering into overdraft facilities) by the Trustee for the account of the Fund of any currency for the following purposes:-

- (a) facilitating the creation or redemption of Units or defraying operating expenses;
- (b) enabling the Manager to acquire Securities for the account of the Fund; or
- (c) for any other proper purpose as may be agreed by the Manager and the Trustee from time to time.

The Fund may borrow, on a temporary basis, for the purposes of meeting redemptions and bridging requirements. Aggregate borrowings for such purposes should not exceed 10% of the Fund's Net Asset Value at the time the borrowing is incurred and the borrowing period should not exceed one month.

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

The Manager may engage in securities lending or repurchase transactions for the 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 Fund, and is in line with the Notice on the Sale of Investment Products issued by the Authority (as may be amended from time to time).

## **7. RISK FACTORS**

*The Fund is subject to the following principal risks. Some or all of the following risks may adversely affect the Fund's 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 Fund. 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 Fund. 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 Fund.*

### **7.1 Market Risk**

The Net Asset Value of the Units will fluctuate with changes in the market value of the Securities held by the 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. Whilst the Manager currently intends to pay out semi-annual distributions from the Fund, there is no guarantee that the Manager would make such distributions to investors. Investment in the Fund involves risks similar to those inherent in investing in REITs traded on an exchange, such as market fluctuations caused by factors like economic and political developments, changes in interest rates and foreign exchange. A significant decline in the value of the Index can therefore be expected to result in a similar decline in the Net Asset Value of the Units.

### **7.2 Risk of investing in REITs**

Some REITs may have limited diversification and may be subject to risks inherent in financing a limited number of properties.

Investments in REITs and other issuers that invest, deal or otherwise engage in transactions in or hold real estate or interests therein are subject to risks similar to investing directly in real estate. For example, real estate values may fluctuate as a result of general and local economic conditions, overbuilding and increased competition, increases in property taxes and operating expenses, changes in zoning laws, casualty or condemnation losses, regulatory limitations on rents, changes in neighbourhood values, changes in how appealing properties are to tenants, increases in interest rates and unexpected interruptions such as natural disasters, terrorist attacks or other unforeseeable events.

### **7.3 Borrowing**

REITs may also be subject to financial covenants and/or borrowing/gearing ratios and their ability to comply with such ratios could be adversely affected if the REITs are unable to obtain funds from investors or loans or re-finance existing debt. In the event that the REITs are unable to comply with the gearing ratios, the REITs may become more susceptible to interest rate movements and re-financing risks. If the REITs continue to remain as part of the Index despite non-compliance with the gearing ratios, this may cause an investment in the Fund to be subject to a higher level of risk as the objective of the Fund is to closely track the performance of the Index.

### **7.4 The Fund is not actively managed**

The Fund invests in the Index Securities included in the Index and is not actively managed. The Manager does not attempt to select REITs or stocks individually in order to outperform the market or to take defensive positions in declining markets.

## **7.5 Tracking Error Risk**

Factors such as fees and expenses of the Fund, imperfect correlation between the Fund's assets and the Index Securities constituting the Index, rounding of REIT prices, changes to the Index and regulatory policies may affect the Manager's ability to achieve close correlation with the performance of the Index. The Fund's returns may therefore deviate from the Index and there is no assurance that the Fund will be able to fully track the performance of the Index. A Replication Strategy is adopted to minimise tracking error, by investing the Fund's assets in substantially the same weightings as the Index. Re-investing the cash dividends received for the REIT holdings of the Fund is also done to keep the Fund's cash holdings to a low level that is operationally optimal while minimising tracking error. The Fund may invest in REITs which are not constituents of the Index by using the Representative Sampling Strategy. The Manager will endeavour to manage the tracking error if the Representative Sampling Strategy is used.

## **7.6 Concentration Risk**

The Index Securities is comprised of REITs in the Asia Pacific ex-Japan region and may be less diversified compared to a fund investing in REITs globally. To the extent that a property sector or a geographical region in which the Index Securities are concentrated in falls out of favour, the Fund's performance may be negatively affected. Please refer to Appendix I for more information on the constituent REITs and their weighting in the Index.

## **7.7 Foreign Security Risk**

An investment in Units of the Fund involves risks similar to those of investing in a broad-based portfolio of REITs traded on exchanges in the relevant overseas securities market, including market fluctuations caused by factors such as economic and political developments, changes in interest rates and perceived trends in stock (including REIT) prices.

## **7.8 Foreign Exchange Risk**

As the Fund's investments are generally invested in securities in the Asia Pacific, a substantial portion of the revenue and income of the Fund may be received in a currency other than the Fund's base currency of US dollar, hence any fluctuation in the exchange rate of the US dollar relative to the relevant foreign currency will affect the Net Asset Value of the Fund. As the Fund's Net Asset Value is determined on the basis of the US dollar, the Fund may suffer losses if the local currency of a market comprised in the Index depreciates against the US dollar, even if the local currency value of that Index Security goes up. The Manager currently does not intend to hedge against such foreign currency exposure as the investment objective of the Fund is to closely track the performance of the Index, which is denominated in US dollar. As the base currency of the Fund is denominated in US dollar, investors who purchase and sell Units of the Fund in Singapore dollar will be subject to the risk of fluctuations in the value of the Singapore dollar vis-à-vis the US dollar.

## **7.9 Trading Risk**

The Fund is structured as an index fund and the Net Asset Value of Units of an index fund will fluctuate with changes in the market value of the index fund's holdings of Securities. The market prices of Units will fluctuate in accordance with changes in Net Asset Value and supply and demand on any exchange on which the Units are listed. The Manager cannot predict whether the Units will trade below, at or above their Net Asset Value. Price differences may be due, in large part, to the fact that supply and demand forces in the secondary trading market for the Units will be closely related, but not identical, to the same forces influencing the prices of the Securities trading individually or in the aggregate at any point in time. Given that the Units must be created and redeemed in an Application Unit size (unlike shares of many closed-end funds, which frequently trade at

appreciable discounts from, and sometimes at premiums to, their Net Asset Value), the Manager believes that ordinarily large discounts or premiums to the Net Asset Value of Units should not be sustained. In the event that the Manager suspends creations and/or redemptions of Units of the Fund, the Manager expects larger discounts or premiums.

#### **7.10 Absence of prior active market**

Although application has been made for the Units 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. Further, there can be no assurance that investors in the Units will experience trading or pricing patterns similar to those of market-traded REITs or other REIT funds or ETFs which are based upon indices other than the Index.

#### **7.11 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. 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 relevant Index Securities 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 Fund or disposal of the Fund's Securities cannot be effected.

#### **7.12 Risk inherent in Index Securities**

The Index Securities are comprised of REITs, the prices of which may fluctuate in response to, amongst other factors, changes in interest rates, foreign exchange, economic and political conditions and the financial condition of issuers of the REITs. In particular, the Fund's value is dependent on the performance of such REITs and the overall performance of the property market or sector to which such REITs are exposed or invested or hold real estate assets.

#### **7.13 Lack of discretion by Manager to adapt to market changes**

The Index Securities held by the Fund will passively reflect the distribution of REITs which are included in the Index. Therefore, adverse changes in the financial condition or performance of any REIT included in the Index will not result in the sale of the REIT by the Fund, and will be likely to adversely affect the Fund's Net Asset Value and the trading price of the Units. The Manager will have limited discretion to remove the REIT from the Fund insofar as such REIT remains an Index Security.

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

The Net Asset Value of the Fund represents the fair price for buying or selling Units. As with any listed fund, the secondary market price of Units may sometimes trade above or below this Net Asset Value. There is a risk, therefore, that Unitholders 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.

#### **7.15 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 appropriate in the interests of a fair and orderly market to protect investors. The creation and redemption of Units will also be suspended in the event that the trading of Units on the SGX-ST is suspended. The SGX-ST imposes certain requirements for the continued listing of securities, including the Units, on the SGX-ST. Investors cannot be assured that the Fund will continue to meet the requirements necessary to maintain the listing of Units on the SGX-ST or that the SGX-ST will not change the listing requirements. The Fund may be terminated if 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 Fund.

#### **7.16 Fund is not a typical unit trust**

Investors should note that the Fund is not like a typical unit trust 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 retail investors. For so long as the Units are listed for quotation on the SGX-ST, retail 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. These features are not usually present in a typical unit trust offered to retail investors in Singapore, where units can generally be purchased and redeemed directly with a manager or its approved distributors.

#### **7.17 Minimum creation and redemption size**

Units will normally only be issued or redeemed in an Application Unit size of 50,000 Units (or such higher number of Units in multiples of 1,000 Units). Investors who do not hold an Application Unit size may only be able to realise the value of their Units by selling their Units on the SGX-ST.

#### **7.18 Risks related to Borrowings by the Fund**

The Manager may pledge the assets of the Fund if the lender requires security to be provided in connection with any borrowings by the Manager for the account of the Fund. In the event that the 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 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 Fund if such disposal is effected during any period when general market conditions are unfavourable.

## 7.19 Dual Currency Trading Risk

The Fund is traded in two different currency denominations on the SGX-ST (i.e. US\$ and S\$). The price of the Units on the secondary currency counter (i.e. S\$) is based on the price of the Units on the primary currency counter (i.e. US\$) and the prevailing foreign exchange rate. Therefore, the performance of the Units on the secondary currency counter may not be the same as that of the primary currency counter due to fluctuations in the foreign exchange rate between the US\$ and the S\$.

## 7.20 Derivatives Risk

### (a) Use and risks associated with use of financial derivative instruments (“FDIs”)

The Manager may use FDIs solely for the purposes of hedging and/or efficient portfolio management.

### (b) Risks Associated with the use of FDIs

The use of FDIs involves increased risk. The Fund’s 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 Fund could suffer greater losses than if the Fund had not used such FDIs.

In addition to the inherent risks of investing in FDIs, the 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 Fund may be subject to the possibility of insolvency, bankruptcy or default of a counterparty with which that Fund trades, which could result in substantial losses to the Fund.

Investments in derivatives may require the deposit of initial margin and additional deposit of margin on short notice if the market moves against the investment positions. If no provision is made for the required margin within the prescribed time, the Fund’s investments may be liquidated at a loss.

### (c) Exposure to FDIs

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

### (d) Risk Management Process and Compliance Controls

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

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 and have in place systems to monitor the derivative positions for the Fund.

## **Netting**

The Fund intends to net its OTC financial derivative positions. The Manager will obtain the legal opinions as stipulated in paragraph 5.15 of Appendix 1 of the Code.

## **8. RISK FACTORS RELATING TO THE INDEX**

### **8.1 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 Relevant Exchanges is inaccurate or incomplete. Examples of types of errors which may occur include:

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

### **8.2 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.

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

The Securities which comprise the Index are 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 constituent REITs were to delist its securities or if a new REIT were to list its securities and be added to the Index. If this happens, the weighting or composition of the Index Securities invested by the Fund would be changed as considered appropriate by the Manager in order to achieve the investment objective. Thus, an investment in Units will generally reflect the Index as its constituents change from time to time, and not necessarily the way it is comprised at the time of an investment in the Units.

The Fund's investments will be monitored by the Manager on a daily basis, and the Manager will track any change of composition and weightings of the Index as and when it occurs. Appendix II – The SGX APAC Ex-Japan Dividend Leaders REIT Index describes how the Index is compiled.

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

The Manager has been granted a licence by the Index Provider to use the Index in connection with the operation, marketing and promotion of the Fund. The 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 REIT exposure as the Index. In the event that the Index is no longer available for use by the Fund, the Manager will source for a suitable replacement index that gives, in the opinion of the Manager, the same or substantially similar REIT exposure as the Index. Any such replacement index will be notified to Unitholders via SGXNET. Accordingly investors should note that the ability of the 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 Unitholders of such termination via an announcement on SGXNET.

## **8.5 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.

## **9. DISCLAIMER BY SGX INDEX EDGE**

The Units are not in any way sponsored, endorsed, sold or promoted by the Singapore Exchange Limited and/or its affiliates (collectively, “**SGX**”) and SGX makes no warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of the SGX APAC Ex-Japan Dividend Leaders REIT Index and/or the figure at which the SGX APAC Ex-Japan Dividend Leaders REIT Index stands at any particular time on any particular day or otherwise. The SGX APAC Ex-Japan Dividend Leaders REIT Index is sponsored, calculated and administrated by SGX Index Edge. SGX shall not be liable (whether in negligence or otherwise) to any person for any error in the Phillip SGX APAC Dividend Leaders REIT ETF and the SGX APAC Ex-Japan Dividend Leaders REIT Index and shall not be under any obligation to advise any person of any error therein.

“SGX” is a trade mark of SGX and is used by the Manager under licence. All intellectual property rights in the SGX APAC Ex-Japan Dividend Leaders REIT Index vest in SGX.

## **10. MANAGEMENT AND ADMINISTRATION**

### **10.1 Manager**

The Manager of the Fund 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<sup>nd</sup> September 1999. The Manager holds a capital markets services licence granted by the Authority, 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 is firmly established in the financial hubs of Singapore, United Kingdom, U.S., France, Japan, China, Hong Kong (SAR), Malaysia, Thailand, Indonesia, Sri Lanka, Turkey and Australia. The Manager is regulated by the Authority. The issued and paid-up share capital of the Manager is S\$5 million.

The Manager has been managing collective investment schemes and/or discretionary funds in Singapore since 2000. In November 2003, the Manager acquired the Govett Global Brands Fund and Govett Asia Pacific Growth Fund and renamed them Phillip Global Brands Fund and Phillip Asia Pacific Growth Fund respectively (Phillip Global Brands Fund was subsequently terminated). The investment funds managed by the Manager include the following: Phillip Asia Pacific Growth Fund, Phillip Money Market Fund, Phillip Income Fund, Pi-

5 Global Portfolio, Pi-7 Global Portfolio, Global Opportunities Fund, Phillip US Dollar Money Market Fund, Phillip Singapore Real Estate Income Fund and Phillip Greater India Equity Fund (a restricted fund which is only offered to institutional and accredited/high net worth investors under the SFA).

The Manager has a team of committed and experienced fund managers whose investment decisions are executed after in-depth research and analysis. In addition, the Manager has an established track record managing funds investing in the Asia Pacific region and globally, having won several fund awards from Standard & Poor's and Lipper since 2003. The Manager was awarded Best Equity Fund Group over 3 years for 2004, 2005 and 2006.

Phillip Asia Pacific Growth Fund was the winner of several Standard & Poor's Fund Awards Singapore: Equity Asia-Pacific – 3 years Category for 2004, 2005 and 2006 and was also the winner of Equity Asia-Pacific – 5 years Category for 2004, 2005, 2006 and 2007. Phillip Asia-Pacific Growth Fund also won various awards from the Edge-Lipper Singapore Fund Awards, including Best Fund over One Year and Three Years – Equity Asia Pacific in 2004, Best Fund over Five Years - Equity Asia Pacific in 2005, 2006 and 2007, and Best Fund over Ten Years - Equity Asia Pacific in 2010.

## **10.2 General Responsibilities of the Manager**

The Manager has general powers of management over the assets of the Fund. 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 to ensure that the Fund is carried on and conducted in a proper and efficient manner. The Manager has also covenanted that it will conduct all transactions with or for the Fund 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 Unitholders.

In the absence of fraud 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. In addition, the Manager shall be entitled, for the purpose of indemnity against any action, costs, claims, damages, expenses or demands (other than those arising out of any liability or obligation to the Unitholders imposed on the Manager pursuant to applicable laws or where the Manager has failed to exercise the degree of care and diligence required of it as manager) to which it may be put as Manager, to have recourse to the assets of the Fund in respect of which such action, costs, claims, damages, expenses or demands have been made or arose out of.

The Manager may, in managing the Fund and in carrying out and performing its duties and obligations under the Trust Deed, appoint such person as it may think fit to exercise all or any of the powers, rights, privileges, duties and discretions vested in it under the Trust Deed and such delegation may be made upon such terms and conditions and subject to such applicable laws and regulations (including powers to sub-delegate), Provided That the Manager shall be liable for any act or omission of any such person as if it were the act or omission of the Manager (save only to the extent that and subject to any applicable laws, the Manager has failed to exercise the degree of care and diligence required of a manager in the selection and appointment of such delegate).

The Manager will remain as the manager of the Fund until it retires or is removed or replaced in accordance with the provisions of the Trust Deed, as summarised under paragraphs 33 and 34 below.

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

### **10.3 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 Chairman of PhillipCapital Group and director of Phillip Capital Management (S) Ltd. 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 Managing Director and Chief Investment Officer of Phillip Capital Management (S) Ltd and has been with the PhillipCapital 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 Co-Chief Investment Officer at Phillip Capital Management (S) Ltd. Linus focuses on product development as well as investment strategy. He has been with PhillipCapital Group since 2001 where he has been involved in equity research as well as corporate finance both in Singapore and the UK. Prior to PhillipCapital, he was at the Investments business of Citibank Asia Pacific. Linus is a graduate from the London School of Economics and also holds an MBA from the Anderson School of Management at UCLA.

#### **Lee Ken Hoon**

Ken Hoon, of 250 North Bridge Road, #06-00 Raffles City Tower, Singapore 179101 is director and Chief Operating Officer of Phillip Capital Management (S) Ltd. She has been with PhillipCapital Group since 2008 and has more than 20 years of experience in audit and the financial services industry. Prior to joining PhillipCapital she worked in local and foreign financial institutions and has extensive experience in finance, middle office and back office operations. Ken Hoon graduated with a degree in Accountancy from the National University of Singapore and is a Chartered Accountant of Singapore.

#### **Lim Wah Sai**

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

#### **10.4 Key Executives**

The key executives of the Manager in respect of the Fund are Jeffrey Lee Chay Khiong and Linus Lim Wen Sheong, whose details are provided above.

#### **10.5 Trustee**

The Trustee of the Fund is DBS Trustee Limited whose registered address is at 12 Marina Boulevard, Marina Bay Financial Centre Tower 3, Singapore 018982.

DBS Trustee Limited (the "Trustee") is a company incorporated in Singapore and registered under the Trust Companies Act (Cap. 336) of Singapore, with a share capital of S\$2.5 million. The Trustee does not have any material conflict of interest with its position as Trustee of the Fund. DBS Trustee Limited is a member of DBS Bank Group. The Trustee is regulated in Singapore by the Authority.

Under the Trust Deed, the Trustee is responsible for the safekeeping of the assets of the Fund. The Trustee has appointed DBS Bank Limited to be custodian of such assets upon such terms and conditions as may be agreed by the parties. The Trustee will remain as the Trustee of the Fund until it retires or removed or replaced in accordance with the provisions of the Trust Deed.

#### **10.6 Registrar**

DBS Trustee Limited has been appointed as the registrar of the Fund.

The Register will be maintained by the Registrar and can be inspected at 10 Toh Guan Road, #04-11 DBS Asia Gateway, Singapore 608838 during normal business hours (subject to such reasonable restrictions as the Registrar 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 Fund, and all Units issued and available for trading will be represented by entries in the Register kept by the Registrar in the name of, and such Units will be deposited with, CDP as the registered Holder of such Units.

#### **10.7 Auditors**

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

## 10.8 Custodian

DBS Bank Limited (the “**Custodian**”) has been appointed as custodian of the assets of the Fund. DBS Bank Limited is a company incorporated in Singapore on 16 July 1968 and is regulated by the Authority under the Securities and Futures Act (Chapter 289). Its registered address is at 12 Marina Boulevard, Marina Bay Financial Centre Tower 3 Singapore 018982. DBS Bank Limited has an issued and paid up capital of SGD 24,146 million as at 31 December 2016 and is a wholly owned subsidiary of DBS Group.

DBS Group is a leading financial services group in Asia, headquartered in Singapore, with a growing presence in Greater China, Southeast Asia and South Asia. With over 280 branches across 18 markets in Asia, DBS Bank Limited is the largest bank in Singapore and Southeast Asia. DBS Bank Limited is a custodian in Singapore and appoints a network of sub-custodians in other markets. DBS Bank Limited has a selection and ongoing monitoring framework based on a set of defined criteria. These criteria include but are not limited to financial strength, client servicing and operations processing i.e., settlement, corporate actions and income processing, reporting, market development updates and business continuity.

Pursuant to the Custodian Agreement, the Custodian will act as the custodian of the Fund’s assets, which will be held directly by the Custodian or through its agents, sub-custodians, or delegates pursuant to the Custodian Agreement. The Custodian will remain as the custodian for the Fund until the termination of its appointment in accordance with the provisions of the Custodian Agreement.

## 10.9 Fund Administration Agent

DBS Bank Limited, whose details are set out above, has been appointed as the administrator of the Fund (the “**Fund Administration Agent**”).

Pursuant to the Fund Administration Services Agreement, the Fund Administration Agent has been appointed by the Manager to provide accounting, administrative and other services to the Fund. The Fund Administration Agent will remain as the administration agent for the Fund until the termination of its appointment in accordance with the provisions of the Fund Administration Services Agreement.

## 11. BROKERAGE TRANSACTIONS

The policy of the Manager regarding purchases and sales of Index 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 Fund and the Manager from obtaining a high quality of brokerage and research services. 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 and research 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 research and other services to the Fund or the

Manager. Such services may include, but are not limited to, information as to the availability of Index Securities for purchase or sale, statistical information pertaining to corporate actions affecting REITs, including, but not limited to, REITs within the Index.

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

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

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

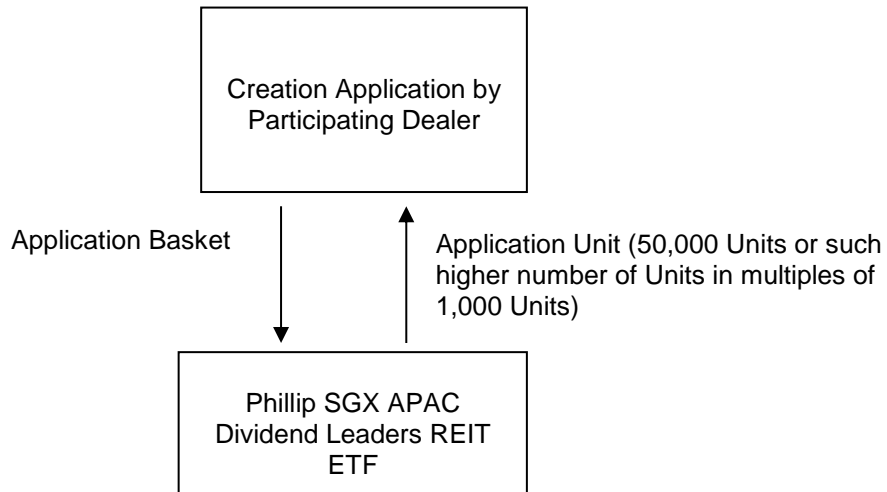
The Manager does not, and is not entitled to, retain cash or commission rebates for their own account in respect of rebates earned when transacting in securities for account of the Fund.

## **13. OPERATION OF THE FUND**

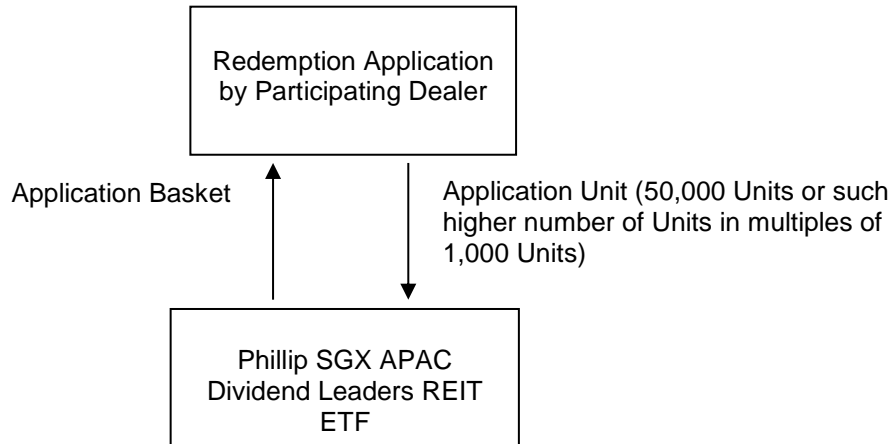
There are two types of investors in the Fund. The first type of investor is the Participating Dealer. Only the Participating Dealer can create and redeem Units directly with the Fund. The second type of investor is any person, other than the Participating Dealer, who buys and sells the Units on the SGX-ST 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 the Fund after listing:

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

***Direct Creation by a Participating Dealer***

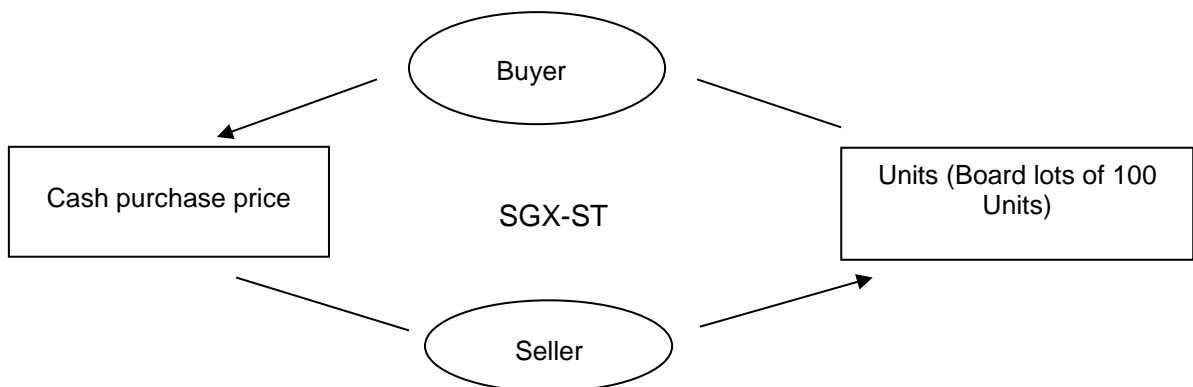


***Direct Redemption by a Participating Dealer***

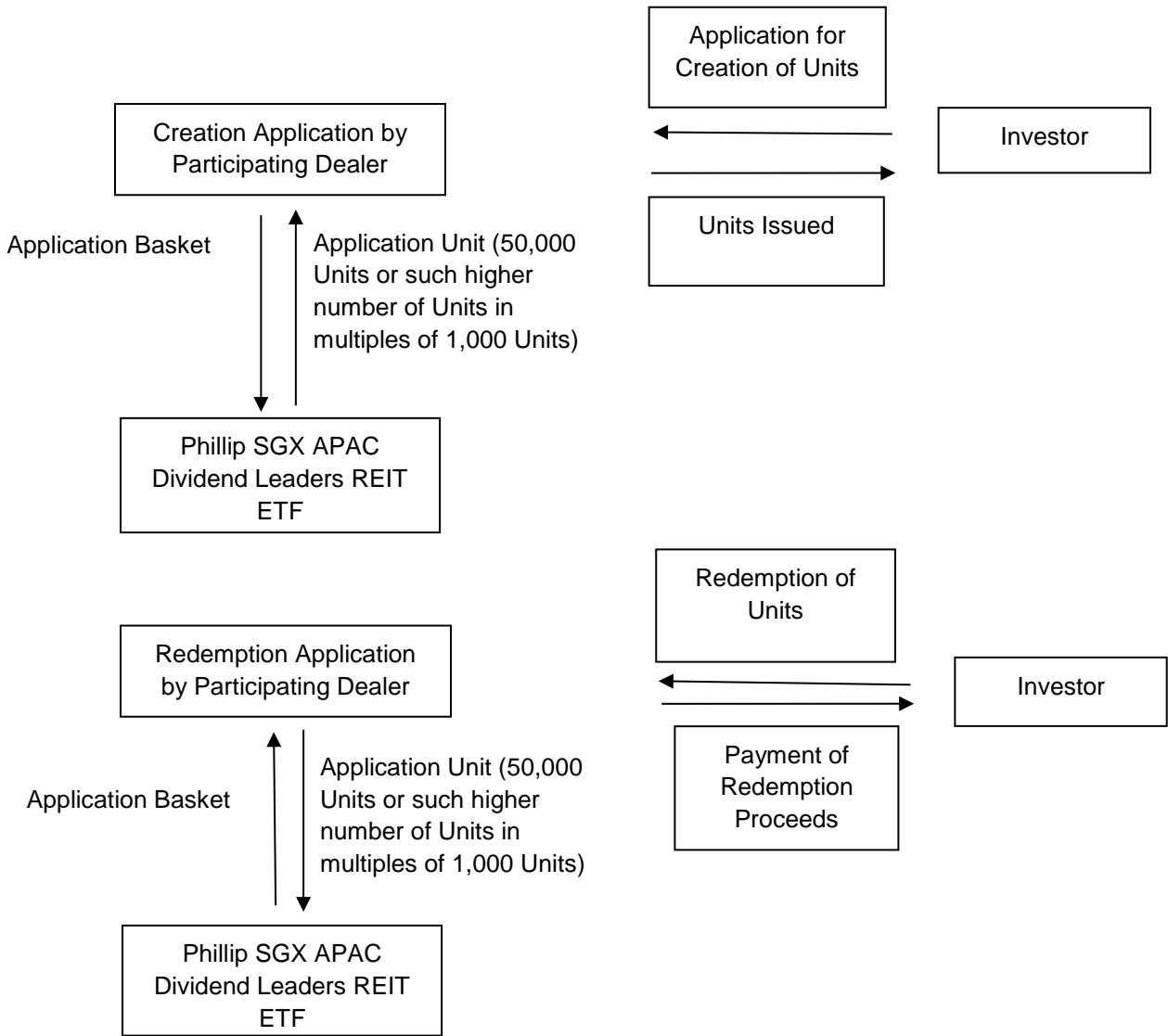


**13.2 Investors other than Participating Dealers:**

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



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



**13.3 Index Rebalancing**

The constituent Index Securities and their respective weightings within the Index will change from time to time. In order for the Fund to achieve its investment objective of tracking the Index, it will accordingly be necessary for the Manager to rebalance the Fund’s holdings of Index Securities comprised in the 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.

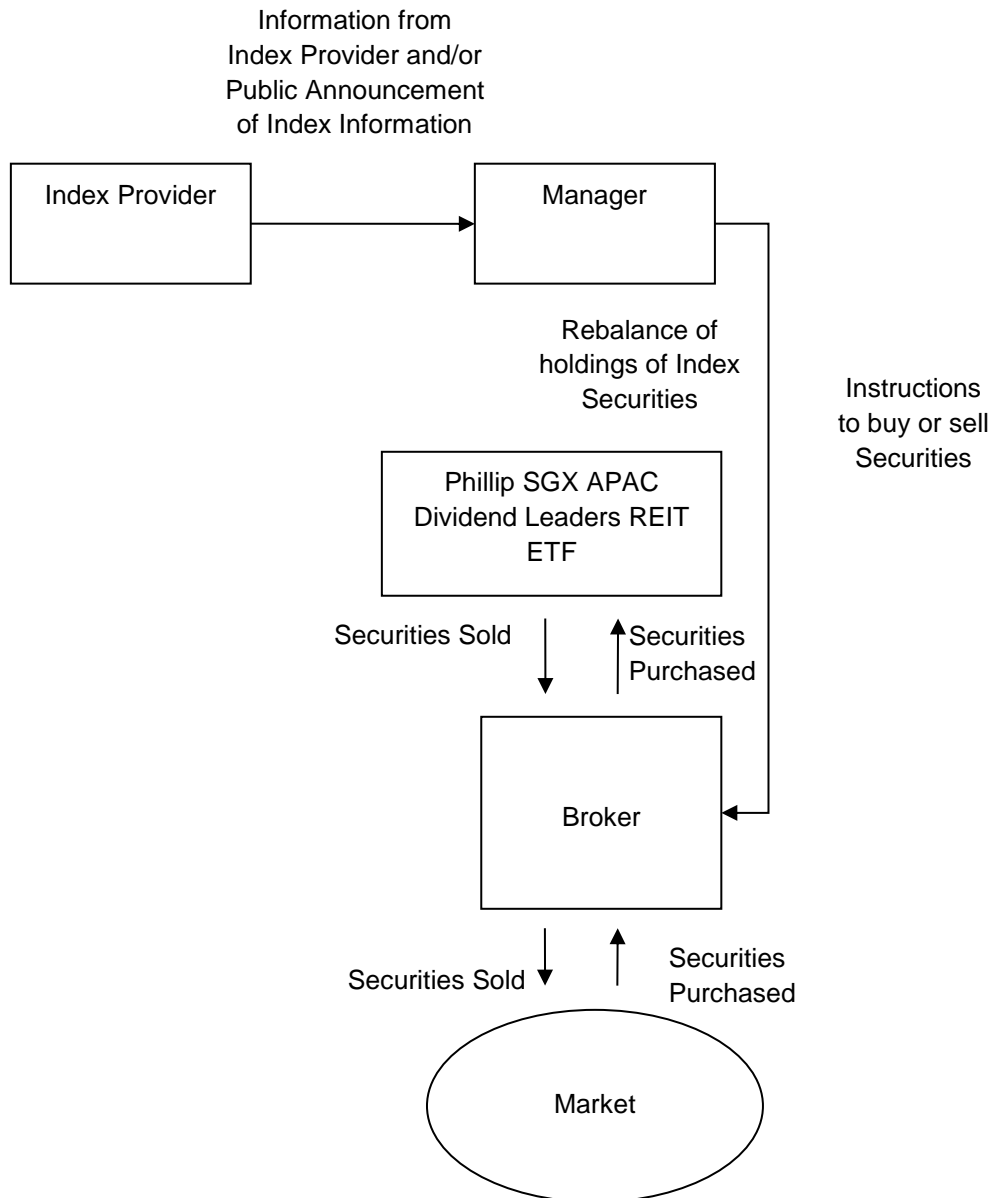
The Index will be reviewed semi-annually on the Index Review Date. Minor rebalancing will be carried out as and when necessary. As the Fund will principally adopt a Replication Strategy as far as possible, it is expected that during the semi-annual rebalancing, the Fund’s holding of the Index Securities will be realigned to reflect substantially the Index constituents. Minor rebalancing will only be carried out after cost considerations have been taken into account.

<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.



Nevertheless, should the Manager determine in their absolute discretion that a Replication Strategy is not the most efficient means to track the Index, the Manager may adopt a Representative Sampling Strategy instead. The Manager will monitor the tracking error daily and rebalancing of the Fund's holdings will be done by the Manager if considered necessary.

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



### 13.4 Market Makers

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 the Fund to facilitate efficient trading.

The current designated market makers for the Fund are Commerzbank AG and Flow Traders Asia Pte Ltd. Any change to the designated market makers will be announced on the SGXNET and the Manager's website at [www.phillipfunds.com](http://www.phillipfunds.com).

### **13.5 Participating Dealer**

The role of a Participating Dealer is to facilitate creation and redemption of Units in the Fund 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 current Participating Dealers are ABN AMRO Clearing Bank N.V., Commerzbank AG, Phillip Securities Pte Ltd and UOB Kay Hian Pte Ltd. Any changes to these Participating Dealers will be announced on the SGXNET and the Manager's website at [www.phillipfunds.com](http://www.phillipfunds.com). In the event that additional Participating Dealers are appointed, the Manager will notify Unitholders on the SGXNET and on its website.

### **13.6 Index Provider**

The Index Provider is SGX Index Edge, a product and service of SGX. The Index Provider has granted the Manager the exclusive right to use the Index in connection with the Fund for a 48-month period commencing from the date of inception of the Index. SGX Index Edge is the Benchmark Administrator, as defined by the IOSCO Principles for Financial Benchmarks published in July 2013 ("**IOSCO Principles**"). As the Benchmark Administrator, SGX Index Edge facilitates the administration, calculation, dissemination and governance of the Index. The SGX APAC Ex-Japan Dividend Leaders REIT Index is the Benchmark, as defined by the IOSCO Principles. SGX and SGX Index Edge are independent of the Manager.

### **13.7 Calculation Times**

The Index is calculated on every Business Day. The Index value is computed based on the closing prices of the Index Securities on the Relevant Exchanges. The Index is published on a real-time basis in US dollars, with values updated every one (1) second.

## **14. DEALING BY RETAIL INVESTORS**

Retail investors cannot create or redeem Units directly in the Fund. However, retail 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.

As the Fund is listed on 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 share 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.

Retail investors may trade in Units listed on the SGX-ST in S\$ and US\$. Retail investors can buy and/or sell Units in US\$ or S\$, regardless of the currency in which it was first bought and/or sold.

Retail investors who wish to use their Supplementary Retirement Scheme (“**SRS**”) monies to purchase Units in the 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 section 22.4 "Fees and Charges Payable by Retail Investors Dealing in Units on the SGX-ST" below.

## **15. SUBSCRIPTION AND REDEMPTION**

### **15.1 Minimum Subscription Amount**

The minimum subscription amount for the Fund through a Participating Dealer 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 only acquire such Units on the SGX-ST.

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

Units in the 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 in cash or in-kind is 11:00 a.m. (Singapore time) (or such other time as the Manager may determine with prior notification to Participating Dealers). 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).

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

Only Participating Dealers may apply directly to the Manager to create Units. The Manager shall instruct the Trustee to effect, for the account of the Fund, the creation of Units in Application Unit size (or such higher number of Units in multiples of 1,000 Units) in accordance with any of (a) or (b) below (or a combination of both) as determined by the Manager in its discretion:

- (a) in exchange for a delivery in-kind, by the Participating Dealer, to or for the account of the Trustee of Index Securities constituting an Application Basket for the relevant Units, payment of the cash amount equivalent to any Duties and Charges and the Transaction Fee payable plus, if 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 Trustee shall be required to make a cash payment equivalent to the amount of the Cash Component to the Participating Dealer. In the event that the Fund has insufficient cash required to pay any Cash Component payable by the Fund, the Manager may effect sales of the Deposited Property of the Fund, or may borrow moneys in accordance with the Trust Deed, to provide the cash required; or
- (b) in exchange for a cash payment by the Participating Dealer equivalent to the relevant Application Basket Value (which shall be accounted for as Deposited Property) plus an amount equivalent to any Cash Component, which the Manager shall use to purchase the Index Securities comprised in the Application Basket, provided that the Manager shall be entitled in its discretion to (i) charge to the Participating Dealer for which cash is paid in lieu of delivering any Index Securities such additional sum as represents the appropriate provision for Duties and Charges and the Transaction Fee and (ii) cause to be paid to the Participating Dealer such amount as is determined by the Manager for the purpose of compensating the Participating Dealer up to an amount equal to the positive difference (if any) between the prices used when valuing the Index Securities for the purpose of such creation and the purchase prices actually paid or to be paid out of the Deposited Property in acquiring such Index

Securities for the Fund (after the addition to the relevant purchase prices, of any Duties and Charges in respect of such acquisition of Index Securities),

provided that the Manager shall have the right to reject or suspend a Creation Application if (i) in the opinion of the Manager, acceptance of any Index Security included in an Application Basket would have certain adverse tax consequences for the Fund; (ii) the Manager reasonably believes that the acceptance of any Index Security included in an Application Basket would be unlawful; (iii) the acceptance of any Index Security included in an Application Basket would otherwise, in the opinion of the Manager, have an adverse effect on the Fund; (iv) circumstances outside the control of the Manager make it for all practicable purposes impossible to process the Creation Application; (v) the Manager has suspended the rights of Participating Dealers pursuant to the Trust Deed, or (vi) 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 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 by the Trustee.

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 or such higher number of Units in multiples of 1,000 Units. All Creation Applications shall only be accepted if made by or through a Participating Dealer in accordance with the terms of the relevant Participation Agreement. A Creation Application once given cannot be revoked or withdrawn without the consent of the Manager.

The Issue Price of Units 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 is denominated in US\$.

A Creation Application received (or deemed received) and accepted in accordance with the Operating Guidelines on a Dealing Day shall be issued at that Dealing Day's Issue Price but, 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 the Register will be updated on Settlement Day or the Dealing Day immediately following Settlement Day if the settlement period is extended.

If a Creation Application is received on a day which is not a Dealing Day or is received after the Dealing Deadline on a Dealing Day, that Creation Application shall be treated as having been received at the opening of business on the next following Dealing Day, which shall be the relevant 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 of the application by the Registrar. 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.

No Units shall be issued to any Participating Dealer unless (i) the Creation Application is in a form and substance satisfactory to, and accompanied by such documents as may be required by, the Trustee and the Manager in accordance with the Operating Guidelines, (ii) the Trustee and the Manager receive copies of the certifications required under the Participation Agreement in respect of the creation of new Units, and (iii) the Trustee and the Manager receive such other certifications and opinions of counsel as each may consider necessary to ensure compliance with applicable securities and other laws in relation to the creation and issue of Units which are the subject of the Creation Application.

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 applying for such Units (and may be set off and deducted against any Cash Component due to the Participating Dealer in respect of such Creation Application(s)) to the Trustee and/or the Custodian (as the case may be).

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 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 making a cash Creation Application based on one Application Unit of 50,000 Units and a notional Issue Price per Unit of US\$1.200 plus a spread that represents the Duties and Charges which the Manager in its discretion considers appropriate and the Transaction Fee. This example assumes that no Duties and Charges are applicable.

(50,000 Units	x	US\$1.200)	+	US\$0	+	US\$600	=	US\$60,600
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.*

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

The Trustee shall cancel a Creation Application of Units 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 any cash payable (including Duties and Charges and Transaction Fee) has not been received in cleared funds by or on behalf of the Trustee by such time on the Settlement Day as prescribed in the Operating Guidelines,

provided that the Manager may at its discretion, with the approval of the Trustee, 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 an Extension Fee) 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, such Index Securities and/or the cash equivalent of the Index Securities constituting the Application Basket as have been vested in the Trustee or cash paid in connection with a Creation Application (in either case in respect of such cancelled Units) shall be redelivered or repaid (as the case may be) to the Participating Dealer and the relevant Units shall be deemed for all purposes never to have been created and the applicant therefore shall have no right or claim against the Manager or the Trustee in respect of such cancellation provided that:

- the Manager may charge the relevant Participating Dealer (for the benefit of the Trustee and/or the Custodian (as the case may be)) an Application Cancellation Fee, being the fee payable by the 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 is made;
- the Manager may charge the Participating Dealer a Partial Delivery Request Fee (for the benefit of the Trustee and/or the Custodian (as the case may be)) on each occasion that the Manager agrees to the Participating Dealer's request for partial delivery of the Index Securities comprising the Application Basket;
- the Manager may at its discretion require the Participating Dealer to pay to the 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;
- the Manager has a right to seek compensation from the Participating Dealer (for the benefit of the Fund) in the event that a Creation Application is cancelled. This compensation shall encompass all reasonable costs incurred including brokerage fees, Duties and Charges (as applicable) and any losses suffered by the Fund for having to unwind the trades as a result of the cancellation;
- the relevant parties shall be entitled to the Transaction Fee payable in respect of a Creation Application; and
- no previous valuations of the Fund shall be re-opened or invalidated as a result of the cancellation of such Units.

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

If the Manager determines in its discretion (following a partial delivery request by a Participating Dealer) that any Index Security is likely to be unavailable for delivery or available in insufficient quantity for delivery to the Trustee in connection with a Creation Application for Application Unit size pursuant to the Trust Deed, then the Manager shall have the right in its discretion to accept an amount of cash determined by reference to the market value at the Valuation Point for the relevant Dealing Day of such Index Security as collateral for such Index Security until it is delivered.

Any such collateral will be held for the account of the Fund and shall be redelivered to the Participating Dealer together with interest thereon as soon as practicable after delivery of such Index Securities is made; Provided that no accrued interest shall be payable to the Participating Dealer if the cash collateral is less than the minimum amount prescribed by the Trustee from time to time, currently US\$5,000 and any interest accrued and not paid to the Participating Dealer should be retained by the Fund.

The Manager may, subject to the provisions of the relevant Participation Agreement, charge a Participating Dealer (for the benefit of the Trustee and/or the Custodian (as the case may be)) a fee for such partial delivery

request (see Partial Delivery Request Fee under “Fees and Charges Payable by Participating Dealer”).

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

Investors who wish to dispose of less than an Application Unit size of 50,000 Units 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 the section on “Suspension of Valuations and Dealings”, the Manager may, within 14 days (or such other period as may be prescribed by the Authority or SGX-ST) from the end of such 30-day period, commence accepting redemption requests directly from investors subject to the provisions of the 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).

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

Only Participating Dealers may apply directly to the Manager 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 Operating Guidelines, by notice in writing to the Trustee to effect a reduction of the assets of the Fund on the relevant Settlement Day by requiring the Trustee to cancel the number of Units specified in such notice.

A Redemption Application 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 or such higher number of Units in multiples of 1,000 Units and shall only be accepted if made by or through a Participating Dealer in accordance with the terms of a Participation Agreement.

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.

If a Redemption Application is received on a day which is not a Dealing Day or is received after the Dealing Deadline on a Dealing Day, that Redemption Application shall be treated as having been 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. For the purpose of valuation, the relevant Valuation Point shall be the Valuation Point for the Dealing Day on which the Redemption Application is treated as having been received.

The Manager shall, on receipt of a valid Redemption Application from a Participating Dealer, effect the redemption of the relevant Units in accordance with any of (a) or (b) below (or a combination of both) as determined by the Manager in its discretion:

- (a) require the Trustee to deliver in-kind to the Participating Dealer, in accordance with the Operating Guidelines, Index Securities constituting the Application Basket for the relevant Units plus, if the Cash Component is a positive value, a cash payment equivalent to the amount of the Cash Component (less any applicable Duties and Charges and the Transaction Fee). 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 to the Trustee and any applicable Duties and Charges and the Transaction Fee; or

- (b) require the Trustee to pay to the Participating Dealer, (i) a cash amount equivalent to the relevant Application Basket Value plus (ii) an amount determined by the Manager for the purpose of compensating the Participating Dealer up to the amount by which the prices used when valuing the Index Securities for the purpose of such Redemption Application are less than the sale prices actually received or to be received in selling the Index Securities for the Fund (after the deduction from the relevant sale prices, of any Duties and Charges in respect of such disposal of Index Securities and the Transaction Fee).

In the event that the Fund has insufficient cash to pay any cash amount payable, the Manager may effect sales of the Deposited Property of the Fund, or borrow moneys in accordance with the Trust Deed, to provide the cash required. The Participating Dealer shall be required to make a cash payment (if any) in respect of any Redemption Application in accordance with the Operating Guidelines.

To be effective, a Redemption Application must:

- be given by a Participating Dealer in accordance with a Participation Agreement;
- specify the number of Units which is the subject of the Redemption Application; and
- include the certifications required in the Operating Guidelines in respect of redemptions of Units, together with such certifications and opinions of counsel 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.

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 Component payable to a Participating Dealer on the redemption of Units such sum (if any) as the Manager may consider represents the appropriate provision for Duties and Charges and the Transaction Fee. To the extent that the Cash Component is insufficient to pay such Duties and Charges and the Transaction Fee payable on such redemption, the Participating Dealer shall promptly pay the shortfall in the currency of account for the Fund or to the order of the Trustee respectively.

The Trustee shall not be obliged to deliver (and shall have a general lien over) the Index Securities constituting the Application Basket to be delivered in respect of the relevant Redemption Application and to withhold payment to the Participating Dealer of any amounts payable pursuant to Clause 7.4 of the Trust Deed, until the Units to be redeemed are received to the order of the Trustee and such shortfall, if applicable, or any Cash Component payable by the Participating Dealer under Clause 7.4 of the Trust Deed, Transaction Fee, Duties and Charges and any Extension Fee payable under Clause 7.12 of the Trust Deed 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 Fund, covering the relevant Dealing Day, have been prepared, to require the Manager to justify its calculation of the Redemption Value.



Any Index Securities to be delivered and cash to be paid in respect of a Redemption Application shall be delivered and/or paid on the Settlement Day 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 (unless otherwise provided in the Operating Guidelines) the Units to be cancelled and the full amount of any cash payable by the Participating Dealer and any Duties and Charges and the Transaction Fee payable have been deducted or otherwise paid in full.

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

- the Units, which are the subject of the Redemption Application, shall be redeemed and cancelled;
- the assets of the Fund 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;
- the name of the Unitholder of such Units shall be removed from the Register of the Fund in respect of those Units on the relevant Settlement Day,

and the Trustee shall (if applicable) deliver the Index Securities relevant to the Redemption Application out of the Deposited Property to the Participating Dealer and/or pay the cash relevant to the Redemption Application out of the Deposited Property to the relevant Participating Dealer and, where required under Clause 7.4 of the Deed, shall pay any Cash Component if applicable (with such deductions as are permitted by the Deed) in accordance with and subject to the provisions of Clause 7.4 and Clause 7.8 of the Deed.

No Index Securities shall be delivered and no cash shall be paid in respect of any Redemption Application to the relevant Participating Dealer unless Units, which are the subject of the Redemption Application, have been delivered to the Manager 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 6 Business Days after the receipt and acceptance of the Redemption Application unless the realisation of Units has been suspended in accordance with paragraph 20.

#### **15.8 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 Manager for redemption in accordance with the foregoing:

- the Redemption Application shall be deemed never to have been made except that the Transaction Fee in respect of such application shall remain due and payable and once paid, shall be retained by the relevant parties;
- the Manager may charge the Participating Dealer (for the benefit of the Trustee and/or the Custodian (as the case may be)) an Application Cancellation Fee, being the fee payable by the Participating Dealer in respect of a default, as set out in the Trust Deed and the Operating Guidelines applicable at the time the relevant Redemption Application is made;
- the Manager may at its discretion require the Participating Dealer to pay to the Fund in respect of each Unit 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 a

Participating Dealer had, on the final day permitted for delivery of Units which are the subject of the Redemption Application, made a Creation Application; and

- no previous valuations of the Fund shall be re-opened or invalidated as a result of an unsuccessful Redemption Application.

The Manager, with 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) as the Manager may determine but, in any event, not later than one month from the receipt of an effective Redemption Application.

The Manager may charge the Participating Dealer (for the benefit of the Trustee and/or the Custodian (as the case may be)) 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 Redemption Application(s)).

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 based on a cash Redemption Application based on one Application Unit of 50,000 Units and a notional Redemption Value per Unit of US\$1.200 minus a spread that represents the Duties and Charges which the Manager in its discretion considers appropriate and the Transaction Fee. This example assumes that no Duties and Charges are applicable.

(50,000 Units	x	US\$1.200)	-	US\$0	-	US\$960	=	US\$59,040
Number of Units proposed to be redeemed		Redemption Value per Unit		Duties and Charges		Transaction Fee		Redemption Proceeds

*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.*

**16. 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.

**17. NO CERTIFICATES**

Certificates will not be issued in respect of Units in the Fund. 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 Unitholder 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).

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

The Net Asset Value of the Fund will be determined as at the Valuation Point (or at such other time as the Manager and the Trustee may determine) by valuing the assets of the Fund and deducting the liabilities of the Fund, in accordance with the terms of the Trust Deed.

The Trust Deed provides amongst other things that:-

- (i) all calculations based on the value of investments quoted, listed, traded or dealt in on any securities market (including the listed REITs which constitute the Index Securities) shall be made by reference to the price appearing to the Manager to be the official closing price or last known transacted price on the Recognised Stock Exchange for such investments unless such prices are not representative or not available on the Recognised Stock Exchange, in which case 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 known transacted prices. In the event that the investments are quoted, listed, traded or dealt in on several Recognised Stock Exchanges, the price shall be determined based on the primary Recognised Stock Exchange of such investments;
- (ii) the value of any interest in any mutual fund corporation or unit trust shall be the last available net asset value per share or unit in such mutual fund corporation or unit trust unless such net asset value is not available, in which case the value of the relevant investment shall be certified by such firm or institution making a market in such investment as may be appointed for such purpose by the Manager with the approval of the Trustee;
- (iii) the value of any investment which is not listed or ordinarily dealt in on a Recognised Stock Exchange shall be based on its fair value (being the price that the Fund would reasonably expect to receive upon the current sale of the investment) made by a person approved by the Trustee as qualified to value such investments;
- (iv) cash, deposits and similar investments shall be valued at their face value (together with accrued interest) unless, in the opinion of the Manager, any adjustment should be made to reflect the fair value thereof; and
- (v) notwithstanding the foregoing, the Manager may adjust the value of any investment if, having regard to relevant circumstances, the Manager considers that such adjustment is required to reflect the fair value of the investment.

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 approval of the Trustee, and the Manager shall inform Holders of any such changes which the Trustee deems to be material.

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

The Issue Price of Units, created and issued pursuant to a Creation Application, shall be the Net Asset Value divided by the total number of Units in issue calculated up to four decimal places and truncated at three decimal places (or such other number of decimal places or by such other truncation or rounding method as the Manager may from time to time determine with the approval of the Trustee).

The Redemption Value of Units on a Dealing Day shall be the Net Asset Value of the Fund divided by the total number of Units in issue calculated up to four decimal places and truncated at three decimal places (or such other number of decimal places or by such other truncation or rounding method as the Manager may from time to time determine with the approval of the Trustee).

## **20. SUSPENSION OF VALUATIONS AND DEALINGS**

Subject to the provisions of the Code relating to suspension of dealings, the Manager and/or the Trustee may, after giving notice to the other party and the Authority, declare a suspension of the determination of the Net Asset Value of the Fund and any dealings in the Units of the Fund for the whole or any part of any period during:

- (a) which there exists any state of affairs prohibiting the normal disposal of the Fund's investments; or
- (b) which there is a breakdown in any of the means normally employed in determining the Net Asset Value or the Net Asset Value per Unit of the Fund, or when for any other reason the value of any security or other asset in the Fund cannot, in the opinion of the Manager and/or the Trustee, reasonably, promptly and fairly be ascertained; or
- (c) which circumstances exist as a result of which, in the opinion of the Manager and/or the Trustee, it is not reasonably practicable to realise any securities held or contracted for the account of the Fund or it is not possible to do so without seriously prejudicing the interest of Unitholders; or
- (d) which the remittance or repatriation of funds which will or may be involved in the realisation of, or in the payment for, the securities of the Fund or the subscription or realisation of Units is delayed or cannot, in the opinion of the Manager and/or the Trustee, be carried out promptly or at normal rates of exchange; or
- (e) which the right to redeem Units of the Fund is suspended; or
- (f) any 48 hour period (or such longer period as may be agreed between the Manager and the Trustee) prior to the date of any meeting of Unitholders (or any adjourned meeting thereof); or
- (g) any period when the business operations of the Manager or the Trustee in relation to the operations of the Fund are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God; or
- (h) any period when a Relevant Exchange on which a substantial part of the Fund's investment is quoted, listed or dealt in is closed otherwise than for ordinary holidays; or
- (i) any period when dealings on a Relevant Exchange on which a Security has its primary listing are restricted or suspended; or
- (j) any period when the market value or fair value of a material portion of the Fund's assets cannot be determined; or
- (k) any period as may be required under the provisions of the Code.

Subject to the provisions of the Code, the Manager and/or the Trustee may, at its discretion, at any time after giving notice to each other and the Authority and where practicable following consultation with the relevant Participating Dealer, suspend the right of the Participating Dealer to require the redemption of Units and/or delay the payment of any moneys and transfer of any Securities in respect of any Redemption Application and any dealings in the Units of the Fund during:

- (i) any period when any of the Relevant Exchanges on which an Index Security has its primary listing, or the official clearing and settlement depository (if any) of such Relevant Exchange, is closed otherwise than for ordinary holidays; or
- (ii) any period when dealings on a Relevant Exchange on which a Security has its primary listing are restricted or suspended; or
- (iii) any period when, in the opinion of the Manager and/or the Trustee, settlement or clearing of Securities in the official clearing and settlement depository (if any) of such Relevant Exchange is disrupted; or
- (iv) 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 Fund cannot, in the opinion of the Manager and/or the Trustee, be effected normally or without prejudicing the interests of Unitholders; or
- (v) any period when the Index is not compiled or published or becomes unavailable or is unable to be tracked or used in relation to the Fund for any reason whatsoever; or
- (vi) any breakdown in the means normally employed in determining the Net Asset Value or the Net Asset Value per Unit or when for any other reason the Value of any Securities or other property for the time being comprised in the Fund cannot, in the opinion of the Manager and/or the Trustee, reasonably, promptly and fairly be ascertained; or
- (vii) any period when the determination of the Net Asset Value is suspended; or
- (viii) any 48 hour period (or such longer period as may be agreed between the Manager and the Trustee) prior to the date of any meeting of Unitholders (or any adjourned meeting thereof); or
- (ix) any period when the business operations of the Manager or the Trustee in relation to the operations of the Fund are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God; or
- (x) any period when the dealing of Units is suspended pursuant to any order or direction issued by the Authority or the SGX-ST; or
- (xi) any period as may be required under the provisions of the Code.

In addition, the Manager and/or the Trustee will suspend the right to redeem Units when dealings in the Units on the SGX-ST are restricted or suspended.

Subject to the provisions of the Code relating to suspension of dealings, such suspension shall take effect forthwith upon the declaration thereof and thereafter there shall be no determination of the Net Asset Value until the Manager and/or the Trustee shall declare the suspension at an end, except that the suspension shall terminate in any event on the day following the first Business Day on which (i) the condition giving rise to the suspension shall have ceased to exist and (ii) no other condition under which suspension is authorised shall exist.

Whenever the Manager and/or the Trustee declares such a suspension the Manager shall, as soon as may be practicable after any such declaration, notify the Authority in accordance with the requirements in the Code. At least once a month during the period of such suspension, the Manager will 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 and/or the Trustee may at any time by notice to the other parties and the Authority, suspend the issue of Units if, as a result of the investment of the proceeds of issue of such Units, the Fund would breach a provision of the Investment and Borrowing Guidelines, and the relevant provisions relating to suspension of the right of Unitholders to redeem Units shall also apply in accordance with the provisions of the Trust Deed.

## **21. DISTRIBUTION POLICY**

The Manager may in its absolute discretion decide to make a distribution out of income and/or capital to Unitholders at such times as it may determine. The declaration and/or payment of distributions (whether out of income and/or capital) may have the effect of lowering the Net Asset Value of the Fund. Moreover, distributions out of capital may amount to a reduction of a Unitholder's original investment.

As the Fund invests into REITs, which typically pay most or all of their income as dividends to investors, the Manager expects the Fund to receive regular dividends from the REITs invested into and the Manager will in turn endeavour to declare semi-annual distributions in March and September each year in respect of the Fund. With effect from 1 January 2018, distributions will be declared in June and December each year. Payment of distributions, if any, will be made within 2 months of any declaration of distributions. However, investors should note that such distribution is not guaranteed and is subject to all times to the discretion of the Manager.

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 Unitholders based on the number of Units held by each Unitholder 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 US\$0.01 per Unit. Subject to the Trust Deed, the Trustee shall cause distributions payable to a Unitholder which remains unclaimed by the Unitholder for more than six (6) years and interest, if any, earned thereon to be paid into court after deducting all fees, costs and expenses incurred in relation to such payment from the sum thereof provided that if the said sum is insufficient to meet all such fees, costs and expenses, the Trustee shall be entitled to have recourse to the Deposited Property.

Income received by the Fund pending distributions may be invested by the Manager in a manner consistent with achieving the investment objective of the Fund.

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

### **22.1 Manager's Fee**

The Manager is entitled to receive a management fee, currently at the rate of up to 0.50% per annum of the Net Asset Value of the Fund accrued daily and calculated as at each Dealing Day and payable monthly in arrears.

Under the terms of the Trust Deed, the Manager may, on giving not less than one month's notice to the Trustee and the Unitholders, increase the rate of the management fee payable up to the maximum rate of 0.80% per annum of the Net Asset Value of the Fund accrued daily and calculated as at each Dealing Day and payable monthly in arrears. The circumstances where the Manager may increase its management fee would include, amongst others, an increase in the overall costs and expenses to be borne by the Manager in relation to the Fund, or if it is necessary to cover the cost of inflation over time.

## 22.2 General Expenses

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

All the expenses incurred in connection with the convening of meetings of Unitholders and all other transactional costs and operating costs (relating to the administration of the Fund) shall be paid out of the assets of the 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 Unitholders will be borne by the Fund.

## 22.3 Fees and Charges Payable by Participating Dealers

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

<b>Creation of Units:</b>	
Transaction Fee <sup>1</sup>	US\$600.00 per Application
Application Cancellation Fee <sup>2</sup>	US\$960.00 per Application
Extension Fee <sup>3</sup>	US\$960.00 per Application
Partial Delivery Request Fee <sup>4</sup>	US\$960.00 per Application
<b>Redemption of Units:</b>	
Transaction Fee	US\$960.00 per Application
Application Cancellation Fee <sup>2</sup>	US\$960.00 per Application
Extension Fee <sup>3</sup>	US\$960.00 per Application

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

The fees and charges payable by retail investors dealing in Units in the 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	Currently the clearing fee and SGX access fee for trading Units on the SGX-ST is at the rate of 0.0325% and 0.0075% of the transaction value <sup>#</sup> and subject to the prevailing goods and services tax ("GST").

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

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

<sup>2</sup> The Application Cancellation Fee is payable by a Participating Dealer to the Trustee and/or the Custodian (as the case may be) 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 Trustee and/or the Custodian (as the case may be) on each occasion that the Manager grants the Participating Dealer's request for extending settlement in respect of an Application.

<sup>4</sup> The Partial Delivery Request Fee is payable by a Participating Dealer to the Trustee and/or the Custodian (as the case may be) on each occasion that the Manager grants the Participating Dealer's request for partial delivery of the Index Securities in respect of an in-kind Creation Application.

## 22.5 Fees and Charges Payable by the Fund

The fees and charges payable by the Fund are summarised as follows:

Manager's fee	Currently up to 0.50% per annum of the Net Asset Value of the Fund. Maximum 0.80% per annum of the Net Asset Value of the Fund.
Trustee's fee	Up to 0.1% per annum of the Net Asset Value of the Fund, subject to a monthly minimum of US\$1,000.
Custodian fee	The Custodian Fee payable is subject to agreement between the Manager and the Custodian and may exceed 0.10% of the Net Asset Value of the Fund depending on, amongst others, the size of the 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% of the Net Asset Value of the Fund, depending on the proportion each fee or charge bears to the Net Asset Value of the Fund.

## 23. REPORTS AND ACCOUNTS

The financial year-end of the Fund is 30 September every year. Audited accounts and the annual report are to be prepared and sent to Unitholders (whether by post or such electronic means as may be permitted under the Code) within three months of each financial year-end (unless otherwise waived or permitted by the Authority). Semi-annual unaudited accounts and the semi-annual report are to be prepared and sent to Unitholders (whether by post or such electronic means as may be permitted under the Code) within two months of 31 March (unless otherwise waived or permitted by the Authority). The contents of the reports will comply with the requirements of the Code and the Listing Rules. In cases where the accounts and reports are available in electronic form, Unitholders will receive a hardcopy letter or an email (where email addresses have been provided for correspondence purposes) informing them that the accounts and reports are available and how they may be accessed. Unitholders may also request for hardcopies of the accounts and reports within 1 month (or such other period as may be permitted by the Authority) from the notification of the availability of the accounts and reports. The Trustee will also make available, or cause to be made available, hardcopies of the accounts and reports to any Unitholder who requests for them within 2 weeks of any request from such Unitholder (or such other period as may be permitted by the Authority).

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 and on the Manager's website at [www.phillipfunds.com](http://www.phillipfunds.com).

## 24. ANNOUNCEMENT OF MATERIAL INFORMATION

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

## 25. TRUST DEED

The Fund is established under Singapore law by the Trust Deed made between the Manager and the Trustee. All Unitholders 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, Participation Agreement or Custodian Agreement, the provisions of the Trust Deed,



Participation Agreement or Custodian 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. Unitholders 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.

## **26. MODIFICATION OF TRUST DEED**

The Trustee and the Manager may agree to modify the Trust Deed by supplemental deed or amended and restated deed provided that in the opinion of the Trustee such modification (i) is not materially prejudicial to the interests of Unitholders, does not operate to release to any material extent the Trustee or the Manager from any responsibility to the Unitholders or (ii) is necessary in order to make possible compliance with any fiscal, statutory or official requirement (whether or not having the force of law) or (iii) is made to correct a manifest error or to remove obsolete provisions. In all other cases modifications require the sanction of an extraordinary resolution of the Unitholders affected.

Subject to the Code, any material modifications to the Trust Deed, unless they are sanctioned by an extraordinary resolution of the Unitholders affected or in the opinion of the Trustee are not of material significance or are made to correct a manifest error or to remove obsolete provisions, will be notified by the Manager to the Unitholders as soon as practicable after they are made.

## **27. VOTING RIGHTS**

Unitholders' meetings may be convened by the Manager, by the Trustee or by Unitholders representing one-tenth or more of the current Units in issue. 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 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, Unitholders will be given at least 14 calendar days' notice (exclusive of the day on which the notice is served or deemed to be served and of the day for which notice is given) of such meeting. For meetings to pass extraordinary resolutions, Unitholders will be given at least 21 calendar days' notice (exclusive of the day on which the notice is served or deemed to be served and of the day for which notice is given) of such meeting.

The Manager, Trustee, Custodian and their respective Connected Persons and directors of the Manager are prohibited from voting their beneficially held Units at or be counted in the quorum for a meeting at which they have a material interest in the business to be contracted.

The Manager should in respect of voting rights relating to investments of the Fund where the Manager may face conflicts of interests, cause these votes to be exercised in consultation with the Trustee.

## **28. RESTRICTIONS ON UNITHOLDERS**

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

The Manager has power to impose such restrictions as it may think necessary for the purpose of ensuring that no Units are acquired or held which would result in such holding being:-

- a breach of the law or requirements of any country or governmental authority or any stock exchange on which the Units are listed in circumstances which, in the Manager's opinion, might result in the Fund being adversely affected which the Fund might not otherwise have suffered; or

- in the circumstances which, in the Manager's opinion, may result in the Fund incurring any tax liability or suffering any other pecuniary disadvantage which the Fund might not otherwise have incurred or suffered; or
- held by an Unauthorised US Person.

If it shall come to the notice of the Manager or the Trustee that any Units are owned directly or beneficially by any person in contravention of any such restrictions as are referred to in Clauses 3.4 and 3.5 of the Trust Deed, the Manager or the Trustee, as the case may be, 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 Clause 7.20 of the Trust Deed does not within thirty days after such notice transfer such Units as aforesaid or establish to the satisfaction of the Manager or the Trustee, as the case may be, (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 thirty 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 Clauses 3.4 and 3.5 of the Trust Deed shall forthwith unless he has already received a notice pursuant to Clause 3.7 of the Trust Deed 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 7.20 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 acted in bad faith, 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.

## **29. DUTIES OF TRUSTEE IN RELATION TO CHEQUES**

It shall be the duty of the Trustee to prepare and (subject to reimbursement of its expenditure in accordance with the Trust Deed) pay or caused to be prepared and paid for all cheques which the Trustee has to issue or send as provided in the Trust Deed and to sign such cheques and despatch them on the day on which they ought to be despatched.

## **30. POWER OF TRUSTEE OR MANAGER TO DISCLOSE INFORMATION**

The Trustee or the Manager may transfer and disclose any information whatsoever relating to the Fund, the Trustee or the Manager and the Holders to the Trustee's or the Manager's head office, branches, subsidiaries, affiliates or agents whether in Singapore or elsewhere and third parties selected by any of them, wherever situated, for confidential use and in connection with services provided by the Trustee or the Manager in relation to the Fund (including in connection with any service and for data processing, statistical

and risk analysis purposes). The Trustee or the Manager and its head office, branches, subsidiaries, representative offices, affiliates, agents or third parties may transfer and disclose any such information as is required or requested by any court, legal process or regulatory or examining authority (whether governmental or otherwise) any communications, clearing or payment systems, intermediary bank or other system.

### **31. TRANSFER OF UNITS**

Units held by Unitholders may be transferred by an instrument in writing in common form signed by (or, in the case of a body corporate, signed on behalf of or sealed by) the transferor and the transferee. The transferor will be deemed to remain the holder of the Units transferred until the name of the transferee is entered in the relevant Register in respect of such Units.

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.

### **32. CONFLICTS OF INTEREST**

The Manager may from time to time have to deal with competing or conflicting interests of the Fund 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 Fund, as a decision whether or not to make the same investment or sale for the Fund depends on factors such as the cash availability and portfolio balance of the Fund. 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 Fund and vice versa. However, the Manager will use reasonable endeavours at all times to act fairly and in the interests of the Fund 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 Fund, the Manager will endeavour to ensure that securities bought and sold will be allocated proportionately as far as possible among the Fund and the other funds managed by the Manager.

The Manager, their directors and related companies may invest in the 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.

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 Fund. 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 Fund 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.

### **33. REMOVAL OF THE MANAGER**

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

- 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 or if a liquidator or judicial manager is appointed in respect of the Manager; or

- if in the opinion of the Trustee, the Manager fails or neglects after reasonable notice from the Trustee to carry out or satisfy any obligations imposed on the Manager by the Trust Deed. In such an event, the Trustee shall appoint another manager (duly approved as may be required by law for the time being applicable to the Trust Deed) as the new manager Provided Always That nothing in the Trust Deed shall derogate from the rights of the Manager to challenge such decision by the Trustee as set out in the Trust Deed; or
- the Unitholders by an extraordinary resolution duly passed at a meeting of Unitholders (for which purpose Units held or deemed to be held by the Manager shall not be included) shall so decide on a change of Manager; or
- the Authority withdraws its approval of the Manager as manager of the Fund or directs the Trustee to remove the Manager,

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

#### **34. RETIREMENT OF THE MANAGER**

Under the terms of the Trust Deed, the Manager may retire in favour of another manager that is acceptable to the Trustee and the relevant authorities by giving prior notice in writing to that effect to the Trustee. The Trustee shall as soon as practicable and by not more than 30 days after the Manager has indicated its intention to retire, give notice to Unitholders to convene a meeting of Unitholders to approve some other person considered by the Trustee to be suitably qualified to act as manager of the Fund.

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

#### **35. REMOVAL OF THE TRUSTEE**

The Trustee may be removed by notice in writing given by the Manager in any of the following events:

- if the Trustee goes 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; or
- following a material breach of the Trustee's obligations under the Trust Deed which, if the breach is capable of remedy, the Trustee fails to remedy within 30 days (or such number of days as may be required by the Manager and the Trustee) of being specifically required to do so by the Manager, and the Manager is of the opinion and states so in writing to the Trustee that a change of the Trustee is desirable and in the best interests of Holders as a whole; or
- if the Holders by Extraordinary Resolution duly passed at a meeting of Holders shall so decide on a change of Trustee; or
- if the Authority directs that the Trustee be removed.

In any of such events the Manager shall use its best endeavours to appoint another person duly eligible in accordance with Clause 29.3 of the Trust Deed and that is acceptable to the Authority to act as the new trustee of the Fund, and the Trustee shall upon receipt of notice by the Manager execute such deed as required under Clause 29.4 of the Trust Deed.

### **36. 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. Such new trustee shall be a company eligible to be the trustee of the Fund and that is acceptable to the Authority. In the event of the Trustee desiring to retire it shall give notice in writing to that effect to the Manager and the Manager shall use its best endeavours to appoint another person as the new trustee for the Holders in the place of the retiring Trustee upon and subject to the retiring Trustee and such new trustee entering into such deed as required under the Trust Deed. If within a period of three months 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 to appoint a new trustee on the same basis as aforesaid, in writing under the common seal of the Trustee.

### **37. 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 (including any sub-delegates) (hereinafter referred to as “**appointees**” for purposes of this section “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 (received by mail, facsimile, electronic mail or otherwise, including signatures on such documents) 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 facsimile, electronic transmission or otherwise, provided that the Trustee, the Manager, the Registrar or each of their appointees reasonably believed that such signature or seal was authentic.

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 Unitholders, 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 Unitholders in the Fund.

None of the Trustee, the Manager or the Registrar or each of their appointees shall incur any liability to the Unitholders 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 in any case in which the Trustee, the Manager or each of their appointees (as the case may be) have failed to show the degree of diligence and care required of them as trustee and manager and by the provisions of the Trust Deed, exempt them from or indemnify them against any liability for breach of trust or any liability which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default, breach of duty or trust of which they may be guilty in relation to their duties.

Save as otherwise provided in the Trust Deed and to the extent permitted by the Authority and the applicable laws and regulations, the Trustee shall not incur any liability in respect of or be responsible for losses incurred through the insolvency of or any act or omission of any depository or clearing system, broker, financial institution, custodian, sub-custodian, nominee or other person with which the investments of the Fund are or may be deposited. Where the Manager has instructed the Trustee to open account(s) with any bank or other financial institutions in respect of the Fund, to the extent permitted under the applicable laws and regulations, the Trustee shall not be liable for any act or omission of such bank or other financial institutions or any loss occasioned by reason of the liquidation, bankruptcy or insolvency of such bank or other financial institutions.

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 such advice or information may be obtained or sent by letter, 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.

The Trustee or its appointees shall not be in any way responsible for any errors or disputes over any calculation or determination or be under any liability on account of anything done or suffered by the Trustee or its appointees in good faith in accordance with or in pursuance of any advice, request or instruction (including but not limited to any request for subscription or realisation of Units or any advice, request or instruction given by the Manager in relation to the calculation and determination of the Net Asset Value of the Fund, the value of any Deposited Property or any part thereof or any cash amount payable to or by the Participating Dealer in respect of any Application) made by facsimile, electronic mail or telephone and allowed by the Manager including but not limited to any loss arising from the non-receipt of any request for subscription or realisation of Units sent by facsimile or electronic mail notwithstanding the fact that a facsimile transmission report or email confirmation is produced by the originator of such transmission discloses that the transmission was sent.

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. For the avoidance of any doubt, the Trustee shall not be under any liability (save as otherwise provided in the Trust Deed) for any act or omission by the Manager or any of its appointees.

Save as otherwise expressly provided in the Trust Deed, the Manager and the Trustee and any of their appointees shall be entitled for the purpose of indemnity against any action, costs, claims, damages, expenses or demands to which it may be put as the Manager or the Trustee or its appointees and to have

recourse to the assets of the Fund or any part thereof without prejudice to the right of the Trustee to be reimbursed out of the Deposited Property or any part thereof, in relation to any transaction entered into by the Manager or the Trustee or any of their appointees with any third parties or any action taken or omission by the Manager or the Trustee or any of their appointees, in connection with or for or on behalf of the Fund, provided that such transaction entered into or action taken by the Manager or the Trustee or any of their appointees is in accordance with the terms of this Prospectus and the Trust Deed.

The Trustee and its appointees shall not be responsible for: (i) verifying or checking any valuation of any Deposited Property of the Fund or the Net Asset Value of the Fund, any calculation of the prices at which Units are to be issued or realised, any calculation of the cash amount payable to or by the Participating Dealer in respect of any Application, (ii) verifying that a Participating Dealer has the requisite number of Units that are eligible to be redeemed in accordance with the relevant Participation Agreement in respect of a Redemption Application or (iii) the publication of the Net Asset Value per Unit (or the indicative Net Asset Value per Unit) of the Fund by any person including the Manager, except as specifically provided in the Trust Deed.

For the avoidance of doubt, any reference to the Trustee in this paragraph 37 shall be construed to mean the Trustee in its own capacity and, where appropriate, in its capacity as the Registrar of the Fund.

The Trustee, the Manager, any custodian, the Participating Dealers, the market makers for the Fund and 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 form part of the Fund or may be interested in any such contract or transaction provided that any such contract or transaction shall be conducted on an arm's length basis. The Trustee, the Manager, the Custodian, the Participating Dealers, the market makers for the Fund and any such Connected Person shall not be in any way liable to account to the 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 institute, acknowledge service of, appear in, prosecute or defend any action or suit in respect of the provisions of the Trust Deed or in respect of the Deposited Property 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 so requests in writing and the Trustee shall be indemnified out of the Deposited Property to its satisfaction.

Save as otherwise expressly provided in the Trust Deed, the Manager and the Trustee (for purpose of this section, the "**Delegator**") may at their own expense delegate by power of attorney or otherwise to any person, persons, fluctuating body of persons, firm or corporation all or any of the powers, rights, privileges, duties and discretions vested in them by these presents and such delegation may be made upon such terms and conditions and subject to such regulations (including powers to sub-delegate) as the relevant Delegator may think fit and the relevant Delegator shall:-

- (a) exercise reasonable skill, care and diligence in the selection, appointment and monitoring of any such delegate;
- (b) be responsible during the term of appointment of each delegate for satisfying themselves as to the ongoing suitability of such delegate to provide its services;
- (c) remain liable for any act or omission of any delegate, as if the same were the act or omission of the relevant Delegator (save only to the extent that and subject to any applicable laws, the relevant Delegator has failed to exercise the degree of care and diligence required of a manager or trustee (as the case may be) in the selection and appointment of such delegate); and

- (d) shall use reasonable endeavours to recover any loss of Securities and investments arising from any default of a delegate.

The Trustee shall exercise reasonable skill, care and diligence in the selection, appointment and monitoring of any agent, nominee, custodian, co-custodian or sub-custodian appointed by the Trustee to hold any of the investments of the Deposited Property (each a "**Correspondent**") and shall remain liable for any act or omission of any Correspondent as if the same were the act or omission of the Trustee PROVIDED THAT the Trustee shall not be so liable if it has acted in good faith and has exercised reasonable care and skill in the selection, appointment and monitoring of such Correspondent.

Before making any distribution or other payment in respect of any Unit or in respect of the Manager's fee, the Trustee may make such deductions as by the law of the Republic of Singapore or by the law of any other country in which such payment or distribution is made the Trustee is required or entitled to make in respect of any income or other taxes, charges or assessments whatsoever and the Trustee may also deduct the amount of any stamp duties or other governmental taxes or charges payable by it for which it might be made liable in respect of such distribution or payment or any documents signed by it in connection therewith. The Trustee shall not be liable to account to any Unitholder or former Unitholder relating to the Fund for any payment made or suffered by the Trustee in good faith to any duly empowered fiscal authority of Singapore or elsewhere for taxes or other charges in any way arising out of or relating to any transaction of whatsoever nature under the Trust Deed notwithstanding that any such payments ought not to be or need not have been made or suffered.

Under no circumstances will the Trustee nor the Manager be liable 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.

The Trustee shall not be liable for any loss suffered by the Deposited Property of the Fund or any Unitholder of Units for any loss or damage arising from reasons or crisis beyond its control, or the control of any of its employees including without limitation nationalisation, expropriation, acts of war, terrorism, insurrection, revolution, civil interest, riots, strikes, nuclear fusion or acts of God.

The Trustee shall not be liable for any delay to or loss suffered by any Participating Dealer or its customer(s) caused by the creation or redemption of Units being suspended pursuant to the Trust Deed, caused by the CDP being closed or the settlement and clearing of securities in the CDP being disrupted in any way whatsoever, or due to any change (including but not limited to any change of the Index Basket or to the list of the Relevant Exchanges or otherwise) to the Operating Guidelines of the relevant Participation Agreement.

In the absence of fraud and wilful or intentional wrongdoing by the Trustee, the Trustee shall not incur any liability by reason of any loss which any Unitholder may suffer by reason of any depletion in the Net Asset Value of the 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 Trustee and its duly appointed agents shall be entitled to be indemnified out of and have recourse to the Fund in respect of any liabilities, costs, claims or demands which it may suffer arising directly or indirectly from the operation of Clause 12.12 of the Trust Deed and the arrangements referred to in the Trust Deed.

### **38. EXCHANGE CLEARANCE AND SETTLEMENT**

For the purpose of trading on the SGX-ST, a board lot for the Units will comprise 100 Units.

Upon listing and quotation on the SGX-ST, the Units will be traded under the electronic book-entry clearance and settlement system of CDP. All dealings in and transactions of the Units through the SGX-ST will be



effected in accordance with the terms and conditions for the operation of Securities Accounts, as amended from time to time.

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

### **38.1 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 Unitholders 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 <http://cdp.com.sg> 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 Singapore dollars and US dollars, and will be effected for settlement in CDP on a scripless basis. Settlement of trades on a normal "ready" basis on the SGX-ST generally takes place on the third Business Day following the transaction date. CDP holds securities on behalf of investors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with any CDP depository agent. A CDP depository agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

### **38.2 Clearing Fees**

A clearing fee and an SGX access fee for the trading of Units 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). The clearing fee, access fee, instrument of transfer, deposit fee and unit withdrawal fee may be subject to the prevailing GST.

### **38.3 Dual Currency Trading**

The Fund can be traded in two different currency denominations on the SGX-ST, i.e. US dollar and Singapore dollar. Investors can buy and/or sell Units in US\$ or S\$, regardless of the currency in which it was first bought and/or sold.

<b>Currency denomination available for trading</b>	<b>Trading/Counter Name</b>	<b>Stock Code</b>	<b>Traded Currency</b>
Primary Currency (US\$)	PHLP AP DIV REIT US\$	BYI	US\$
Secondary Currency (S\$)	PHLP AP DIV REIT S\$D	BYJ	S\$

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/dualcurrency](http://www.sgx.com/dualcurrency) for more information on dual currency trading.

### **39. TERMINATION**

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

The Fund may be terminated by the Trustee 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 or if a liquidator or judicial manager is appointed in respect of the Manager; or
- (b) in the opinion of the Trustee (and the Trustee shall so state in writing to the Manager) the Manager has ceased to carry on business or has, to the prejudice of Unitholders, failed to comply with any provision of the Trust Deed; or
- (c) any law shall be passed which renders it illegal, impracticable or inadvisable in the opinion of the Trustee to continue the Fund; or
- (d) either the Trustee shall be unable to find a person acceptable to the Authority to act as the new manager after the expiration of 3 months from the removal of the Manager for the time being pursuant to Clauses 29.5 and 29.6 of the Trust Deed or the person nominated by the Trustee as the new manager shall fail to be approved by an Extraordinary Resolution (as defined in the Trust Deed) pursuant to Clause 29.9 of the Trust Deed; or
- (e) the Trustee shall have decided to retire pursuant to Clause 29.2 of the Trust Deed, but after the expiration of 3 months 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 and that is acceptable to the Authority; or
- (f) if the Authority directs the termination of the Fund.

The Trustee may, in its absolute discretion, terminate the Fund under any of the circumstances set out above, by giving 3 months' prior notice in writing to the Manager, save that the Trustee may terminate the Fund forthwith pursuant to paragraphs (a), (c) and (f) above.

The Manager may terminate the Fund if:

- (a) the aggregate Net Asset Value of all Units outstanding in the Fund shall be less than US\$30 million;  
or
- (b) any law is passed which renders it illegal, impracticable or inadvisable in the opinion of the Manager to continue the Fund; or
- (c) in the case where the Manager decides to retire, either the Trustee shall be unable to find a person acceptable to the Authority to act as the new manager after the expiration of three months from the Manager giving the Trustee notice of its intention to retire pursuant to the Trust Deed, or the person nominated by the Trustee as the new manager shall fail to be approved by an extraordinary resolution pursuant to the Trust Deed; or
- (d) the Index is no longer available for benchmarking or the Index licence agreement is terminated and no suitable replacement index is available to the Fund; or
- (e) the Units are no longer listed on the SGX-ST or any other Recognised Stock Exchange; or
- (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); or
- (g) the Authority revokes or withdraws the authorisation of the Fund under the Securities and Futures Act;  
or
- (h) the Manager is unable to find an acceptable person to act as a Participating Dealer or a market maker;  
or
- (i) the Authority directs the termination of the Fund.

The Manager may, in its absolute discretion, terminate the Fund under any of the circumstances set out above, by giving 3 months' prior notice in writing to the Trustee, save that the Manager may terminate the Fund forthwith pursuant to paragraphs (b), (d), (e), (f), (g), (h) and (i) above.

The party terminating the Fund shall give 3 months' prior notice in writing to Unitholders, except where the Manager or the Trustee may forthwith terminate the Fund as set out in the Deed. Any such notice to be given to Unitholders in relation to the termination of the Fund will also be published on the Manager's website and SGXNET.

Further, the Unitholders may at any time authorise termination of the Fund by extraordinary resolution passed at a duly convened Unitholders' meeting.

In the event of termination of the Fund, the Manager shall provide such information, documents and assistance as may be necessary or reasonably requested by the Trustee to enable the Trustee to fulfil its duties and obligations pursuant to the termination of the Fund under the Code.

Upon the Fund being terminated, subject to authorisations or directions (if any) given to it by the Unitholders by extraordinary resolution, the Manager shall arrange the sale of all investments then comprised in the Fund

and such sale shall be carried out and completed in such manner and within such period after the termination of the Fund as the Manager shall consider advisable. The Trustee shall from time to time distribute to the Unitholders 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 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 Fund, the Trustee shall distribute to the Unitholders 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 Unitholder will be required to accept the distribution to him of any assets in specie without his written consent), and subject to the following:

- 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.
- 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 the Fund the amount of which is insufficient to pay US\$0.01 in respect of each Unit.
- The Trustee shall be entitled to retain out of any monies comprised in the 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 Fund or the termination thereof and shall, out of the monies so retained, be indemnified and saved harmless against any such costs, charges, expenses, claims, demands, actions and proceedings.

In the event that the 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 Authority of such termination at least 7 days before the effective date of the termination of the Fund.

#### **40. PERFORMANCE AND BENCHMARK OF THE FUND**

As the Fund was incepted on 20 October 2016, a track record of at least one year is not available.

The benchmark against which the performance of the Fund will be measured is the SGX APAC Ex-Japan Dividend Leaders REIT Index.

#### **41. EXPENSE RATIO**

As the Fund was incepted on 20 October 2016, the Fund's expense ratio is not available.

#### **42. TURNOVER RATIO**

As the Fund was incepted on 20 October 2016, the Fund's turnover ratio is not available.

#### **43. TAXATION**

##### **43.1 Singapore Taxation**

THE DISCUSSION BELOW IS A SUMMARY OF CERTAIN SINGAPORE INCOME TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF UNITS IN THE FUND. THE SUMMARY IS BASED ON THE EXISTING PROVISIONS OF THE RELEVANT TAX LAW AND THE REGULATIONS

THEREUNDER, AND PRACTICES IN EFFECT AS AT THE DATE HEREOF, ALL OF WHICH ARE SUBJECT TO CHANGE AND DIFFERING INTERPRETATIONS, EITHER ON A PROSPECTIVE OR RETROACTIVE BASIS. THE SUMMARY IS NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF ALL THE TAX CONSIDERATIONS RELATING TO A PARTICIPATION IN THE FUND. PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISERS CONCERNING THE TAX CONSEQUENCES OF THEIR PARTICULAR SITUATIONS, INCLUDING THE TAX CONSEQUENCES ARISING UNDER THE LAWS OF ANY OTHER TAX JURISDICTION, WHICH MAY BE APPLICABLE TO THEIR PARTICULAR CIRCUMSTANCES.

With effect from 1 September 2014, the Designated Unit Trust (“**DUT**”) scheme is administered on a self-assessment basis. The Fund must meet the specified conditions of the DUT scheme throughout the basis period for each year of assessment and the Trustee is required to complete and submit a declaration form to the Inland Revenue Authority of Singapore (“**IRAS**”) on an annual basis. The specified conditions of the DUT scheme include the following:-

- (a) the Fund is a collective investment scheme which is authorised under section 286 of the Securities and Futures Act (“**SFA**”) and the units of which are offered to the public for subscription;
- (b) the Fund is not a real estate investment trust or a property trust that invests directly in immovable properties in Singapore;
- (c) the trustee of the Fund is tax resident in Singapore; and
- (d) the fund manager holds a capital markets services licence for fund management under the SFA or is exempt from the requirement to hold such a licence under the SFA, and the Fund is managed in Singapore by that fund manager.

In addition, unless further extended, the DUT scheme will expire on 31 March 2019. Even if the DUT scheme were to expire on 31 March 2019, the Fund may continue to enjoy the DUT status if it continues to meet all the specified conditions of the DUT scheme and the Trustee completes and submits the annual declaration form to the IRAS within the specified time limit. The discussion below is on the premise that the Fund will be able to meet the conditions of the DUT scheme and avail to the benefits of the DUT scheme for the relevant year of assessment. The key aspects relating to the taxation of a DUT are summarised below.

#### **I. Taxation of the Fund**

Under Section 35(12) of the Income Tax Act, Chapter 134, Revised Edition 2014 (“**ITA**”), subject to meeting certain conditions, the following income (hereinafter termed as “**Designated Income**”) will not form part of the statutory income of the Fund and is thus not taxable at the Fund’s level:

- (a) gains or profits derived from Singapore or elsewhere from the disposal of securities;
- (b) interest (other than interest for which tax has been deducted under Section 45 of the ITA);
- (c) dividends derived from outside Singapore and received in Singapore;
- (d) gains or profits derived from:
  - (i) foreign exchange transactions;
  - (ii) transactions in futures contracts;
  - (iii) transactions in interest rate or currency forwards, swaps or option contracts; and

- (iv) transactions in forwards, swaps or option contracts relating to any securities or financial index;
- (e) distributions from foreign unit trusts derived from outside Singapore and received in Singapore;
- (f) fees and compensatory payments (other than fees and compensatory payments for which tax has been deducted under Section 45A of the ITA) from securities lending or repurchase arrangements with certain specified persons;
- (g) rents and any other income derived from any immovable property situated outside Singapore and received in Singapore;
- (h) discount derived from outside Singapore and received in Singapore;
- (i) discount from qualifying debt securities (“**QDS**”) (as defined under Section 13(16) of the ITA) issued during the period from 17 February 2006 to 31 December 2018;
- (j) gains or profits derived from the disposal of debentures, stocks, shares, bonds or notes issued by supranational bodies;
- (k) prepayment fee, redemption premium and break cost from QDS issued during the period from 15 February 2007 to 31 December 2018; and
- (l) such other income directly attributable to QDS issued on or after a prescribed date, as may be prescribed by regulations.

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

Taxable income distribution from Real Estate Investment Trusts (“**REITs**”) listed in Singapore derived by the Fund will generally be subject to tax withheld at source at the prevailing income tax rate, currently 17%. Such taxable income distribution derived by the Fund is a non-Designated Income and will be subject to tax at the prevailing income tax rate, currently 17%, which could be offset by the tax withheld at source. The gains or profits derived by the Fund from the disposal of units in REITs listed in Singapore are Designated Income.

In respect of REITs listed outside Singapore (such as in Hong Kong and Australia), the distributions and gains or profits derived by the Fund from the disposal of units in these REITs are Designated Income.

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

## II. Taxation of Unitholders

### **Unitholders level - Distributions**

The tax treatment of distributions by a DUT in the hands of Unitholders is as follows:

#### **Individuals**

Individuals (whether resident in Singapore or not) are exempt from Singapore income tax on

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

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

## **Non-Individuals**

### *Foreign investors*

All distributions of Designated Income to Unitholders who are “foreign investors” are exempt from Singapore income tax.

A “foreign investor” is defined in Section 10(23) of the ITA as:

- (i) in relation to an individual, an individual who is not resident in Singapore;
- (ii) in relation to a company, a company which is neither resident in Singapore nor carrying on business through a permanent establishment in Singapore, and where not less than 80% of the total number of the issued shares are beneficially owned, directly or indirectly, by persons who are not citizens of Singapore and not resident in Singapore; and
- (iii) in relation to a trust fund, a trust fund where at least 80% of the value of the fund is beneficially held, directly or indirectly, by foreign investors referred to in paragraph (i) or (ii) above and, unless waived by the Minister or such person as he may appoint, where:
  - (A) the fund is created outside Singapore; and
  - (B) the trustees of the fund are neither citizens of Singapore nor resident in Singapore, nor do they carry out duties as such trustees through a permanent establishment in Singapore.

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

Distributions paid by the Fund out of non-Designated Income that is exempt from income tax will be exempt in the hands of foreign investor. Non-Designated Income that is exempt from income tax includes tax exempt distribution from REITs listed in Singapore and Singapore one-tier tax exempt dividend.

### *Other Unitholders*

Other Unitholders (i.e. those who are neither individuals nor foreign investors) are generally subject to Singapore income tax on the gross amount of the distributions paid out of Designated Income by the Fund. Such distributions are deemed to be income of such Unitholder and will be taxed at the Unitholder’s own applicable tax rates. In the case of a corporate Unitholder, the current income tax rate is 17%.

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

Distributions paid by the Fund out of non-Designated Income that is exempt from income tax will be exempt in the hands of such Unitholders.

***Deeming of undistributed Designated Income as taxable income to certain Unitholders***

Under Section 10(20B) of the ITA, any undistributed Designated Income as at the applicable relevant date will be deemed as income taxable on such relevant date in the hands of certain Unitholders under the following scenarios:

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

Section 10(20B) of the ITA applies to the following persons:

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

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

**III. Disposal or redemption of Units**

As the tax treatment depends on the particular situation of the investors, investors should consult their own tax advisors with regard to the tax consequences arising from distribution made by the Fund and gains arising from disposal or redemption of the 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 ITA. 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 ITA.

Unitholders who have not opted out of the tax treatment provided under Section 34A of the ITA (which is applicable to persons who are required to prepare or maintain financial accounts in accordance with Singapore Financial Reporting Standard 39), 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.

Unitholders who may be subject to the tax treatment under Section 34A of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of Units.

The Accounting Standards Council has issued a new financial reporting standard for financial instruments, FRS 109 – Financial Instruments, which will become mandatorily effective for annual periods beginning on or after 1 January 2018. The Ministry of Finance has issued the draft Income Tax (Amendment) Bill 2017 (the “**Draft Bill**”) for public consultation from 19 June 2017 to 10 July 2017. The Draft Bill incorporates proposed legislative amendments to the ITA, including the amendment for the introduction of the tax treatment under FRS 109. Based on the Draft Bill, the tax treatment under FRS 109 largely aligns the tax treatment of financial instruments to the accounting treatment. Unitholders and prospective Unitholders of the Fund should consult their own accounting and tax advisers on the proposed tax treatment to understand the implications and consequences that may be applicable to them.

THE DISCUSSION BELOW PROVIDES A GENERAL OVERVIEW OF THE TAXATION OF DISTRIBUTION AND GAINS ON DISPOSAL OF UNITS IN REITS LISTED IN AUSTRALIA AND HONG KONG RESPECTIVELY THAT MAY BE DERIVED BY THE FUND.

#### **43.2 Australian Taxation**

THIS SUMMARY DOES NOT CONSTITUTE FINANCIAL PRODUCT ADVICE AS DEFINED IN THE CORPORATIONS ACT (CTH) 2001 AND IS CONFINED TO TAXATION ISSUES AND IS ONLY ONE OF THE MATTERS YOU NEED TO CONSIDER WHEN MAKING A DECISION ABOUT YOUR INVESTMENTS. YOU SHOULD CONSIDER TAKING ADVICE FROM A LICENSED ADVISER, BEFORE MAKING A DECISION ABOUT YOUR INVESTMENTS.

THE FOLLOWING TAX COMMENTS ARE BASED ON THE *INCOME TAX ASSESSMENT ACT (CTH) 1936*, *INCOME TAX ASSESSMENT ACT (CTH) 1997*, *NEW TAX SYSTEM (GOODS AND SERVICES TAX) ACT (CTH) 1999*, APPLICABLE CASE LAW AND PUBLISHED AUSTRALIAN TAXATION OFFICE RULINGS, DETERMINATIONS AND ADMINISTRATIVE PRACTICE IN FORCE AS AT THE DATE HEREOF.

AUSTRALIAN TAX LAWS ARE COMPLEX. THIS SUMMARY IS GENERAL IN NATURE AND IS NOT INTENDED TO BE AN AUTHORITATIVE OR COMPLETE STATEMENT OF ALL POTENTIAL TAX IMPLICATIONS FOR THE FUND OR RELIED UPON AS TAX ADVICE. DURING THE PERIOD OF OWNERSHIP OF AUSTRALIAN INVESTMENTS, THE TAXATION LAWS OF AUSTRALIA, OR THEIR INTERPRETATION, MAY CHANGE. THE PRECISE IMPLICATIONS OF OWNERSHIP OR DISPOSAL WILL DEPEND UPON THE FUND’S SPECIFIC CIRCUMSTANCES.

## **Australia taxation of distributions and gains on disposal of units in REITs listed in Australia derived by the Fund**

### **I. Taxation of Australian REITs**

Broadly, Australian REITs are structured as stapled securities comprising shares in an Australian company (“**Australian Company**”) and units in an Australian unit trust (“**Australian Trust**”). For Australian income tax purposes, the company and the trust are separate and distinct entities. Each share in the Australian Company (“**Share**”) and each unit in the Trust (“**Unit**”) will be considered a separate capital gains tax (“**CGT**”) asset.

Typically, the Australian unit trust is established so as to qualify as Managed Investment Trusts (“**MIT**”). Broadly, MITs are widely held unit trusts which satisfy certain regulatory requirements. Such MITs may be entitled to access concessional tax treatment in respect of passive investment activities undertaken within Australia. To the extent that the Australian Trust is not considered to be a MIT, the tax consequences for the Fund may be different from that discussed in the comments below.

If the Australian Trust is a MIT, it would be expected that the Australian Trust will be managed and operated in a manner that enables the Australian Trust to qualify as a MIT. However, it should be noted that the continuing MIT status of the Australian Trust will be subject to factors outside the influence of the Australian Trust, for example the nature of the ultimate beneficiaries of the Australian Trust which may impact on the Australian Trust’s ability to be “widely held” and not closely held.

Generally, where the unitholders of an Australian REIT are presently entitled to all distributable income of the Australian Trust, or are otherwise attributed all of the taxable income, and the Australian Trust holds land primarily for the purposes of deriving rental income, the Australian trust vehicle which is part of the Australian REIT should not itself be subject to Australian income tax.

### **II. Australian income tax treatment of distributions from Australian REITs**

#### **a. Trust distributions**

Distributions from an Australian Trust (which is a MIT) to the Fund will be subject to withholding tax, however the ultimate withholding tax rate will depend on the nature and character of the underlying income or gain. The respective Australian-Singapore withholding tax rates (assuming the Australian Trust is a MIT) for trust distributions are summarised below:

<b>Nature and Character of the Underlying Income/Gain</b>	<b>Australian Withholding Tax Rate</b>
Net rental income	15.0%
Interest income	10.0%
Net capital gain on a disposal of real estate owned by the Australian Trust	15.0%
Tax deferred distributions*	0%

\* Broadly, tax deferred distributions refer to the excess of cash distributions over the taxable income of the Australian Trust. Generally, tax deferred distributions result in a reduction in the capital gains tax cost base of the units in the distributing trust.

## **b. Company distributions**

Payments from an Australian Company to the Fund may be subject to withholding tax however the ultimate withholding tax rate will depend on the nature and character of the payment.

The respective Australian-Singapore withholding tax rates for company payments are summarised below:

<b>Nature and Character of the payment</b>	<b>Australian Withholding Tax Rate</b>
Franked dividend	0%
Unfranked dividend	15.0%* / 30.0%
Interest on shareholder loans	10.0%

\* The dividend withholding tax rate may be reduced to this rate under the Australia-Singapore tax treaty and subject to the ability of the Fund to qualify as a Singapore tax resident for the purposes of the Australia-Singapore tax treaty.

## **III. Australian Capital Gains Tax (CGT) implications for unitholders on a disposal of REIT units**

### **a. Australian capital gains tax**

The following observations are made on the assumption that the Fund holds their investment in Australian REITs solely on “capital” as opposed to “revenue” or “trading” account.

An investor will derive a capital gain on the disposal of their particular Shares/Units where the capital proceeds received on disposal exceeds the CGT cost base of the Shares/Units. An investor will incur a capital loss on the disposal of their particular Shares/Units to the extent that the capital proceeds on disposal are less than the CGT reduced cost base of the Shares/Units.

The CGT cost base of the Share/Unit is broadly the amount paid to acquire the Share/Unit plus any transaction/incidental costs.

A disposal of stapled securities in an Australian REIT by the Fund should be subject to Australian capital gains tax where broadly:

- the market value of the assets of either the REIT entities (i.e. the Australian Company or the Australian Trust) consists of more than 50.0% direct and indirect interests in Australian real property at the time of the disposal; and
- the Fund (on an associate inclusive basis) held 10% or more of the Units or Shares throughout a 12 month period that began no earlier than 24 months before the time of disposal.

Capital gains tax will arise only in respect of the securities held in a particular REIT vehicle which satisfies both of the above conditions.

The disposal of interests by the Fund may also give rise to an Australian CGT if an interest in the Fund would satisfy the above two conditions and depending upon the level of interests held by the Fund in Australian landholding entities.

The rate of withholding tax which would be applied by the Australian trustee would depend on the profile of the Fund but is broadly 47.0% in respect of the Fund unless certain reduced rates apply.

## **b. Australian withholding tax**

A 12.5% non-final withholding tax applies on the disposal of certain 'taxable Australian property' assets by foreign residents effective for income years starting on or after 1 July 2017. This non-final withholding tax rate was previously 10% in respect of income year starting 1 July 2016 to 30 June 2017. The payer (i.e. purchaser) in a transaction may have an obligation to withhold 12.5% of the proceeds where the vendor of a 'taxable Australian property' asset is not known to hold a less than 10.0% interest in the Australian Trust. However, certain transactions are excluded from this regime including transactions which are undertaken on an approved stock exchange such as the Singapore Stock Exchange or the Australia Stock Exchange.

It is envisaged that to the extent that the stapled securities are considered to be 'taxable Australian property' and the Units or Shares are held by the Fund (i.e. a foreign resident), an obligation to withhold may arise to a new purchaser in certain circumstances.

## **IV. Australia Goods & Services Tax ("GST")**

GST is a broad-based tax levied on the supplies of most goods, services and other items sold or consumed in Australia. The standard rate of GST in Australia is 10.0%.

No Australia GST should be payable in respect of dividends and unit trust distributions paid to the Fund.

Investors should seek their own advice on the impact of the Australia GST in their own particular circumstances.

## **V. Stamp Duty**

The acquisition of interests in the underlying Australian REITs may give rise to liability to stamp duty in an Australian State or Territory depending upon whether the Australian REIT is a landholder (as defined) in a particular State or Territory and whether the acquisition thresholds are exceeded (these thresholds vary from \$0.5m to \$2.0m) depending upon the State or Territory. Rates of stamp duty vary from 4.5% to 5.75% depending upon the State or Territory. The acquisition of interests in the Fund may give rise to a liability to stamp duty in an Australian State or Territory where the Fund holds a sufficient interest in an Australian REIT and that Australian REIT is a landholder for the stamp duty purposes of that Australian State or Territory.

### **43.3 Hong Kong Taxation**

THIS HONG KONG TAX DISCLOSURE IS GENERAL IN NATURE AND DOES NOT PURPORT TO COVER ALL HONG KONG TAX CONSEQUENCES IN RELATION TO THE INVESTMENTS OF THE FUND. THE SUMMARY IS BASED ON THE EXISTING PROVISIONS OF THE RELEVANT TAX LAW AND THE REGULATIONS THEREUNDER, AND PRACTICES IN EFFECT AS AT THE DATE HEREOF, ALL OF WHICH ARE SUBJECT TO CHANGE AND DIFFERING INTERPRETATIONS, EITHER ON A PROSPECTIVE OR RETROACTIVE BASIS.

THIS SUMMARY IS GENERAL IN NATURE AND IS NOT INTENDED TO BE AN AUTHORITATIVE OR COMPLETE STATEMENT OF ALL POTENTIAL TAX IMPLICATIONS FOR THE FUND OR RELIED UPON AS TAX ADVICE. DURING THE PERIOD OF OWNERSHIP OF HONG KONG INVESTMENTS, THE TAXATION LAWS OF HONG KONG, OR THEIR INTERPRETATION, MAY CHANGE. THE PRECISE IMPLICATIONS OF OWNERSHIP OR DISPOSAL WILL DEPEND UPON THE FUND'S SPECIFIC CIRCUMSTANCES.

## **Hong Kong taxation of distributions and gains on disposal/redemption of units in REITs listed in Hong Kong derived by the Fund**

### Profits tax

It is understood that, under the Inland Revenue Department's current practice, tax should not be payable in Hong Kong in respect of distributions made by Real Estate Investment Trusts (REITs) listed in Hong Kong payable to their unitholders, including the Fund.

Gains/profits arising from the disposal/redemption of an investment in the units of REITs listed in Hong Kong will not be subject to Hong Kong profits tax unless the Trustee, as the trustee of the Fund, carries on a trade or business of investing in securities in Hong Kong and where such gains/profits are not being regarded as capital in nature.

### Stamp duty

The sale and purchase of units in the REITs listed on the Hong Kong Stock Exchange by the Fund will attract Hong Kong stamp duty at the current rate of 0.1% on the stated consideration or fair market value, whichever is higher. The seller and the purchaser will each be liable for the Hong Kong stamp duty payable upon such transfer (i.e. 0.2% in total). In addition, a fixed duty of HK\$5 is currently payable on an instrument of transfer of such units, if any.

## **44. MISCELLANEOUS INFORMATION**

### **44.1 Online publication of dealing prices**

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

### **44.2 Information on the Internet**

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

- this Prospectus and the Product Highlights Sheet (as may be updated, replaced or supplemented from time to time);
- the latest available annual and semi-annual financial reports of the Fund (once available);
- any removal or retirement of the Manager;
- any public announcements made by the Fund, including information with regard to the Index, notices of the suspension of the calculation of the Net Asset Value, changes in fees and the suspension and resumption of trading, 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 Fund.

Material information on the Index will be available on the website of the Index Provider at [www.sgx.com/indices](http://www.sgx.com/indices).

### **44.3 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 or the 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.

### **44.4 Queries and Complaints**

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

*The information presented in Appendices I and II have been provided by the 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 Appendices. Any liability for errors or omissions in the Appendices, 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 Appendices or any information contained therein.*

## **APPENDIX I – CONSTITUENT WEIGHTINGS OF THE INDEX**

As at 30 August 2017, the constituent REITs of the SGX APAC Ex-Japan Dividend Leaders REIT Index are:-

<b>No.</b>	<b>Index Security</b>	<b>Exchange</b>	<b>Weighting (%)</b>
1	Link Real Estate Investment Trust	Hong Kong Stock Exchange	11.36
2	Scentre Group	Australia Securities Exchange	8.73
3	Stockland Corporation Limited	Australia Securities Exchange	7.94
4	Westfield Corp.	Australia Securities Exchange	7.71
5	Goodman Group	Australia Securities Exchange	6.00
6	Vicinity Centres	Australia Securities Exchange	5.93
7	Mirvac Group	Australia Securities Exchange	5.61
8	Ascendas Real Estate Investment Trust	Singapore Exchange	5.10
9	GPT Group	Australia Securities Exchange	4.89
10	CapitaLand Mall Trust	Singapore Exchange	3.96
11	Suntec Real Estate Investment Trust	Singapore Exchange	3.32
12	CapitaLand Commercial Trust	Singapore Exchange	2.93
13	Hui Xian Real Estate Investment Trust	Hong Kong Stock Exchange	2.57
14	Mapletree Industrial Trust	Singapore Exchange	2.05
15	Mapletree Greater China Commercial Trust	Singapore Exchange	1.99
16	Mapletree Commercial Trust	Singapore Exchange	1.98
17	Keppel REIT	Singapore Exchange	1.75
18	Mapletree Logistics Trust	Singapore Exchange	1.74
19	Investa Office Fund	Australia Securities Exchange	1.67
20	Champion REIT	Hong Kong Stock Exchange	1.47
21	Charter Hall Group	Australia Securities Exchange	1.41
22	Shopping Centres Australasia Property Group	Australia Securities Exchange	1.31
23	CDL Hospitality Trusts	Singapore Exchange	1.26
24	BWP Trust	Australia Securities Exchange	1.20
25	Charter Hall Retail REIT	Australia Securities Exchange	1.19
26	Ascott Residence Trust	Singapore Exchange	1.04
27	Cromwell Property Group	Australia Securities Exchange	1.01
28	Starhill Global Real Estate Investment Trust	Singapore Exchange	0.99
29	Frasers Centrepoint Trust	Singapore Exchange	0.96
30	Cache Logistics Trust	Singapore Exchange	0.93

Source: SGX Index Edge

## **APPENDIX II – THE SGX APAC EX-JAPAN DIVIDEND LEADERS REIT INDEX**

This Appendix sets out the details of the SGX APAC Ex-Japan Dividend Leaders REIT Index.

(i) Description of the Index

The Index is designed to track the performance of 30 highest total dividend-paying REITs in the Asia Pacific Ex-Japan region subject to size, free-float market capitalisation and liquidity constraints. Index Securities are ranked and weighted by total dividends, where total dividends refer to each Index Security's trailing 12 month dividends per share (in US\$) multiplied by the free-float number of outstanding shares.

(ii) Index methodology

The entire Asia-Pacific Ex-Japan REIT universe is screened for factors such as size, free-float and liquidity so as to arrive at a tradable and liquid basket. The liquid basket is then refined further by selecting the top 30 stocks ranked by total dividends paid in order to form the Index. The Index itself is then weighted by total dividends paid such that stocks with the larger total dividend paid have a greater weight within the index.

Additional information in respect of the Index can be found at the Index Provider's website at [www.sgx.com/indices](http://www.sgx.com/indices).

(iii) Characteristics and composition of the Index

The 30 REITs comprised in the Index are listed in Appendix I and the characteristics and criteria for Index additions are set out in paragraph 5 of this Prospectus.

(iv) Maintenance of the Index

The Index will be reviewed semi-annually on the Index Review Date.

(v) Constituents of the Index

Please refer to Appendix I for the 10 largest constituents in the Index.

(vi) Index publication

Index values will be available via major data vendors including Bloomberg and Thomson Reuters. In addition, index values, methodology and factsheet can be retrieved from SGX's Index Webpage: [www.sgx.com/indices](http://www.sgx.com/indices). Subscribers to index data will also receive end-of-day reports, containing index levels and constituent information.

(vii) Strategies used by the Fund to track the Index

In managing the Fund, the Manager may adopt either a Replication Strategy or a Representative Sampling Strategy. 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 the Fund.

Using a Replication Strategy, the Fund will invest in substantially all the Index Securities in substantially the same weightings (i.e. proportions) as the 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.



Using a Representative Sampling Strategy, the 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 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.

(viii) Tracking error

The Fund may experience tracking error where its performance does not fully track the performance of the Index. Factors such as the fees and expenses of the Fund, imperfect correlation between the Fund's assets and the Index Securities constituting the Index, rounding of REIT prices, changes to the Index and regulatory policies may affect the Manager's ability to achieve close correlation with the performance of the Index. The Fund's returns may therefore deviate from the Index and there is no assurance that the Fund will be able to fully track the performance of the Index. A Replication Strategy is adopted to minimise tracking error, by investing the Fund's assets in substantially the same weightings as the Index. Re-investing the cash dividends received for the REIT holdings of the Fund is also done to keep the Fund's cash holdings to a low level that is operationally optimal while minimising tracking error. The Fund may invest in REITs which are not constituents of the Index by using the Representative Sampling Strategy. The Manager will endeavour to manage the tracking error if the Representative Sampling Strategy is used.

(ix) Conflicts of interests

SGX Index Edge, as the Benchmark Administrator, is entirely independent of the Manager and no conflicts of interest exist.

(x) Circumstances affecting the calculation of the Index

Unforeseen technical matters, unscheduled corporate events or erroneous data of index constituents could potentially disrupt the availability, accuracy and completeness of Index information. SGX refers to the SGX Index Restatement Policy and Framework for remedial action where accuracy and completeness may be compromised.

(xi) Concentration in a particular market / sector

The Index Securities comprise of REITs in the Asia Pacific Ex-Japan region and may be less diversified compared to a fund investing in REITs globally. To the extent that a property sector or a geographical region in which the Index Securities are concentrated in falls out of favour, the Fund's performance may be negatively affected. Please refer to Appendix I for more information on the constituent REITs and their weighting in the Index.

(xii) Index composition may change

The Index is rebalanced on a semi-annual basis on the Index Review Date. Results of each index rebalance are published two weeks prior to the effective date, giving sufficient time for the appropriate parties to prepare for such changes (if any). In between Index Review Dates, corporate events, such as mergers and acquisitions, may cause a change in index composition. In such circumstances, a notification will be provided five Business Days in advance prior to the implementation of any changes.

(xiii) Lack of discretion of the Manager

The Index Securities held by the Fund will passively reflect the distribution of REITs which are included in the Index. Therefore, adverse changes in the financial condition or performance of any REIT included in the Index will not result in the sale of the REIT by the Fund, and will be likely to adversely affect the Fund's Net Asset Value and the trading price of the Units. The Manager will have limited

discretion to remove the REIT from the Fund insofar as such REIT remains an Index Security.

(xiv) Licensing condition

The Manager has been granted a licence by the Index Provider to use the Index in connection with the operation, marketing and promotion of the Fund. The 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 REIT exposure as the Index.

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

(xv) Contingency Plan

SGX will follow the protocols established within the SGX Index Services Policy for Index Methodology Changes and Index Cessation and thereby allow the Manager sufficient time to transition to a new index.

In the event that the Index is no longer available for use by the Fund, the Manager will source for a suitable replacement index that gives, in the opinion of the Manager, the same or substantially similar REIT exposure as the Index. Any such replacement index will be notified to Unitholders via SGXNET. Accordingly investors should note that the ability of the 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.

**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 Private Equity Pte Ltd
Phillip Securities Pte Ltd	
Phillip Strategy Pte Ltd	
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	
Phillip Ventures Enterprise Fund Limited	
PhillipCapital Japan Residential Fund Ltd	
Phillip Ventures Enterprise Fund 2 Ltd	
Phillip Ventures Enterprise Fund 3 Ltd	
Walker Crips Stockbrokers Limited	
Phillip Life Pte Ltd	
Phillip Enterprise Fund Limited	
Phillip Life Assurance Public Company Limited	
Phillip Bank Plc	
Phillip Ventures Enterprise Fund 5 Ltd	
KREDIT Microfinance Institution Plc	
Phillip UK Holdings Limited	
<b>Jeffrey Lee Chay Khiong</b>	
Phillip Capital Management (S) Ltd	
Phillip Tokai Tokyo Investment Management Pte. Ltd.	Phillip Asset Management Company Limited
Phillip Asset Management Company Limited (as alternate director)	Phillip Mutual Berhad
Phillip Mutual Berhad (as alternate director)	
<b>Linus Lim Wen Sheong</b>	
Phillip UK Holdings Limited	

<b>Current Directorships</b>	<b>Past Directorships of last 5 Years</b>
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 Ltd.	
Phillip Private Equity Pte. Ltd.	
Phillip Capital Management (S) Ltd	
Cyberquote Pte Ltd	
Poems Pte Ltd	
King & Shaxson Capital Limited	
Phillip Securities (UK) Nominees Ltd	
<b>Lee Ken Hoon</b>	
Phillip Capital Management (S) Ltd	
<b>Lim Wah Sai</b>	
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	
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	Ford Glory Group Holdings Limited
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 SGX APAC DIVIDEND LEADERS REIT ETF  
PROSPECTUS**

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

Signed:



Lim Hua Min  
Director

Signed:



Jeffrey Lee Chay Khiong  
Director

Signed:



Linus Lim Wen Sheong  
Director

Signed:



Lee Ken Hoon  
Director

Signed:



Lim Wah Sai  
Director

Signed:



Louis Wong Wai Kit  
Director