

## **United SGD Fund (the “ILP Sub-Fund”)**

**This Fund Summary should be read in conjunction with the Product Summary**

### **Information on the Manager**

#### The Investment Manager

The Managers are UOB Asset Management Ltd (“UOBAM”), whose registered office is at 80, Raffles Place, UOB Plaza, Singapore 048624.

UOBAM is a wholly-owned subsidiary of UOB Group. Established in 1986, UOBAM has been managing collective investment schemes and discretionary funds in Singapore for 26 years and as of 31 January 2012 manages about S\$18.18 billion in clients’ assets. UOBAM also has investment operations in Malaysia and Thailand.

UOBAM offers global investment management expertise to institutions, corporations and individuals, through customised portfolio management services and unit trusts. As at 31 January 2012, UOBAM manages 51 unit trusts in Singapore, with total assets of about S\$3.12 billion under management. UOBAM is one of the largest unit trust managers in Singapore in terms of assets under management

### **Other Parties**

There are no other parties who advise the Investment Manager in the management of the ILP sub-fund.

### **Structure of ILP Sub-Fund**

The ILP Sub-Fund is a feeder fund investing all or substantially all of its assets in the underlying United SGD Fund (“Sub-Fund”).

### **Investment Objectives, Focus & Approach**

#### Investment Objective

The investment focus of the Sub-Fund is to invest substantially all its assets in money market and short term interest bearing debt instruments and bank deposits with the objective of achieving a yield enhancement over Singapore dollar deposits.

#### Investment focus and approach

The Managers’ research process is fundamental and valuation driven, and bottom-up in approach. They have a team of credit analysts for both Singapore fixed income issuers and high grade corporate issuers in the developed markets. This benefits their Singapore credit research efforts as many high grade foreign issuers have issued Singapore-dollar denominated securities.

For Singapore, Asia and emerging markets, the Managers’ team of credit analysts conducts a detailed credit analysis that evaluates industry outlook, business review, financial review, management expertise, strength of ownership and specific debt structure. This results in an implied rating score. Relative valuation will determine corporate credit selection. For rated issuers, mainly US/Europe high grade issuers, to supplement the fundamental analysis by their G10 credit team, the Managers have implemented a quantitative credit risk approach based from the KMV model. This model uses the Merton option framework to calculate the implied asset volatility or the Expected Default Frequency (EDF) of any corporate bond issue. Other inputs include an asset correlation database, which is generated from a proprietary risk management system. Together, the model will calculate the return-expected loss trade off for any corporate bond issue.

## Risks

The following are among the risks specific to the Sub-Fund:

### A. General Risks

- A.1 Investors should consider and satisfy themselves as to the risks of investing in the Sub-Fund. Generally, some of the risk factors that should be considered by investors are market risks, interest rate risks, foreign exchange risks, political risks, repatriation risks, liquidity risks and derivatives risks.
- A.2 Investment in the Sub-Fund is meant to produce returns over the long term and investors should not expect to obtain short-term gains from such investment.
- A.3 Investors should be aware that the price of Units and the income from them may fall or rise. Investors may not get back their original investment.

### B. Specific Risks

#### B.1 Market Risk

Investors in the Sub-Fund should consider and satisfy themselves as to the usual risks of investing and participating in publicly traded securities. Prices of securities may go up or down in response to changes in economic conditions, interest rates and the market's perception of securities which in turn may cause the price of Units to rise or fall.

#### B.2 Foreign Exchange Risk

The Sub-Fund is denominated in Singapore dollars. Where investments are made by the Sub-Fund in the form of foreign currency denominations, fluctuations in the exchange rates of other currencies against the base currency of the Sub-Fund may affect the value of Units. In the management of the Sub-Fund, the Managers adopt an active currency management approach. However, the foreign currency exposure of the Sub-Fund may not be fully hedged depending on the circumstances of each case. Such considerations shall include but are not limited to the outlook on the relevant currency, the costs of hedging and the market liquidity of the relevant currency.

#### B.3 Political Risk

The investments of the Sub-Fund may be adversely affected by political instability as well as exchange controls, changes in taxation, foreign investment policies, restrictions on repatriation of investments and other restrictions and controls which may be imposed by the relevant authorities in the relevant countries.

#### B.4 Derivatives Risk

As the Sub-Fund may invest in derivatives for efficient portfolio management or hedging purposes, it will be subject to risks associated with such investments. These derivatives include foreign exchange forward contracts and equity index future contracts. Investments in derivatives may require the deposit of initial margin and additional deposit of margin on short notice if the market moves against the investment positions. If no provision is made for the required margin within the prescribed time, the Sub-Fund's investments may be liquidated at a loss. Therefore, it is essential that such investments in derivatives are monitored closely. The Managers have the necessary controls for investments in derivatives and have in place systems to monitor the derivative positions for the Sub-Fund.

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

## Fees and Charges

In addition to the fees and charges shown in the Product Summary, the following fees are also payable through deduction from the asset value of the ILP sub-fund:

Payable out of the Sub-Fund to the Managers, the Trustee and other parties	
Annual Trustee fee <sup>1</sup>	Currently below 0.05%, maximum 0.1%; Subject to a maximum of S\$45,000 per annum.
Annual registrar's fees	Based on a tiered structure <sup>2</sup>
Annual Valuation and Accounting fee (payable to the Managers)	Subject to agreement between the relevant parties
Audit fee <sup>3</sup> (payable to the auditors), custodian fee <sup>4</sup> (payable to the Custodian) and other fees and charges <sup>5</sup>	Subject to agreements with the relevant parties. Each fee or charge may exceed 0.1% per annum depending on the proportion that each fee or charge bears to the net asset value of the Fund.

Notes:

<sup>1</sup> *The Trustee Fee shall be paid by the Managers out of the Management Fee.*

<sup>2</sup> *Based on the following tiers (calculated based on the month-end assets under management), the annual registrar fee (payable to the Registrar) is as follows:-*

- i. Less than S\$5,000,000 = nil*
- ii. Between S\$5,000,000 to S\$10,000,000 = S\$6,000 p.a.*
- iii. Between S\$10,000,000 to S\$25,000,000 = S\$10,000 p.a.*
- iv. Between S\$25,000,000 to S\$50,000,000 = S\$15,000 p.a.*
- v. Between S\$50,000,000 to S\$100,000,000 = S\$30,000 p.a.*
- vi. Greater than S\$100,000,000 = S\$60,000 p.a.*

<sup>3</sup> *The audit fee payable is subject to agreement with the auditors of the Sub-Fund for each financial year.*

<sup>4</sup> *The custodian fee payable is subject to agreement with the custodian and will depend on the number of transactions carried out and the place at which such transactions are effected in relation to the Sub-Fund.*

<sup>5</sup> *Other fees and charges include goods and services tax, administration fees, printing and stationery costs, legal and professional fees, service charges and other out-of-pocket expenses. Based on the net asset value of the Sub-Fund as at 31 March 2010, the Managers anticipate that none of the foregoing fees and charges for the current financial year (on the assumption that such fees and charges would be similar to that incurred in the previous financial year) would exceed 0.1% p.a. of the net asset value of the Sub-Fund.*

**Past Performance<sup>6</sup> and Benchmark of the Sub-Fund:** as at 31 March 2012

**NOTE: PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE.**

### Cumulative Performance and Benchmark of the Sub-Fund

Sub-Fund / Benchmark	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception*
United SGD Fund	2.15%	20.03%	24.41%	38.26%	54.69%
SIBID	0.20%	0.86%	4.03%	12.53%	22.56%

### Annualised Performance and Benchmark of the Sub-Fund

Sub-Fund / Benchmark	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception *
United SGD Fund	2.15%	6.28%	4.46%	3.29%	3.21%
SIBID	0.20%	0.28%	0.79%	1.19%	1.49%

Source: Lipper

\* *United SGD Fund* :Incepted on 19 June 1998

<sup>6</sup> *Performance shown in fund currency and calculated before sales charges are deducted. Fees and charges payable through deduction of premium or cancellation of units are excluded in deriving the performance. Performance is calculated on the assumption that all dividends and distributions are reinvested, taking into account all charges which would have been payable upon such reinvestment.*

### Expense Ratio and Turnover Ratio of the Sub-Fund

Sub-Fund	Expense Ratio	Turnover Ratio
United SGD Fund	0.59%	108.16%

The expense and turnover ratios stated in the table above are for the 12 months ended 31 December 2011.

The expense ratio excludes brokerage and other transaction costs, performance fee, foreign exchange gains and losses, front or back-end loads arising from the purchase or sale of other funds and tax deducted at source or arising from income received.

### Soft Dollar Commissions or Arrangements

The Managers may from time to time receive or enter into soft-dollar commissions or arrangements in the management of the relevant Sub-Fund. The soft-dollar commissions or arrangements which the Managers may receive or enter into include specific advice as to the advisability of dealing in, or of the value of any investment, research and advisory services, economic and political analyses, portfolio analyses including valuation and performance measurement, 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 custodian service in relation to the investments managed for clients.

Soft-dollar commissions received shall not include travel, accommodation, entertainment, general administrative goods and services, general office equipment or premises, membership fees, employees' salaries or direct money payment. The Managers may not accept or enter into soft-dollar commissions or arrangements in respect of the Sub-Fund unless such soft-dollar commissions or arrangements shall reasonably assist them in their management of the Sub-Fund, provided that the Managers shall ensure that at all times the transactions are executed on the best available terms taking into account the relevant market at the time for transactions of the kind and size concerned, and that no unnecessary trades are entered into in order to qualify for such soft-dollar commissions/arrangements.

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

### Conflicts of Interest

The Managers are of the view that there are no conflicts of interest in managing their other funds and the Sub-Fund (United SGD Fund) because of the following structures that are in place:-

- Investment decisions for each fund are made impartially. There are no preferred customers or funds and all accounts are treated equally.

- All investment ideas are shared equally among the fund managers of the Managers.
- UOB Asset Management Ltd subscribes to the Code of Ethics and the Standards of Professional Conduct as prescribed by the Chartered Financial Analyst Institute (“**CFA Institute**”) in U.S.A. CFA Institute is the primary professional organization for security analysts, investment managers and others who are involved in the investment decision-making process. All Certified Financial Analyst charter holders of CFA Institute and candidates, who are in pursuit of the charter, including those from Singapore, are expected to comply with CFA Institute standards. The Code of Ethics and the Standards of Professional Conduct are in place to ensure high ethical and professional standards of the investment professionals as well as fair treatment to the investing public. Despite the possible overlap in the scope of investments, none of the funds are identical to one another and investment decisions are made according to the individual risk return characteristic of the fund.
- Investment decisions for each fund are made impartially. There are no preferred customers or funds and all accounts are treated equally.
- The Managers’ usual fair and unbiased practice is to allocate investment between various funds which place the same orders simultaneously on a pro rata basis. However, should any potential conflicts of interest arise from a situation of competing orders for the same securities, the Managers adopt an average pricing policy whereby orders that are partially fulfilled on a particular day shall be allotted proportionately among the funds based on their respective initial order size and such quantity allotted shall be at the average price of such investments on that particular day.

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

### **Specialised ILP Sub-Fund**

The ILP Sub-Fund is not a specialised fund as set out in the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore.

### **Suspension of Dealing**

Suspension of dealing at ILP Sub-Fund level usually occurs when the Sub Fund is suspended from dealing.

The following relates to the Sub-Fund:

The Managers may at any time, with the prior written approval of the Trustee, suspend the issuance and realisation of Units in the Sub-Fund:-

- during any period when any Recognised Stock Exchange for any material proportion of the Investments for the time being constituting the Deposited Property of the Sub-Fund is closed otherwise than for ordinary holidays; or
- during any period when dealings on any such Recognised Stock Exchange are restricted or suspended; or
- during any period when, in the opinion of the Managers, there exists any state of affairs as a result of which withdrawal of deposits held for the account of the Sub-Fund or the realisation of any material proportion of the Investments for the time being constituting the Deposited Property of the Sub-Fund cannot be effected normally or without seriously prejudicing the interests of Holders as a whole; or
- during any period when in the opinion of the Managers, there is a breakdown in the means of communication normally employed in determining the value of any of the Investments or the amount of any cash for the time being comprised in the Deposited Property of the Sub-Fund or the amount of any liability of the Trustee for account of the Sub-Fund or when for any other reason the value of any such Investments or the amount of any such cash or liability cannot be promptly and accurately ascertained; or
- during any period when, in the opinion of the Managers, the transfer of funds which will or may be involved in the realisation of any material proportion of the Investments for the time being constituting the Deposited Property of the Sub-Fund cannot be effected promptly at normal rates of exchange; or
- if during any particular day the requests for realisation of Units exceed 10 per cent of the Units of the Sub-Fund in issue and deemed to be in issue; or

- (vii) during any 48 hour period (or such other longer period as the Managers and the Trustee may agree) prior to the date of any meeting of Holders (or any adjourned meeting thereof); or
- (viii) during any period when the dealing of Units is suspended pursuant to any order or direction issued by the Authority; or
- (ix) during any period when the business operations of the Managers or the Trustee in relation to the operations of the Sub-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.

Such suspension shall take effect forthwith upon the declaration in writing thereof to the Trustee by the Managers or vice versa (as the case may be) and shall terminate on the day following the 1st Business Day on which the condition giving rise to the suspension shall have ceased to exist and no other conditions under which suspension is authorised above shall exist upon the declaration in writing thereof by the Managers or the Trustee (as the case may be).

For the purposes of this paragraph, the “material proportion” of the Investments means such proportion of the Investments which when sold would in the opinion of the Managers in consultation with the Trustee cause the value of the Deposited Property of the Sub-Fund to be significantly reduced.

Any payment for any Units realised before the commencement of any such suspension but for which payment has not been made before the commencement thereof may, if the Managers and the Trustee so agree, be deferred until immediately after the end of such suspension.