

## Singapore Prospectus

# Principal S&P Ethical Asia Pacific Dividend ETF

**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 29 August 2011 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 Principal S&P Ethical Asia Pacific Dividend ETF (the “**Fund**”) which may be issued from time to time. Such permission has been granted by the SGX-ST and the units have been admitted to the Official List 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 admission to the Official List of the SGXST is not to be taken as an indication of the merits of the Fund or its units or of Principal Asset Management (S) Pte Ltd (the “**Manager**”).

**See “Risk Factors” commencing on page 14 of this Prospectus for a discussion of certain factors to be considered in connection with an investment in the Units.**

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**See "Risk Factors" commencing on page 14 of this Prospectus for a discussion of certain factors to be considered in connection with an investment in the Units.**

**PRINCIPAL S&P ETHICAL ASIA PACIFIC DIVIDEND ETF**

*a Singapore unit trust authorised under*

*Section 286 of the Securities and Futures Act 2001*

**PROSPECTUS**

**(Registered by the Monetary Authority of Singapore on 9 February 2024)**

**MANAGER**

**PRINCIPAL ASSET MANAGEMENT (S) PTE LTD**

**PRINCIPAL S&P ETHICAL ASIA PACIFIC DIVIDEND ETF**

**DIRECTORY**

**MANAGER**

Principal Asset Management (S) Pte Ltd  
(Company Registration No. 200607208K)  
50 Raffles Place  
#22-03A & B Singapore Land Tower  
Singapore 048623

**TRUSTEE**

Citicorp Trustee (Singapore) Limited  
(Company Registration No. 199604601H)  
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Level 5  
Singapore 486027

**CUSTODIAN**

Citibank, N.A., Singapore Branch  
5 Changi Business Park Crescent  
Level 5  
Singapore 486027

**AUDITORS**

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One Raffles Quay  
North Tower, Level 18  
Singapore 048583

**SOLICITORS TO THE MANAGER**

Chan & Goh LLP  
8 Eu Tong Sen Street  
#24-93 The Central  
Singapore 059818

**SOLICITORS TO THE TRUSTEE**

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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 collectively and individually accept full responsibility for the accuracy of information given in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, this Prospectus constitutes full and true disclosure of all material facts about the Fund and the directors are not aware of any facts the omission of which would make any statements in this Prospectus misleading. Where information in this Prospectus has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Prospectus in its proper form and context.

The collective investment scheme offered in this Prospectus, the Fund, is an authorised scheme under the Securities and Futures Act 2001 (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.

**Indonesia** - This Prospectus and the information contained therein are private and confidential and are for the use solely of the person to whom such materials are addressed. The offering of the Units in the Fund will be conducted in a manner which constitutes a private offering of securities under applicable laws and regulations of the Republic of Indonesia.

**Malaysia** - No offer or invitation to purchase the Units may be or will be made to the public in Malaysia. These Units will only be offered or sold to qualified investors in accordance with the Capital Markets and Services Act 2007.

**Hong Kong** - The Fund, which has not been authorised by the Securities and Futures Commission of Hong Kong (the “**SFC**”) for distribution in Hong Kong, shall not be offered or sold and will not be offered or sold in Hong Kong at any time other than to (i) persons outside Hong Kong, and (ii) persons in Hong Kong

who are "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "**SFO**") and any rules made thereunder. No one may issue in Hong Kong any advertisement, invitation or document relating to the Fund which is or contains an invitation to the public to subscribe for the Units of the Fund (unless the issue is authorised by the SFC under the SFO or an exemption applies). The contents of this Prospectus have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this Prospectus, you should obtain independent professional advice.

**United States** - The Units have not been registered with the United States Securities and Exchange Commission under the United States Securities Act of 1933 (the "**Securities Act**") and may not be directly or indirectly offered or sold in the United States or to any U.S. person (as defined in Regulation S under the Securities Act), except pursuant to an exemption from the registration requirements under the Securities Act. Neither the unit trust nor the Fund is registered with the United States Securities and Exchange Commission as an investment company under the United States Investment Company Act of 1940. This Prospectus does not constitute and should not be construed as an offer, invitation or recommendation to apply for Units in the Fund in the United States or in any state, country or jurisdiction where such an offer, invitation or recommendation may not be lawfully made.

No person has been authorised to give any information or to make any representation in connection with the offering of Units other than those contained in this Prospectus, and the reports referred to in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by the Manager. To reflect material changes, this Prospectus may be updated from time to time and investors should investigate whether any more recent Prospectus is available. Investors should note that any amendment or supplement to, or replacement of, this Prospectus will be posted on the Manager's website (<https://www.principal.com.sg/en/etf-sg>).

## **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 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 such number of Units or whole multiples thereof as specified in this Prospectus or such other number of Units from time to time determined by the Manager and notified to 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).

“Cancellation Compensation” means an amount payable by a Participating Dealer 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 1967 (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 whole multiples thereof) in exchange for Index Securities and/or the cash equivalent of the Index Securities where applicable or other securities as may be approved by the Manager, constituting the Application Basket and any applicable Cash Component.

“Custodian” means Citibank, N.A., Singapore Branch 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 is determined by the Manager to be made for the purpose of 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.

“EIP” means an Excluded Investment Product (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

“Extension Fee” means any fee payable by a Participating Dealer in accordance with the Operating Guidelines because of the extension of any settlement period.

“Fund” means the Principal S&P Ethical Asia Pacific Dividend ETF.

“Income” means all interest, dividends and other sums deemed by the Manager, (after consulting the Auditors either on a general or case by case basis), 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 S&P Ethical Pan Asia Select Dividend Opportunities 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 Standard & Poor’s, 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 Securities” means shares or interests issued by companies listed on the Relevant Exchanges that are included in the Index from time to time or depository receipts that may be issued against such shares or interests.

“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 amended from time to time).

“Manager” means Principal Asset Management (S) Pte 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.

“Notice on the Sale of Investment Products” means the Notice on the Sale of Investment Products issued by the Authority, as the same may be modified, amended or revised from time to time.

“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 for its own benefit 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 Citigroup Global Markets Singapore Securities Pte Ltd, CGS-CIMB Securities (Singapore) Pte. Ltd., Goldman Sachs Futures 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 and prescribed capital markets products) the Notice on the Sale of Investment Products, the Notice on Recommendations on Investment Products and the Securities and Futures (Capital Markets Products) Regulations 2018 for the purposes of classifying the Units of the Fund as EIPs and prescribed capital markets products or as the Fund may be permitted to invest in by the Authority.

"prescribed capital markets products" shall have the meaning as set out in the Securities and Futures (Capital Markets Products) Regulations 2018 as the same may be modified, amended or revised from time to time.

"Rebalancing Reference Dates" means the 3<sup>rd</sup> Friday of December and June of each year, or such other dates as may be determined by the Index Provider.

"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 whole multiples thereof) 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 traded and a "Relevant Exchange" means any one of them.

"Securities Account" means a Securities account or sub-account maintained by a Depositor (as defined in Section 81SF of the Securities and Futures Act) with the CDP.

"Securities and Futures Act" means the Securities and Futures Act 2001(as may be amended from time to time).

“Security” means any 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 two 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 for the time being and from time to time of Singapore.

“S&P” means Standard & Poor’s.

“Transaction Fee” means the fee which may at the discretion of the Manager be charged for the benefit of the Trustee to the Participating Dealer on each Application made by the Participating Dealer, the maximum level of which shall be as determined by the Manager from time to time and set out in this Prospectus.

“Trust Deed” means the Trust Deed constituting the Fund dated 21 February 2012 between the Manager and the Trustee, as amended, supplemented or restated from time to time.

“Trustee” means Citicorp Trustee (Singapore) Limited or its successors.

“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 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 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.

*This Prospectus provides the information you need to make an informed decision about investing in the Fund. It contains important facts about the Fund.*

*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	S&P Ethical Pan Asia Select Dividend Opportunities Index
Inception Date	6 March 2012
Listing Date	8 March 2012
Exchange Listing	SGX-ST
Trading Board Lot Size	1 Unit
Currency of Account (Base Currency)	US dollars (US\$)
Trading Currencies	Retail investors may trade in Units listed on the SGX-ST in US dollars (US\$) (primary/base currency) or Singapore dollars (S\$) (secondary currency). For further information on dual currency trading, please refer to <a href="https://www.sgx.com/securities/trading">https://www.sgx.com/securities/trading</a> .
Distribution of Income	At the Manager’s discretion. To be paid in US\$ (if any).
Creation / Redemption:- (i) partial “in-kind” and partial cash or (ii) fully in cash (only Participating Dealers)	Minimum 0.5 million Units (or whole multiples thereof)
Manager	Principal Asset Management (S) Pte Ltd
Trustee	Citicorp Trustee (Singapore) Limited
Registrar	Citicorp Trustee (Singapore) Limited
Custodian	Citibank, N.A., Singapore Branch
Website	<a href="https://www.principal.com.sg/en/etf-sg">https://www.principal.com.sg/en/etf-sg</a>
Investor Profile	The Fund is <u>only</u> suitable for investors who: <ul style="list-style-type: none"> <li>• want capital growth and income in the form of dividends<sup>1</sup></li> <li>• believe that the Index will increase in value; and</li> <li>• are comfortable with the greater volatility and risks of an equity fund.</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.

## **PRINCIPAL S&P ETHICAL ASIA PACIFIC DIVIDEND ETF**

The Fund is a Singapore standalone unit trust constituted under Singapore law and established by way of a deed of trust dated 21 February 2012 (the “**Principal Deed**”). The parties to the Principal Deed are Principal Asset Management (S) Pte Ltd (the “**Manager**”) and Citicorp Trustee (Singapore) Limited as the trustee (the “**Trustee**”). The Principal Deed has been amended by the First Amending and Restating Deed dated 15 July 2019 (the “**Amending Deed**”) entered into between the Manager and the Trustee. The Principal Deed as amended by the Amending Deed shall hereinafter be referred to as the “**Trust Deed**”. A copy of the Trust Deed 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.

### **REGISTRATION AND EXPIRY DATE**

The date of registration of this Prospectus by the Authority is 9 February 2024. This Prospectus shall be valid for a period of 12 months after the date of registration and shall expire on 9 February 2025.

### **INVESTMENT OBJECTIVE**

The investment objective of the Fund is to provide investment results that, before expenses, closely correspond to the performance of the S&P Ethical Pan Asia Select Dividend Opportunities Index (the “**Index**”).

#### **The Index**

The Index is designed to track the performance of ethically conscious, high dividend yielding stocks from the Pan Asia region. To be included in the Index, stocks must have less than 5% revenue exposure to alcohol, gaming, pork and tobacco. The top 40 highest yielding stocks in the Pan Asia region that meet these criteria are represented in the Index.

### **INVESTMENT POLICY OF THE FUND**

#### **Investment Approach**

The Fund is not managed according to traditional methods of “active” investment management, which involve the buying and selling of securities based on the fund manager’s economic, financial and market analysis and investment judgment. Unlike an actively managed investment fund, the Fund does not attempt to “beat” the market or the Index. Instead, the Manager, using a “passive” or indexing investment approach, attempts to deliver an investment performance which closely corresponds, before expenses, to the performance of the Index.

The use of an indexing investment approach may eliminate some of the risks of active management such as poor stock selection. An indexing investment approach may also help increase after-cost performance by keeping portfolio turnover low in comparison to actively managed investment funds.

The Manager will generally invest the Fund's assets in all of the Index Securities in the same approximate proportion as their weightings within 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 stocks from the same sector as the relevant Index Security which has a high level of correlation or a similar valuation or market capitalisation.

The Manager does not and will not invest the Fund's assets in commodities, unlisted securities, precious metals and derivative instruments, including options, warrants and futures contracts.

For so long as the Units are EIPs and prescribed capital markets products, 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 and prescribed capital markets products.

### **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. Where there is any change to the investment strategy adopted for the Fund, such changes will be announced by the Manager through SGXNET.

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

### **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.

### **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 so that, in the aggregate, its capitalisation, industry and fundamental investment characteristics perform like those of the Index.

There will be no change to the investment objective and/or investment policy of the Fund unless any such change is approved by an extraordinary resolution of Unitholders in a general meeting. Regular updates will be provided on the Manager's website at <https://www.principal.com.sg/en/etf-sg> on the Index Securities that are held by the Fund.

## **THE INDEX**

The Index is designed to track the performance of ethically conscious, high dividend yielding stocks from the Pan Asia region. To be included in the Index, stocks must have less than 5% revenue exposure to alcohol, gaming, pork and tobacco. The top 40 highest yielding stocks in the Pan Asia region that meet the following criteria are represented in the Index.

### **Criteria for Index Additions**

- *Market Capitalization*

Eligible stocks must have a float-adjusted market capitalization of above US\$3 billion, as of the Rebalancing Reference Date. The float-adjusted market capitalization can fall to US\$2 billion for existing index securities before they are considered for exclusion.

- *Value Traded*

Eligible stocks must have six-month average daily value traded ("**ADVT**") of US\$3 million, as of the Rebalancing Reference Date. The criterion is lowered to US\$2.5 million for existing index securities before they are considered ineligible for continued membership.

- *Multiple Classes*

If multiple issues of a single company qualify, the issue with the highest yield is selected. The issue with the highest value traded is selected if companies have the same yield.

- *Public Shares Available to Foreign Investors*

The Index Provider reviews not only the theoretical foreign investment limits applicable to companies (as calculated through S&P Dow Jones Indices' Investable Weight Factor), but also the practical available limits (as defined by the known shares actually available to foreign investors). South Korean stocks are monitored for foreign investment limits at each rebalancing. A stock is added only if its practical available limit is 10% or more. If the practical available limit for an existing constituent falls below 5% then it is removed from the Index at the next rebalancing.

- *Exchange Listing*

The stocks must be listed on the primary exchanges of those countries allowing free-in-kind transfer of shares, in which the trade involves no cash.

- *Profitability*

Stocks must be profitable, as measured by positive earnings-per-share before extraordinary items, over the latest 12-month period as of the Rebalancing Reference Date.

- *Dividend Growth*

Stocks must have stable or increasing three-year dividend growth. For existing index constituents, the dividend should maintain positive or stable growth. A small decline in dividend growth is allowed as long as the decline is less than 5% over the three-year period.

- *Ethical Screen*

Companies that have at least 5% revenue exposure to alcohol, gaming, pork or tobacco are removed from the universe of eligible securities. The screen is conducted by an independent third party, Ratings Intelligence Partners ("**Ratings Intelligence**"), on a semi-annual basis to coincide with the semi-annual rebalancing.

Ratings Intelligence is a London/Kuwait based Shariah consultancy. The company was established in 2000 to develop leading-edge solutions for the global Islamic investment market. Its current focus is on consulting leading hedge fund organisations in the implementation of Shariah/ethical screened compliant hedge funds.

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 equity exposure as the Index.

Please refer to Appendix I for more information on the constituent stocks and their weighting in the Index.

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

## **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 and prescribed capital markets products, the Fund will not invest in any product or engage in any transaction which may cause the Units not to be regarded as EIPs and prescribed capital markets products (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.

Subject to the borrowing restrictions in the Code and the Trust Deed, 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 as it may, in its sole discretion, think fit, to apply to the Fund, subject to the investment guidelines, restrictions and borrowing limits set out in the Code.

The Manager does not engage in securities lending and repurchase transactions for the Fund.

## **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.*

### **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 income distributions of the Fund annually, there is no guarantee that the Manager would make such distributions to investors. Investment in the Fund involves risks similar to those inherent in any fund of equity securities 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.

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

The Fund is not actively managed. Accordingly, the Fund may be affected by a decline in world market segments relating to the Index. The Fund invests in the Index Securities included in the S&P Ethical Pan Asia Select Dividend Opportunities Index. The Manager does not attempt to select stocks individually or to take defensive positions in declining markets.

### **Tracking Error Risk**

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 share 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 equity 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.

### **Concentration**

If the Index comprises Index Securities that are concentrated in a particular group of stocks, industry or group of industries, the Fund may be adversely affected by the performance of those stocks and be subject to price volatility. The Index currently consists primarily of stocks from the telecommunication services, financial, industrial and utilities industries. As such, in tracking the Index, the performance of the Fund may be more susceptible to any single economic, market, political or regulatory occurrence in these industries. Please refer to Appendix I for more information on the constituent stocks and their weighting in the Index.

## **Foreign Security Risk**

An investment in Units of the Fund involves risks similar to those of investing in a broad-based portfolio of equity securities 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 prices. The principal risk factors, which could decrease the value of your investment, are listed and described below:

- less liquid and less efficient securities markets;
- greater price volatility;
- exchange rate fluctuations and exchange controls;
- less publicly available information about issuers;
- the imposition of restrictions on the repatriation of funds or other assets of the Fund;
- higher transaction and custody costs and delays and risks of loss attendant in settlement procedures;
- difficulties in enforcing contractual obligations;
- lesser levels of regulation of the securities markets;
- different accounting, disclosure and reporting requirements;
- more substantial government involvement in the economy;
- higher rates of inflation; and
- greater social, economic, and political uncertainty and the risk of nationalization or expropriation of assets and risk of war or terrorism.

## **Emerging Market Risk**

The Fund will invest in Index Securities listed on stocks exchanges in the Asia Pacific countries, including Malaysia, Thailand, Indonesia and China, which are considered to be emerging markets as compared to Singapore. These markets are subject to special risks associated with foreign investment in these emerging markets including, but not limited to: generally less liquid and less efficient securities markets; generally greater price volatility; exchange rate fluctuations and exchange controls; imposition of restrictions on the repatriation of funds or other assets; less publicly available information about issuers; the imposition of taxes; higher transaction and custody costs; settlement delays and risk of loss; difficulties in enforcing contracts; lesser regulation of securities markets; smaller market capitalisation; different accounting and disclosure standards; governmental interference; greater risk of market shutdown; the risk of expropriation of assets; higher inflation; social, economic and political uncertainties; and the risk of war.

## **Foreign Exchange Risk**

As the Fund's investments are generally invested in securities in Asia Pacific such that 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 dollars, 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, you may lose money if the local currency of an Asia Pacific 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 dollars and does not itself hedge. The Fund will also not be hedged against the Singapore dollar; hence a Singapore-based investor and an investor trading in Units in Singapore dollars will be exposed to exchange rate risks.

## **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 and changes in the exchange rate between the US dollar and the subject foreign currency. 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, however, that the Units must be created and redeemed in Application Unit aggregations (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.

## **Right of the Authority to withdraw authorisation of the Fund**

The Fund has been authorised as a Collective Investment Scheme by the Authority pursuant to Section 286 of the Securities and Futures Act. The Authority however reserves the right to withdraw the authorisation of the Fund if, amongst other factors, the Index is no longer considered acceptable to the Authority.

## **Absence of prior active market**

Although the Units have been 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 shares which are issued by investment companies in other jurisdictions or which are based upon indices other than the Index.

## **Dealing risk**

It is likely that the Units will initially not be widely held. Accordingly any investor buying Units in small numbers may not necessarily be able to find other buyers should that investor wish to sell. In order to address such dealing risk, a market maker has been appointed for trading of the Units.

## **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. If an investor has been allowed to create Units through a Participating Dealer, such investor may request for a redemption of the Units through the same or other Participating Dealers and the relevant Participating Dealer may, in its absolute discretion, refuse to accept a redemption request from an investor. 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 portfolio securities cannot be effected.

### **Risk of investment diminution**

The value of the securities which the Fund invests may go down as well as go up. Stock values could decline generally or could underperform other types of investments. Investors may not get back their original investment.

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

As the Fund invests in Index Securities, the price of Units may fluctuate in response to changes in interest rates, foreign exchange, economic and political conditions and the financial condition of issuers of the Index Securities.

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

The Index Securities held by the Fund will passively reflect the distribution of companies whose securities are included in the Index. Therefore, adverse changes in the financial condition or share performance of any company included in the Index will not result in the sale of the shares of such company 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 securities of such company from the Fund.

### **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 Application Unit sizes by Participating Dealers, as applicable, it is not anticipated that large discounts or premiums will be sustained.

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

Investors will not be able to purchase or sell Units on the SGX-ST during any period when the SGX-ST suspends trading in the Units. The SGX-ST may suspend the trading of Units whenever the SGX-ST determines that it is appropriate in the interests of a fair and orderly market to protect investors. The creation and redemption of Units will also be suspended in the event that the trading of Units on the SGX-ST is suspended. 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.

### **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 Application Unit sizes 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 the public in Singapore, where units can generally be purchased and redeemed directly by the retail public.

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

Units will normally only be issued or redeemed in Application Unit size aggregates (currently 0.5 million Units or whole multiples thereof). Investors who do not hold Application Unit size aggregates may only be able to realise the value of their Units by selling their Units on the SGX-ST.

### **Minimum Fund Size**

The Fund is structured as an index fund with a low total expense ratio (including such items such as Manager's fees and Trustee's fees). As with any fund, in order to remain viable, the size of the Fund must be sufficient to cover at least its fixed operating costs; given the relatively low fees charged to and payable by the Fund, this means, that the minimum size of the Fund needs to be significantly larger than other typical unit trusts.

### **Registration or cross-listing of Fund in other markets**

There is a likelihood that the Fund may in the future be registered on other markets, or cross-listed on other exchanges, or otherwise offered in other jurisdictions. As this is expected to improve the liquidity for existing Unitholders and result in more efficient secondary market pricing due to increased scope for arbitrage, the Manager may be permitted by the Trustee to charge the related costs to the Fund.

### **Risks Related to Borrowings by the Fund**

Subject to the provisions of the Trust Deed, the Trustee may, with the concurrence of the Manager, pledge all or any part of the Fund if the lender requires security to be provided in connection with any borrowings 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.

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

### **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); and
- (iv) a late announcement in respect of an Index Security.

### **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.

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

The securities which comprise the Index are changed by S&P 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 companies were to delist its securities or if a new eligible company 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 S&P Ethical Pan Asia Select Dividend Opportunities Index" describes how the Index is compiled.

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

The Manager has been granted a licence by S&P 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 equity 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 equity 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.

### **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 S&P without notice.

## **DISCLAIMERS**

### **Disclaimer by S&P**

The "S&P Ethical Pan Asia Select Dividend Opportunities Index" is a product of S&P Dow Jones Indices LLC or its affiliates ("**SPDJ**"), and has been licensed for use by the Manager. S&P®, S&P 500®, US 500, The 500, iBoxx®, iTraxx® and CDX® are trademarks of S&P Global, Inc. or its affiliates ("**S&P**"); Dow Jones® is



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NEITHER S&P DOW JONES INDICES NOR ANY THIRD PARTY LICENSOR GUARANTEES THE ADEQUACY, ACCURACY, TIMELINESS AND/OR THE COMPLETENESS OF THE S&P ETHICAL PAN ASIA SELECT DIVIDEND OPPORTUNITIES INDEX OR ANY DATA RELATED THERETO OR ANY COMMUNICATION, INCLUDING BUT NOT LIMITED TO, ORAL OR WRITTEN COMMUNICATION (INCLUDING ELECTRONIC COMMUNICATIONS) WITH RESPECT THERETO. S&P DOW JONES INDICES SHALL NOT BE SUBJECT TO ANY DAMAGES OR LIABILITY FOR ANY ERRORS, OMISSIONS, OR DELAYS THEREIN. S&P DOW JONES INDICES MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES, OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE OR AS TO RESULTS TO BE OBTAINED BY THE MANAGER, OWNERS OF THE FUND, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE S&P ETHICAL PAN ASIA SELECT DIVIDEND OPPORTUNITIES INDEX OR WITH RESPECT TO ANY DATA RELATED THERETO. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT WHATSOEVER SHALL S&P DOW JONES INDICES BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES INCLUDING BUT NOT LIMITED TO, LOSS OF PROFITS, TRADING LOSSES, LOST TIME OR GOODWILL, EVEN IF THEY HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER IN CONTRACT, TORT, STRICT LIABILITY, OR OTHERWISE. S&P DOW JONES INDICES HAS NOT REVIEWED, PREPARED AND/OR CERTIFIED ANY PORTION OF, NOR DOES S&P DOW JONES INDICES HAVE ANY CONTROL OVER, THE LICENSEE PRODUCT REGISTRATION STATEMENT, PROSPECTUS OR OTHER OFFERING MATERIALS. THERE ARE NO THIRD-PARTY BENEFICIARIES OF ANY AGREEMENTS OR ARRANGEMENTS BETWEEN S&P DOW JONES INDICES AND THE MANAGER, OTHER THAN THE LICENSORS OF S&P DOW JONES INDICES.

## **MANAGEMENT AND ADMINISTRATION**

### **Manager**

The manager of the Fund is Principal Asset Management (S) Pte Ltd (Company Registration Number 200607208K), a private limited company incorporated in Singapore on 18 May 2006. The Manager’s principal place of business is Singapore. The Manager is licensed and regulated by the Authority, and holds a Capital Markets Services Licence for Fund Management issued by the Authority. The Manager has more than 15 years of experience in managing discretionary and mutual funds, and is wholly-owned by Principal Asset Management Berhad, which has been managing discretionary and mutual funds in Malaysia for more than 24 years. As of 31 December 2022, Principal Asset Management Berhad manages more than S\$18 billion in clients’ assets. As of 31 December 2022, the assets under management of the Manager stood at approximately S\$4.0 billion. The issued and paid-up share capital of the Manager is S\$2.5 million.

The other investment funds managed by the Manager as at the date of this Prospectus include the Principal

FTSE ASEAN 40.

### **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, appointment and monitoring 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 the heading "Removal of the Manager".

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

### **Directors of the Manager**

#### **Christopher Leow**

Mr Leow, of 50 Raffles Place, #22-03A & B Singapore Land Tower, Singapore 048623, is the Chief Executive Officer and a Director of the Manager, and is responsible for leading the International Investment team based in Singapore. He joined Principal Asset Management Berhad in December 2003 and was transferred to the Manager in May 2007. He has more than 20 years of experience in the equities and fund management industry. Mr Leow is a Chartered Financial Analyst ("CFA") and a Certified Financial Planner. He has been registered with the Authority under the Securities and Futures Act 2001 as a Representative of the Manager in fund management since September 2007. Mr Leow holds a Bachelor of Commerce in Accounting and Finance (Hons) from the University of Western Australia.

#### **Chong Chooi Wan**

Ms Chong, of 10th Floor, Bangunan CIMB, Jalan Semantan, 50490 Damansara Heights, Kuala Lumpur, Malaysia, is a Director of the Manager and has more than 20 years of experience in strategic planning and investment, corporate developments, mergers and acquisitions in various industries ranging from the

financial sector to the energy sector. In 2020, she joined CIMB as the Director of Group Ventures and Partnerships where she is tasked to oversee business optimisation projects as well as portfolio management for CIMB. Ms Chong graduated with a Bachelor Degree in Finance, a Summa Cum Laude honours, from the University of Tennessee, Knoxville, U.S.A.

### **Key executives of the Manager - Appointed Portfolio Managers of the Fund**

The appointed individual/principal portfolio manager of the Fund who primarily performs the investment management functions for the Fund is Mr Leow (who is also one of the directors of the Manager), who is assisted by Ms Zhang Yuzheng, Ms. Seng Jing Xin and Mr Kwan Yi Yan.

Please see the write-up above for more information on Mr Leow's qualifications, experience and employment history.

Yuzheng joined the Manager in 2017 and focuses primarily on asset allocation models. Yuzheng holds a Masters of Economics from Columbia University and is a CFA charter holder.

Jing Xin joined the Manager in 2019 and focuses primarily on quantitative strategy. Jing Xin holds a Bachelor of Business Administration (Hons) from the University of Malaya.

Yi Yan joined the Manager in 2021 and focuses primarily on analysing companies listed on the China, India and Singapore equities markets. Yi Yan holds a Bachelor of Business with Honours (Distinction) from Nanyang Technological University.

### **Trustee**

Citicorp Trustee (Singapore) Limited (the "**Trustee**") is approved under section 289 of the Securities and Futures Act to act as trustee for collective investment schemes which are authorised under section 286 of the Securities and Futures Act and constituted as unit trusts. The Trustee is regulated by the Authority. Its registered address is at 5 Changi Business Park Crescent, Level 5, Singapore 486027. The Trustee does not have any material conflict of interest with its position as trustee of the Fund.

Under the Trust Deed, the Trustee is responsible for the safekeeping of the assets of the Fund. The Trustee has appointed Citibank, N.A., Singapore Branch to be the custodian of such assets upon such terms and conditions as may be agreed by the parties. The Trustee may be removed by notice in writing given by the Manager if, amongst others, 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 a receiver is appointed over any of its assets or if a liquidator or judicial manager is appointed in respect of the Trustee.

The Trustee's fee will be borne by the Manager out of the Manager's fee and will not be charged to the Fund as set out below under the section headed "Fees, Charges and Expenses".

Unitholders acknowledge and agree that the Trustee, the Custodian and their agents and/or each of their affiliates and related corporations ("**Recipients**", each a "**Recipient**") may collect, use and/or disclose personal data (as defined under the Personal Data Protection Act 2012), as collected directly from Unitholders, from the Manager, or otherwise, for purposes which may include:

- (a) providing, operating, processing and administering Units as may be required by the Trust Deed;
- (b) performing obligations and duties of a trustee under the Trust Deed and/or discharging statutory, legal, equitable and fiduciary duties as a trustee, including updating and maintaining the Register;
- (c) undertaking activities related to the provision of services to the Manager as Trustee or Custodian of the Fund and maintaining service quality and training staff;

- (d) fulfilling foreign and domestic legal, regulatory and compliance requirements (including U.S. anti-money laundering and tax obligations applicable to Citibank and disclosure to any stock exchange) and complying with any applicable treaty or agreement with or between foreign and domestic governments applicable to Citibank;
- (e) verifying the identity of Unitholders or the identity or authority of Unitholders' representatives who contact or may be contracted by Citibank to carry out or respond to Unitholders' requests, questions or instructions;
- (f) monitoring and recording calls and electronic communications for quality, training, investigation and fraud prevention purposes;
- (g) for crime detection, prevention, investigation and prosecution;
- (h) enforcing or defending the rights of Citibank, contractual or otherwise;
- (i) performing internal management, operating control (including financial control) and management information systems, and carrying out internal or external audits; and
- (j) complying with any obligations, requirements, policies, procedures, measures or arrangements for sharing data and information within Citibank and any other use of data and information in accordance with any of Citibank's programmes for compliance with sanctions or prevention or detection of money laundering, terrorist financing or other unlawful activities.

“**Citibank**” means Citibank, N.A. and its branches, subsidiaries, representative offices and affiliates, which shall include, but is not limited to, the Trustee and/or the Custodian.

Where an investor/Unitholder provides personal data relating to third party individuals to a Recipient, directly or indirectly, that investor/Unitholder warrants that the prior consent of such third party individual, which will allow the Recipient to collect, use and disclose that personal data in the manner and for the purposes described above, has been obtained, and consents and acknowledges to all such collection, use and disclosure on behalf of that third party individual. Upon reasonable request by the Recipient, the investor/Unitholder agrees to provide to the Recipient a copy of document(s) containing such consent or which evidences that the relevant individual has given such consent.

Subject to applicable laws and regulations, such personal data may be transferred to other countries or territories outside Singapore for the purposes set out above, including to: (i) any person or entity including government authorities, regulatory bodies, courts and tribunals to whom Trustee is under an obligation to make disclosure pursuant to any domestic or foreign legal process, legal obligation or regulatory obligation; (ii) affiliates or related corporations of the Trustee; and (iii) any agent, contractor or third party service provider who provides administrative, mailing, data processing, business process, human resource, information technology or other service to the Trustee, its affiliates or related corporation in connection with the operation of their business. All such personal data may be retained after Units held by the relevant Unitholder have been realized.

Each investor/Unitholder undertakes to ensure that all information provided to the Recipient is true, accurate and complete and investors/Unitholders should contact the Manager and/or their authorised distributors if there is any change to the personal data provided including *inter alia* in the application form, subscription form or account opening documents.

Investors/Unitholders may refuse to consent to the collection, use and disclosure of their personal data. Where such refusal is made, the Manager is entitled to reject any application to subscribe for Units and there may be other legal consequences which are applicable as notified to the relevant investor/Unitholder at the relevant time.

Investors/Unitholders may also, after consenting to the collection, use and disclosure of their personal data, withdraw their consent by giving notice in writing to the Manager, whether directly or through their authorised

distributors or agents. Where there is such a withdrawal of consent, there may be other legal consequences which are applicable as notified to the relevant investor/Unitholder at the relevant time.

## **Registrar**

Citicorp Trustee (Singapore) Limited has been appointed as the registrar (the “**Registrar**”) of the Fund.

The Register will be maintained by the Registrar and can be inspected at 5 Changi Business Park Crescent, Level 5, Singapore 486027 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 Unitholder of such Units.

## **Auditors**

The auditors of the Fund are Ernst & Young LLP. Its registered address is at One Raffles Quay, North Tower, Level 18, Singapore 048583.

The Auditors’ fee will be borne by the Manager out of the Manager’s fee and will not be charged to the Fund as set out below under the section headed “Fees, Charges and Expenses”.

## **Custodian**

The Trustee has appointed Citibank, N.A., Singapore Branch (Company Registration No. S27FC0556D), a banking association organised under the laws of the United States of America, having its place of business in Singapore with its registered office at 5 Changi Business Park Crescent, Level 5, Singapore 486027 (“**Custodian**”) to act as global custodian of the Fund.

The Custodian is a bank licensed under the Banking Act 1970 and is subject to the supervision of the Authority. As a licensed bank in Singapore, the Custodian is exempt from obtaining a capital markets services licence in relation to the provision of custodial services for securities. Details of the custodial arrangement in respect of the Deposited Property of the Fund are set out below. Citibank N.A. (“**Citibank**”) is a wholly-owned subsidiary of Citigroup Inc. (“**Citigroup**”).

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 global custodian for the Fund until the termination of its appointment in accordance with the provisions of the Custodian Agreement. Under the Custodian Agreement, the Custodian is required to segregate all property held on behalf of the Trustee from the assets of the Custodian. In the event that the Custodian becomes insolvent, the Trustee may terminate the Custodian Agreement on giving the requisite notice to the Custodian and shall within the requisite period, provide the Custodian with instructions specifying the person to whom the Custodian shall deliver the property of the Fund. The Trustee may also take such other appropriate action that is permitted under applicable laws.

In providing custodial services, the Custodian will tap into Citibank’s global network of sub-custodians in respect of assets located in countries other than Singapore. Generally, assets in Singapore are held by the Custodian or its nominees on behalf of the Fund, and assets in other countries are held by the sub-custodian(s) operating in the respective countries.

The majority of the sub-custodians are subsidiaries, branches and affiliates of Citigroup subject to Citigroup’s

supervision and governance. The Custodian has in place processes dealing with the selection and ongoing monitoring of sub-custodians.

The criteria for selection of sub-custodian(s) may change from time to time and may include factors such as the financial strength, market reputation, systems capability, operational and technical expertise. All sub-custodians shall be licensed, authorised or registered under applicable law to carry out the relevant custodial services. The duties and responsibilities of the Custodian are set out in the Custodian Agreement. These duties include the establishment and maintenance of custodial accounts in which the Deposited Property of the Fund will be deposited, and the segregation of the assets of customers from the proprietary assets of the Custodian or any sub-custodian.

### **Fund Administration Agent**

Citibank, N.A., Singapore Branch, 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, with the approval of the Trustee, to provide certain financial, accounting, administrative and other services to the Fund including the following:

- preparing and maintaining the Fund's financial and accounting records and statements;
- determining the Net Asset Value;
- assisting in preparing the audited financial statements; and
- calculating the various fees payable by 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.

### **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 stocks, including, but not limited to, stocks 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 received on purchases charged to the Fund.

## **SOFT DOLLAR COMMISSIONS / ARRANGEMENTS**

Any cash commissions received by the Manager (other than when acting as a broker for the Fund) arising out of the sale and purchase of investments for the Fund will not be retained for their own use but will be credited to the Fund. However, the Manager receives, and is entitled to retain, goods and services and other soft dollar benefits which are of demonstrable benefit to the Unitholders (as may be permitted under relevant regulations including, but not limited to, the Code) from brokers and other persons through whom the investment transactions are carried out. These goods and services include, but are not limited to, qualifying research services, computer hardware and software used for or in support of the investment process of the Manager, and appropriate order execution services.

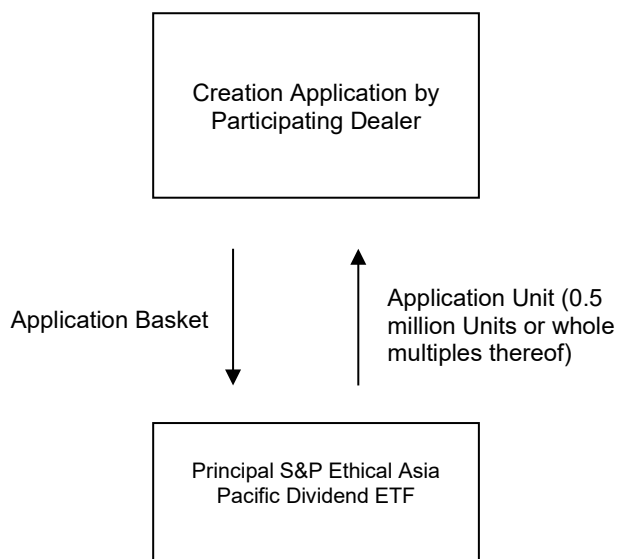
In all cases where such goods and services and other soft dollar benefits are retained by the Manager, the Manager shall ensure that:- (i) such soft dollar commissions/arrangements can reasonably be expected to assist it in its management of the Fund, (ii) best execution is carried out for the transactions taking into account the relevant market at the time for transactions of the kind and size concerned, (iii) there is no prejudice to the interests of the Fund and/or the Unitholders, and (iv) no unnecessary trades are entered into in order to achieve a sufficient volume of transactions to qualify for such soft dollar commissions / arrangements.

## **OPERATION OF THE FUND**

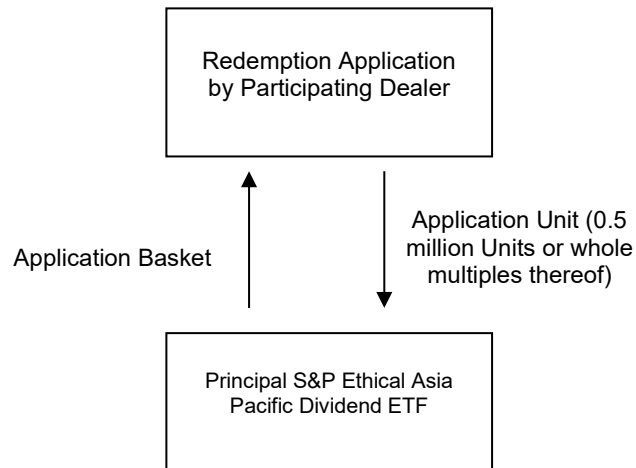
There are two types of investors in the Fund. The first type of investor is the Participating Dealer. Only the Participating Dealer (and not a retail investor) can create and redeem Units directly with the Fund. The second type of investor is any person, other than the Participating Dealer, who buys 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 following diagrams illustrate the methods of acquiring and disposing Units in the Fund after listing:

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

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

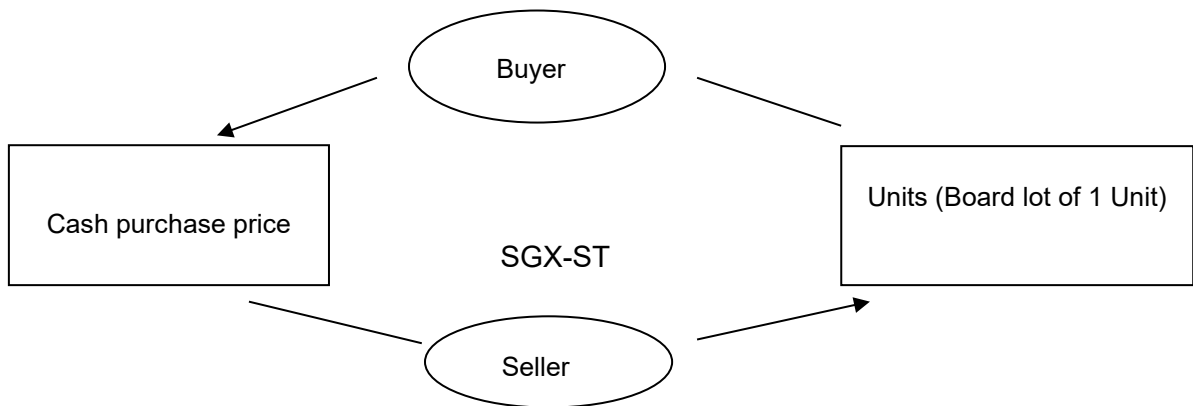


**Direct Redemption by a Participating Dealer**

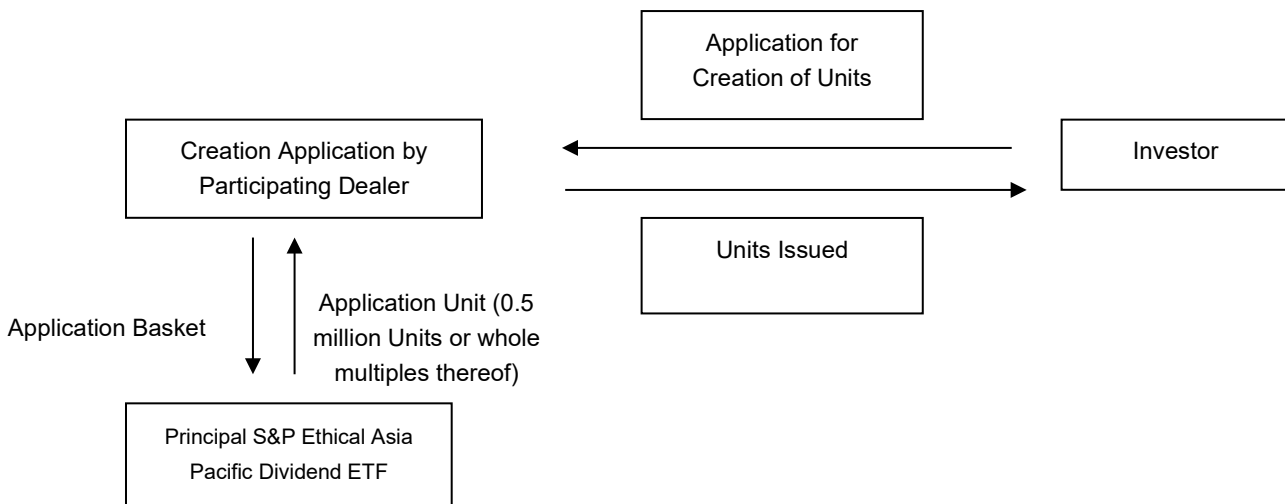


**Investors other than Participating Dealers:**

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

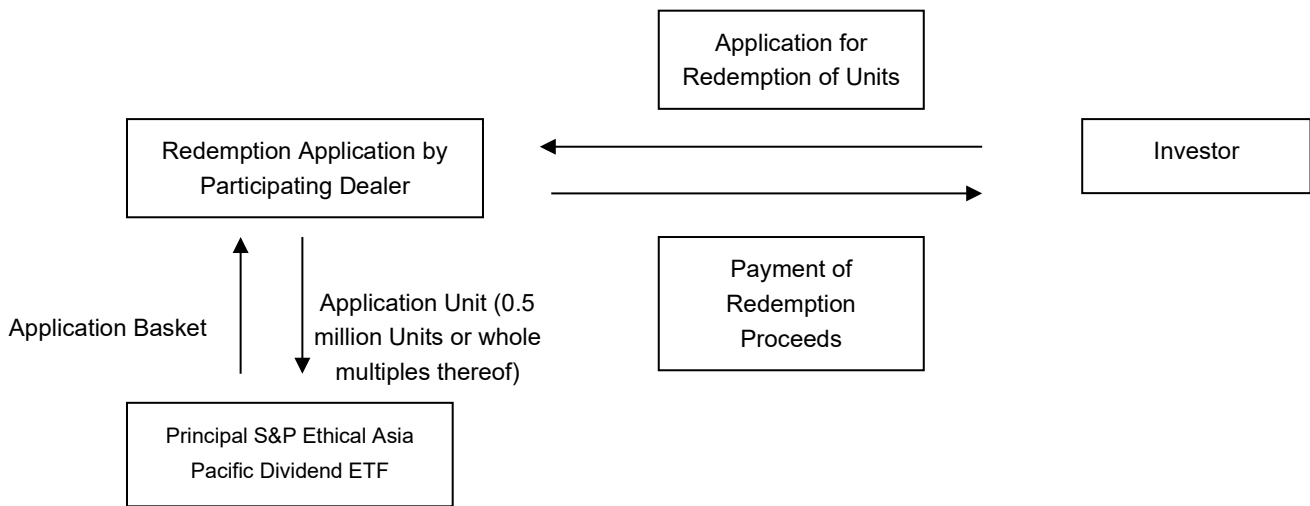


**(ii) Subscribing and redeeming Units through a Participating Dealer<sup>1</sup>**



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





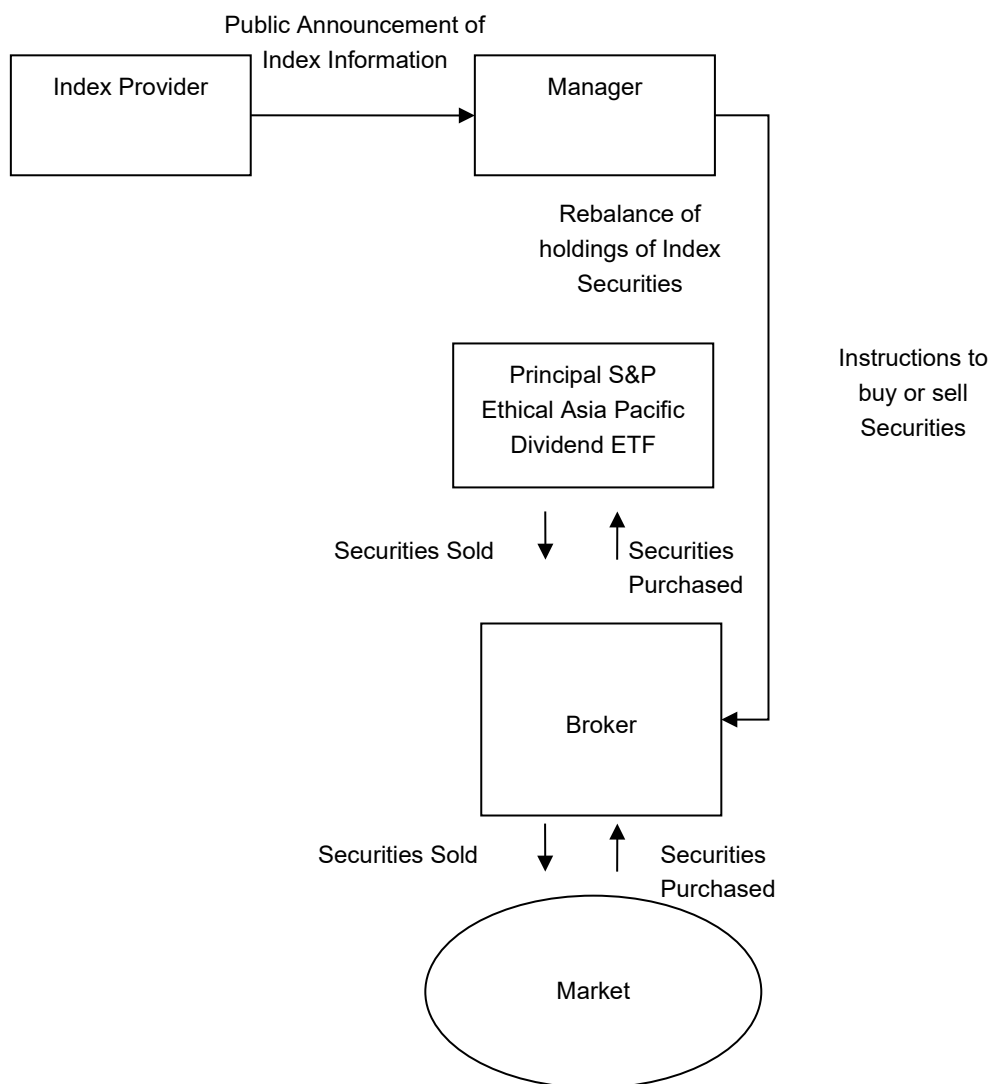
### Index Rebalancing

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 derive public information announced by the Index Provider and rebalance the holdings of Index Securities accordingly.

The Index will be reviewed semi-annually in December and June. The effective date on which rebalancing takes place will be after the close of trading of the last business day of January and July. Minor rebalancings 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 annual rebalancing, the Fund's holding of the Index Securities will be realigned to reflect substantially the Index constituents. Minor rebalancings will only be carried out after cost considerations have been taken into account.

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. There is no expected tracking error and the Manager is targeting to keep tracking error (if any) to within 0.5% per annum. There is no limit imposed for the tracking error which will trigger a review/ rebalancing of the Fund's holdings. Tracking error is reviewed daily and rebalancing of the Fund's holdings will be done by the Manager if considered necessary.

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



### 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 maker for the Fund is Phillip Securities Pte Ltd. Any change to the designated market maker will be announced on the SGXNET and the Manager's website at <https://www.principal.com.sg/en/etf-sg>.

### Participating Dealers

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 on the presentation of an Application Basket by it comprising the 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 Citigroup Global Markets Singapore Securities Pte Ltd, CGS-CIMB Securities (Singapore) Pte. Ltd. and Goldman Sachs Futures Pte Ltd. Any changes to these Participating Dealers will be announced on the SGXNET and the Manager's website at <https://www.principal.com.sg/en/etf-sg>.

For the purposes of the creation or redemption of Units by the Participating Dealer on any Dealing Day, the Valuation Point will be at 6:00 p.m. (Singapore time).

### Index Provider

The Index Provider is S&P. The Index Provider has granted the Manager the non-exclusive right to use the Index in connection with the Fund. S&P is independent of the Manager.

### Calculation Times

The Index is calculated on Mondays to Fridays. The closing Index value is calculated at 7.30 p.m. Singapore time. The Index is published as end of day values in US dollars. As the Index is calculated once a day, the opening value of the Index will be based on the closing value of the Index on the previous day.

The table below sets out the various opening and closing times of the Relevant Exchanges, which may be subject to changes by the Relevant Exchanges from time to time:

	Singapore Exchange Limited	Bursa Malaysia Berhad	The Stock Exchange of Thailand	Korea Exchange	Hong Kong Stock Exchange	Bursa Efek Indonesia (Indonesia Stock Exchange)	Australia Securities Exchange
<b>Opening time</b>	9:00 a.m. (Singapore time)	9:00 a.m. (Singapore time)	10:30 a.m. (Singapore time)	8:00 a.m. (Singapore time)	9:30 a.m. (Singapore time)	10:30 a.m. (Singapore time)	8:00 a.m. (Singapore time)
<b>Closing time</b>	5:00 p.m. (Singapore time)	5:00 p.m. (Singapore time)	6:00 p.m. (Singapore time)	2:00 p.m. (Singapore time)	4:00 p.m. (Singapore time)	5:00 p.m. (Singapore time)	2:12 p.m. (Singapore time)

The Index is calculated on public holidays whenever at least one exchange is trading. The Index will not be calculated on Saturdays and Sundays.

## DEALING BY RETAIL INVESTORS

### Purchasing and Selling Units 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 the SGX-ST, investors can place an order to buy Units during the trading day through a broker on 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 of

the Fund 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 place an order with a broker to sell their Units on the SGX-ST at any time during the trading day. To sell or buy Units, a retail investor will need to use an intermediary such as a stockbroker or any of the share dealing services offered by banks or other financial advisers. Retail investors may trade in Units listed on the SGX-ST in US\$ or S\$.

Brokerage and other fees may be payable when selling (and purchasing) Units on the SGX-ST. Please see the section headed "Fees and Charges Payable by Retail Investors Dealing in Units on the SGX-ST" below.

## **CREATION AND REDEMPTION BY PARTICIPATING DEALERS**

### **Minimum Initial Subscription Amount and Minimum Subsequent Subscription Amount**

The minimum initial subscription and minimum subsequent subscription amount for the Fund is one Application Unit (or whole multiples thereof) or such other subscription amount as may be determined by the Manager and approved by the Trustee.

### **Continuous Offering of Units**

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 period on any Dealing Day commences at 9 a.m. and ends at the Dealing Deadline at 12 p.m. (Singapore time). 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).

### **Application Unit Size**

Units are offered and issued at their Net Asset Value only in aggregations of a specified number of Units (each, an "**Application Unit**") generally in exchange for a portfolio of Index Securities and/or the cash equivalent of the Index Securities where applicable. Units may only be created in Application Unit size, which is currently 0.5 million Units (or whole multiples thereof). Any change to the Application Unit size will be announced on the SGXNET. Applications submitted in respect of Units other than in Application Unit size or whole multiples thereof will not be accepted.

### **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 whole multiples thereof) 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 and subject to the borrowing restrictions in the Code, 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.

Units are denominated in US dollars and 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 whole multiples thereof. 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.

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.

The Issue Price per Unit of the Fund shall be the Net Asset Value as at the Valuation Point of the relevant Dealing Day divided by the total number of Units rounded to the nearest 3 decimal places (or such other method of rounding as may be determined by the Manager from time to time with the approval of the Trustee).

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. The Dealing Deadline is 12 p.m. (Singapore time).

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. All Units created through subscription of Units through the Participating Dealer will be entered on the records of CDP in the name of the Participating Dealer or its nominee.

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)) for the benefit of the Trustee.

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

The Trustee shall be entitled to refuse to enter (or allow to be entered) Units in the Register if at any time the Trustee is of the opinion that the provisions 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 0.5 million Units and a notional Issue Price per Unit of US\$1.000 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.

(500,000 Units	x	US\$1.000)	+	US\$0	+	US\$1,600	=	US\$501,600
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/or stockbroker, 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 or stockbroker, as the case may be, for details on all additional fees and charges payable by investors.*

## **Cancellation of Creation Application of Units / 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 account of the Trustee 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 account of the Trustee 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 Trustee for the account of 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 account 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 Trustee 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.

## **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 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 account of the Trustee a fee for such partial delivery request (see Partial Delivery Request Fee under "Fees and Charges Payable by Participating Dealer").

## **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 whole multiples thereof and shall only be accepted if made by or through a Participating Dealer in accordance with the terms of a Participation Agreement. The minimum holding is one Application Unit.

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.

The Redemption Value of Units tendered for redemption and cancellation shall be the Net Asset Value per Unit as at the Valuation Point of the relevant Dealing Day rounded to the nearest 3 decimal places (or such other method of rounding as the Manager may from time to time determine with the approval of the Trustee).

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 Dealing Deadline is 12 p.m. (Singapore time).

The Manager shall, on receipt of a valid Redemption Application from a Participating Dealer, effect the redemption of the relevant Units in Application Unit size (or whole multiples thereof) 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 and subject to the borrowing restrictions in the Code, 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 7.13 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.

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.

#### **Cancellation of Redemption Application of Units / 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 Trustee;
- the Manager may charge the Participating Dealer for the account of the Trustee 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 Trustee, for the account of 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 a Transaction Fee in respect of Redemption Applications for the benefit of the Trustee 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 0.5 million Units and a notional Redemption Value per Unit of US\$1.000 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.

(500,000 Units	x	US\$1.000)	-	US\$0	-	US\$1,800	=	US\$498,200
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/or stockbroker, 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 or stockbroker, as the case may be, for details on all additional fees and charges payable by investors.*

**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.

**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).

## **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) except in the case of any interest in a mutual fund corporation or a unit trust to which paragraph (ii) applies, all calculations based on the value of investments quoted, listed, traded or dealt in on any securities market 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 Market for such investments unless such prices are not representative or not available on the Market, 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;
- (ii) the value of each 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;
- (iii) if no net asset value, bid and offer prices or price quotations are available as provided in paragraph (ii) above, 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;
- (iv) the value of any investment which is not listed or ordinarily dealt in on a Market 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;
- (v) 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
- (vi) notwithstanding the foregoing, the Manager may, with the approval of the Trustee, 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 Unitholders of any such changes which the Trustee deems to be material.

## **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 rounded to the nearest 3 decimal places (or such other method of rounding as the Manager may determine from time to time 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 rounded to the nearest 3 decimal places (or such other method of rounding as may be determined by the Manager from time to time with the approval of the Trustee).

## 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
- (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.

## **DISTRIBUTION POLICY**

The Manager may in its absolute discretion decide to distribute income to Unitholders at such times as it may determine in each financial year. The amount to be distributed to Unitholders will be derived from the net income of the Fund. There is currently no income reinvestment service for the Fund. Such distributions, if any, will be paid in US\$. Distributions will only be paid to the extent that they are available for distribution pursuant to the Trust Deed.

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\$0.001 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.

On 11 December 2023, the Fund made a dividend distribution of USD 0.032 per unit. This dividend distribution is comprised of foreign taxable dividends and foreign tax-exempt dividends.

## **FEES, CHARGES AND EXPENSES**

### **Manager's Fee**

The Manager is entitled to receive a management fee, currently at the rate of 0.65% per annum of the Net Asset Value of the Fund accrued daily and calculated as at each Dealing Day and payable quarterly 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 or towards the maximum rate of 1.0% per annum of the Net Asset Value of the Fund accrued daily and calculated as at each Dealing Day and payable quarterly 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.

The Manager will pay all fees and expenses chargeable by the Trustee, Index Provider and the Auditors, out of its own management fee and such fees and expenses shall not be charged to the Fund.

### **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, product highlights sheets, reports and/or other statements to Unitholders will be borne by the Fund.

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

The fees and charges payable by Participating Dealers in respect of the Fund are summarised as follows (these fees will not affect retail investors):

<b>Creation of Units:</b>	
Transaction Fee <sup>1</sup>	US\$ 1,600 per Application.
Application Cancellation Fee <sup>2</sup>	US\$ 1,800 per Application.
Extension Fee <sup>3</sup>	US\$ 1,800 per Application.
Partial Delivery Request Fee <sup>4</sup>	US\$ 1,800 per Application.

<b>Redemption of Units:</b>	
Transaction Fee <sup>1</sup>	US\$ 1,800 per Application.
Application Cancellation Fee <sup>2</sup>	US\$ 1,800 per Application.
Extension Fee <sup>3</sup>	US\$ 1,800 per Application.

### **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	Currently the clearing fee for trading Units on the SGX-ST is at the rate of 0.0325% of the contract value, subject to the prevailing goods and services tax ("GST").

### **Fees and Charges Payable by the Fund**

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

Manager's fee	Currently 0.65% of the Net Asset Value per annum. Maximum 1.00% of the Net Asset Value per annum.
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<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 for its own benefit.

<sup>2</sup> The Application Cancellation Fee is payable by a Participating Dealer to the Trustee for its own benefit 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 for its own benefit 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 for its own benefit 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.



	The annual Manager's fee is retained by the Manager as the Manager does not pay any trailer fees with respect to the Fund.
Custodian Fee	The Custodian Fee payable is subject to agreement between the Manager and the Custodian and may exceed 0.1% per annum depending on, amongst others, the size of the Fund and the number of transactions carried out.

Note: The fees of the Trustee, Index Provider and Auditors will be borne by the Manager and will not be charged to the Fund.

## REPORTS AND ACCOUNTS

The financial year-end of the Fund is 30 June 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 and the Listing Rules) 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 and the Listing Rules) within two months of 31 December (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.

The Code currently requires accounts to be prepared in accordance with Recommended Accounting Practice 7: Reporting Framework for Unit Trusts issued by the Institute of Singapore Chartered Accountants.

## ANNOUNCEMENT OF MATERIAL INFORMATION

The Manager will arrange for all material information that affects the Fund to be announced on SGXNET.

## 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.

## MODIFICATION OF TRUST DEED

The Trustee and the Manager may agree to modify the Trust Deed by supplemental 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 and (with the exception of the costs incurred in connection with the relevant supplemental deed) does not increase the costs and charges payable out of the assets of the Fund 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 to the Unitholders as soon as practicable after they are made.

## **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.

## **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 7.21 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 3.6 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 7.21 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.

#### **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.

#### **POWER OF TRUSTEE TO DISCLOSE INFORMATION**

The Trustee may transfer and disclose any information whatsoever relating to the Fund, the Manager and the Unitholders to the Trustee'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 in relation to the Fund (including in connection with any service and for data processing, statistical and risk analysis purposes). The Trustee 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.

#### **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.

## CONFLICTS OF INTEREST

The Manager, the Custodian, the Registrar and the Trustee may from time to time act as trustee, administrator, broker, registrar, secretary, manager, custodian, investment manager or investment adviser (as applicable) or other functions as may be required from time to time in relation to, or be otherwise involved in or with, other funds and clients which have similar investment objectives to those of the Fund.

In addition, subject to the provisions of the Code relating to transactions with related parties:-

- the Manager or any of their Connected Persons or any of the Trustee's Connected Persons may enter into investments for the Fund as agent for the Trustee and may, with the consent of the Trustee, deal with the Fund as principal;
- the Trustee, the Manager, the Custodian or the Registrar or any of their Connected Persons may have banking or other financial relationships with any company or party which is the issuer of securities, financial instruments or investment products held by the Fund;
- the Trustee, the Manager, the Custodian or the Registrar or any of their Connected Persons may hold and deal in Units or in investments held by the Fund either for their own account or for the account of their customers; and
- the monies of the Fund may be deposited with the Manager, the Trustee, the Custodian or the Registrar or any of their Connected Persons or invested in certificates of deposit or banking instruments issued by any of them.

It is, therefore, possible that any of the Trustee, the Manager, the Custodian or the Registrar or their Connected Persons may, in the course of business, have potential conflicts of interest with the Fund. Each will, at all times, have regard in such event to its obligations to the Fund and to Unitholders and will endeavour to ensure that such conflicts are resolved fairly and on an arm's length basis. There will be no obligation on the part of any such parties to account to the Fund or to Unitholders for any benefits so arising and any such benefits may be retained by the relevant party.

The Trustee has appointed Citibank N.A., Singapore Branch, to provide custodial services to the Fund. The Manager has appointed Citibank N.A., Singapore Branch, to provide accounting and valuation function and services to the Fund. Citigroup Global Markets Singapore Securities Pte Ltd has entered into a Participation Agreement with the Manager and the Trustee as one of the Participating Dealers ("PD") of the Fund. The abovementioned entities may be Connected Persons or related companies of the Trustee. The Trustee will conduct all transactions with the abovementioned entities with or for the Fund on an arm's length basis. In the event of any conflict of interest arising as a result of such dealing, the Manager and the Trustee, following consultation with the other, will resolve such conflict in a just and equitable manner as they shall deem fit.

The PD and the Trustee are part of the Citigroup of entities. It is possible that the PD may hold 5% or more of the units of the Fund in its capacity as a PD of the Fund. Any possible conflicts of interests arising from the above arrangement are mitigated by the following policies which are put in place:

- The PD is not part of the same business unit as the Trustee (which is part of the Securities Services business unit) and has separate reporting lines from the Trustee.

- The PD operates on an independent basis from the Trustee. The Securities Services business unit will not be involved in any way with the decision-making process of the PD in respect of their holding of the units in the Fund. Information on transactions undertaken and holding of the units of the Fund are not disclosed to the Securities Services business unit (and the Trustee). The PD and the Trustee are separate legal entities and each entity has its own board of directors.
- The Trustee will conduct all transactions with or for the Fund on an arm's length basis.

## **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.

## **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 <https://www.principal.com.sg/en/etf-sg>.

## **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 Unitholders 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.

## **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 market 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 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 notwithstanding the fact that a facsimile transmission report 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 herein 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 Unitholder 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, any 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 Unitholders 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) 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.

Neither the Trustee nor the Manager shall be liable for any lost profits, economic loss or indirect, special or consequential losses and damages suffered by the Fund or any Unitholder.

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 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.

## **EXCHANGE CLEARANCE AND SETTLEMENT**

For the purpose of trading on the SGX-ST, a board lot for the Units will comprise 1 Unit.

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

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

It is expected that the Units will be credited into the Securities Accounts of applicants for the Units within two market days after the closing date for applications for the Units.

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

The Units will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through depository agents, Securities Accounts with CDP. Persons named as direct Securities Account holders and depository agents in the depository register maintained by CDP will be treated as 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 US dollars or in Singapore dollars, and will be effected for settlement in CDP on a scripless basis. Settlement of trades on a normal "ready" basis on the SGX-ST generally takes place by the second market day following the transaction date. CDP holds securities on behalf of investors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with any CDP depository agent. A CDP depository agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

### **Clearing Fees**

A clearing fee for the trading of Units on the SGX-ST is payable at the rate of 0.0325% of the contract value. The clearing fee, instrument of transfer, deposit fee and unit withdrawal fee may be subject to the prevailing GST.

### **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\$10 million at any time; 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
- (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), (e), (f), (g) 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 Trust 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.

## PERFORMANCE AND BENCHMARK OF THE FUND

Performance of the Fund and its benchmark (which is the Index) as of 31 December 2023 (Source: the Manager) is as follows:

	<b>Cumulative return</b>				
<b>Fund/ Benchmark</b>	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>	<b>Since inception</b>
Principal S&P Ethical Asia Pacific Dividend ETF	10.55%	-1.39%	-0.47%	2.71%	8.53%
S&P Ethical Pan Asia Select Dividend Opportunities Index	12.99%	4.56%	9.12%	27.65%	41.52%

	<b>Average annual compounded return</b>				
<b>Fund/ Benchmark</b>	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>	<b>Since inception</b>
Principal S&P Ethical Asia Pacific Dividend ETF	10.55%	-0.47%	-0.09%	0.27%	0.69%

S&P Ethical Pan Asia Select Dividend Opportunities Index	12.99%	1.50%	1.76%	2.47%	2.98%
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Notes:

- The performance of the Fund is calculated in USD terms on a single pricing basis (NAV-NAV), taking into account any subscription fee and realization fee, and on the assumption that all dividends and distributions are reinvested, taking into account all changes which would have been payable upon such reinvestment.
- Investors should note that past performance of the Fund and of the Manager is not indicative of future performance.
- The investment objective of the Fund is to provide investment results that closely correspond to the performance of the Index. As such, the Fund's assets were invested in Index Securities in the same approximate proportion as their weightings within the Index, which in turn was invested mainly into the Energy and Financials sectors, mostly in China, Hong Kong and Australia.
- Inception date: 6 March 2012

## EXPENSE RATIO

The expense ratio of the Fund (calculated in accordance with the requirements in the Investment Management Association of Singapore's revised guidelines on the disclosure of expense ratios and based on figures in the fund's latest audited accounts) for the financial year ended 30 June 2023 is 1.09%. Brokerage and other transaction costs, interest expense, foreign exchange gains/losses, tax deducted at source or arising on income received and dividends paid to Unitholders are not included in the expense ratio.

## TURNOVER RATIO

The turnover ratio of the Fund (based on figures in the Fund's latest audited accounts) for the financial year ended 30 June 2023 is 62.59%. The turnover ratio is calculated in accordance with the formula stated in the Code.

## 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 scheme ("**DUT Scheme**") is administered on a self-assessment basis. To benefit from the tax treatment accorded under the DUT Scheme for a year of assessment, the Fund must meet the specified conditions of the DUT Scheme throughout the basis period for that year of assessment and a declaration form has to be submitted to the Inland Revenue Authority of

Singapore (“**IRAS**”). The DUT Scheme has lapsed after 31 March 2019. However, the Fund may continue to enjoy the Designated Unit Trust (“**DUT**”) status if it continues to meet all the specified conditions of the DUT Scheme and the annual declaration form is submitted to the IRAS within the specified time limit. 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 1947 (“**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 in the hands of the Trustee:

- (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 2028;
- (j) gains or profits derived from the disposal of debentures, stocks, shares, bonds or notes issued by supranational bodies;
- (k) early redemption fee and redemption premium from QDS issued during the period from 15 February 2007 to 31 December 2028; 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 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.

Under Section 10L of the ITA, despite anything in the ITA, gains from the sale or disposal by an entity of a relevant group of any movable or immovable property (including shares and equity interests) situated outside Singapore at the time of such sale or disposal or any rights or interest thereof (collectively, “**foreign assets**”) that are received in Singapore from outside Singapore, are treated as income chargeable to tax under Section 10(1)(g) of the ITA for the year of assessment relating to the basis period in which the gains are received in Singapore.

An entity is a member of a group if its assets, liabilities, income, expenses and cash flows (i) are included in the consolidated financial statements of the parent entity of the group; or (ii) are excluded from the consolidated financial statements of the parent entity of the group solely on size or materiality grounds or on the grounds that the entity is held for sale. A group is a relevant group if (i) the entities of the group are not all incorporated, registered or established in a single jurisdiction; or (ii) any entity of the group has a place of business in more than one jurisdiction.

The above treatment would apply to gains from a sale or disposal of a foreign asset that occurs on or after 1 January 2024. Section 10L does not apply to certain entities such as an entity that has adequate economic substance in Singapore in the basis period in which the sale or disposal occurs.

The IRAS has issued an e-Tax Guide “*Income Tax: Tax Treatment of Gains or Losses from the Sale of Foreign Assets*” dated 8 December 2023 which provides further guidance on Section 10L. The satisfaction of the economic substance requirement takes into account outsourcing arrangements where an entity outsources some or all of its economic activities to third parties or group entities. In the case of a trust, amongst other conditions, this includes the outsourcing of economic activities to the trustee and/or fund manager.

Should the Fund be an entity of a relevant group and the economic substance requirement is not met, the Fund would fall under the ambit of Section 10L of the ITA and in this regard, any gains on disposal of foreign assets received in Singapore will be construed as “gains or profits of an income nature” liable to tax under Section 10(1)(g) of the ITA at the prevailing income tax rate, currently 17%. The tax on such gains will be assessed on the Trustee in its capacity as the trustee of the Fund.

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 Securities and Futures Act 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 Securities and Futures Act 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 a 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", in relation to a non-individual, is defined in Section 10(23) of the ITA as:

- (i) 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) a trust fund where at least 80% of the value of the fund is beneficially held, directly or indirectly, by individuals who are not resident in Singapore or by companies which are foreign investors or by both and, unless waived by the Minister or an authorised body, where:
  - (A) the fund is created outside Singapore; and
  - (B) the trustee of the fund is neither a citizen of Singapore nor resident in Singapore, nor does it carry out duties as such trustee through a permanent establishment in Singapore.

In general, any non-Designated Income is subject to a final tax in the hands of the Trustee. 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 a foreign investor.

### *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 in the hands of the Trustee. 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. Non-Designated Income that is exempt from income tax includes Singapore one-tier tax exempt dividend (i.e. dividends received from Singapore tax-resident companies).

### ***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 (which is a date on or after 1 June 2015) 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 his income for any year of assessment;
- (d) the trustee elects under Section 35(12B) for Section 35(12) to apply to his 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.

An individual is not a foreign investor if the individual is resident in Singapore.

Such Unitholders will be taxed on their proportionate share of the undistributed Designated Income based on terms of the trust deed or their respective holdings in the Fund as at the applicable 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) or (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 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 adopted Financial Reporting Standard 109 – Financial Instruments (“**FRS 109**”) or its equivalent under the Singapore Financial Reporting Standard International (“**SFRS(I)**”) for financial reporting purposes may, for Singapore income tax purposes, be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Units, irrespective of disposal.

Unitholders and prospective Unitholders should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of Units arising from the adoption of FRS 109 or its equivalent under SFRS (I).

## MISCELLANEOUS INFORMATION

### Inspection of Documents

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

- Trust Deed;
- Depository Agreement;
- a sample Participation Agreement; and
- the most recent annual report and accounts of the Fund and the most recent semi-annual report and unaudited semi-annual accounts of the Fund (if available).

### Online publication of dealing prices

The Net Asset Value per Unit of the Fund is published on the Manager's website at <https://www.principal.com.sg/en/etf-sg> at the end of each Business Day. Publication of the indicative Net Asset Value per Unit of the Fund will usually be quoted in US dollars. The Manager may, at its discretion, publish the indicative Net Asset Value per Unit of the Fund in Singapore dollars, based on the prevailing foreign exchange rate as may be determined by the Manager.

### Information on the Internet

The Manager will publish information with respect to the Fund on the Manager's website at <https://www.principal.com.sg/en/etf-sg> 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;
- 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.spdji.com](http://www.spdji.com).

### Anti-Money Laundering Regulations

As part of the Manager's and the Trustee's responsibility for the prevention of money laundering, tax evasion 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, tax status 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.

### **US Tax Reporting Obligations under FATCA**

The Foreign Account Tax Compliance Act ("**FATCA**") enacted by the United States ("**US**") strengthens the information reporting and compliance regimes with respect to US persons who have financial assets outside of the US or who have financial accounts with financial institutions outside of the US (also known as Foreign Financial Institutions, or "**FFIs**").

Under FATCA, a non-US fund ("**non-US Fund**"), with certain characteristics that causes it to be classified as a FFI under FATCA will be subject to a withholding tax of thirty percent (30%) on certain payments including US source Fixed, Determinable, Annual, Periodical ("**FDAP**") income, unless the non-US Fund enters into an agreement ("**FFI agreement**") with the US Internal Revenue Service ("**IRS**") or, alternatively, complies with the terms of an Intergovernmental Agreement ("**IGA**") with the US.

The Government of the Republic of Singapore has entered into an IGA with the Government of the United States of America to implement FATCA. Under the IGA, the Fund, if determined to be a reporting FFI, is expected to perform due diligence and reporting obligations as required on the Fund's investors. The Fund will report the required information to the US IRS via the IRAS on an annual basis. Unitholders may therefore be required to provide certain documentation to certify their status as a US or non-US person. Failure to comply with such requirements may result in the Unitholders being classified as non-compliant and thus may be subject to reporting and/or withholding at 30% for US tax purposes on certain payments.

By investing (or continuing to invest) in the Fund, Unitholders shall be deemed to acknowledge that:

- a) the Fund (or any person authorised by it such as the Manager or Fund Administrator Agent) may be required to disclose to IRAS and/or IRS certain confidential information in relation to the Unitholders, including but not limited to the Unitholder's name, address, tax identification number (if any) and certain information relating to the Unitholder's investment;
- b) IRAS will automatically provide such information received as outlined above with the IRS;
- c) the authorities may use such information received for the purpose of administering its tax legislation;
- d) the Fund may require the Unitholders to provide additional information and/or documentation which the Fund may be required to disclose to IRAS and / or IRS or other parties (as appropriate); and
- e) in the event an investor does not provide the requested information and/or documentation, whether or not that actually leads to compliance failures by the Fund, or a risk of the Fund or its investors being subject to withholding or penalties under the provisions of the IGA and / or FATCA, the Fund reserves the right to take any action and/or pursue all remedies at its disposal including, without limitation, compulsory redemption or withdrawal of the investor concerned to ensure that any withholding tax payable by the Fund, and any related costs, interest, penalties and other losses and liabilities suffered by the Fund, the Manager, the Administrator or any other investor, or any agent, delegate, employee, director, officer, manager, member or affiliate of any of the foregoing persons pursuant to the FATCA,

arising from such investor's failure to provide the requested information to the Fund (whether or not such failure actually leads to compliance failures by the Fund or the Manager, or a risk of the Fund, the Manager or the other investors being subject to withholding tax), is economically borne by such investor.

Each prospective investor should consult their own tax advisor regarding application of FATCA to this investment and the documentation that may need to be provided to the Fund.

If any event causes the Fund to be unable to comply with its FATCA obligations and be subjected to the 30% FATCA withholding tax on certain payments made to it, the Fund and the Unitholders may be adversely affected which may include a compulsory redemption of the Unitholders holding and / or 30% FATCA withholding.

Each Unitholder acknowledges that no Unitholder affected by any such action or remedy shall have any claim against the Fund (or its agent) for any form of damages or liability as a result of actions taken or remedies pursued by or on behalf of the Fund in order to comply with the IGA and the FATCA Regulations.

### **Organisation for Economic Co-operation and Development ("OECD") - Common Reporting Standard ("CRS")**

In addition to the above, Singapore has implemented Common Reporting Standard ("**CRS**"), also known as the Standard for Automatic Exchange for Financial Account Information in Tax Matters ("**AEOI**"), a regime developed by the Organisation for Economic Co-operation and Development ("**OECD**") to facilitate and standardise the exchange of financial account information between participating jurisdictions based on the tax residency of the account holder. On 2 December 2016, the Singapore authorities gazetted the final regulations on CRS to implement CRS with effect from 1 January 2017. Singapore has commenced exchange of information under the CRS in 2018. Singapore financial institutions will report financial account information of the reportable financial account holders to the Singapore tax authorities on a yearly basis. Singapore tax authorities will thereafter automatically exchange this information with competent foreign tax authorities with which Singapore has a tax information sharing agreement (the "**reportable jurisdictions**").

By investing (or continuing to invest) in the Fund, Unitholders shall be deemed to acknowledge that:

- a) the Fund (or any person authorised by it such as the Manager or Fund Administrator Agent) may be required to disclose to IRAS certain confidential information in relation to the Unitholders, including but not limited to the Unitholder's name, address, tax residency(ies), tax identification number (if any) and certain information relating to the Unitholder's investment;
- b) IRAS will automatically exchange such information received as outlined above with the authorities of the jurisdictions with which Singapore has a tax information sharing agreement;
- c) the authorities may use such information received for the purpose of administering its tax legislation;
- d) the Fund may require the Unitholders to provide additional information and/or documentation which the Fund may be required to disclose to IRAS (as appropriate); and
- e) in the event a Unitholder does not provide the requested information and/or documentation, whether or not that actually leads to compliance failures by the Fund, or a risk of the Fund or its Unitholders being subject to penalties under the relevant CRS regulations, the Fund reserves the right to take any action and/or pursue all remedies at its disposal including, without limitation, compulsory redemption or withdrawal of the investor concerned.

By investing in any Fund and/or continuing to invest in any Fund, Unitholders shall be deemed to acknowledge that further information may need to be provided to the Fund and the Manager and the Fund's and the Manager's compliance with AEOI, including any Competent Authority Agreement ("**CAA**") and the

CRS Regulations may result in the disclosure of Unitholder's information, and Unitholder's information may be exchanged with overseas fiscal and taxation authorities.

Each Unitholders acknowledges that the Fund and the Manager may each take such action and/or pursue all remedies at its disposal (including, without limitation, compulsory redemption or withdrawal of the Unitholder concerned) as they consider necessary in relation to such investor's holding or redemption proceeds to ensure that any withholding tax payable by the Fund, and any related costs, interest, penalties and other losses and liabilities suffered by the Fund, the Manager, the Administrator or any other Unitholder, or any agent, delegate, employee, director, officer, manager, member or affiliate of any of the foregoing persons pursuant to AEOI, arising from such Unitholder's failure to provide the requested information to the Fund (whether or not such failure actually leads to compliance failures by the Fund or the Manager, or a risk of the Fund, the Manager or the Unitholders being subject to withholding tax), is economically borne by such Unitholder.

Each Unitholder acknowledges that no Unitholder affected by any such action or remedy shall have any claim against the Fund (or its agent) for any form of damages or liability as a result of actions taken or remedies pursued by or on behalf of the Fund in order to comply with AEOI, including any CAA and the CRS Regulations.

Investors should consult their professional advisors to determine their own obligation under relevant CRS Regulations as well as the possible tax and other consequences with respect to the implementation of the CRS in Singapore and the jurisdictions which he/she has tax residency.

### **Liquidity Risk Management**

The Manager has established liquidity risk management policies which enable the Manager to identify, monitor, and manage the liquidity risks of the Fund. Such policies, combined with the liquidity management tools available, seek to achieve fair treatment of Unitholders, and safeguard the interests of remaining Unitholders against the redemption behaviour of other investors and mitigate against systemic risk.

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

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

- (a) The Fund may, subject to the borrowing restrictions in the Investment and Borrowing Guidelines and to the provisions of the Trust Deed, borrow up to 10% of its latest available Net Asset Value (or such other percentage as may be prescribed by the Code) at the time the borrowing is incurred and the borrowing period should not exceed one month, provided always and subject to the borrowing restrictions in the Code; and
- (b) 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 Dealers, suspend the right of Participating Dealers to require the redemption of Units under Clause 7 of the Trust Deed and/or delay the payment of any moneys and transfer of any Securities in accordance with Clause 7.14 of the Trust Deed.

### **Queries and Complaints**

Investors may call the Manager at +65 6390 0800 or email the Manager at [nicholas.yap@principal.com](mailto:nicholas.yap@principal.com) / [yuzheng.zhang@principal.com](mailto:yuzheng.zhang@principal.com).

*The information presented in Appendices I and II have been 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 9 January 2024, the constituent stocks of the S&P Ethical Pan Asia Select Dividend Opportunities Index are:-

No	Index Security	Country	Weighting
1	China Shenhua Energy Co Ltd H Shares	China	5.56%
2	SITC International Holdings Co Ltd	China	4.26%
3	Whitehaven Coal Ltd	Australia	4.16%
4	Fortescue Ltd	Australia	3.60%
5	HKT Trust / HKT Ltd	Hong Kong SAR, China	3.34%
6	Jb Hi-Fi	Australia	3.17%
7	Incitec Pivot	Australia	3.16%
8	Astra International Tbk PT	Indonesia	3.15%
9	BHP Group Ltd	Australia	3.13%
10	Woodside Energy Group Ltd	Australia	3.10%
11	Henderson Land Development Co. Ltd.	Hong Kong SAR, China	3.06%
12	Power Assets Holdings Ltd	Hong Kong SAR, China	3.06%
13	China Petroleum & Chemical Corp - H Shares	China	2.86%
14	Mapletree Industrial Trust	Singapore	2.72%
15	Hana Financial Group Inc	South Korea	2.65%
16	CK Infrastructure Holdings Ltd	Hong Kong SAR, China	2.62%
17	Woori Financial Group	South Korea	2.55%
18	PTT PCL	Thailand	2.44%
19	New World Development Co. Ltd.	Hong Kong SAR, China	2.43%
20	Rio Tinto Ltd	Australia	2.30%
21	China CITIC Bank Corp Ltd - H Shares	China	2.22%
22	CLP Holdings Ltd.	Hong Kong SAR, China	2.13%
23	Sino Land Co. Ltd.	Hong Kong SAR, China	2.09%
24	Frasers Logistics & Commercial Asset Management Pte Ltd	Singapore	2.09%
25	Dexus	Australia	2.03%
26	Agricultural Bank of China Ltd - H Shares	China	1.97%
27	China Construction Bank Corp - H Shares	China	1.93%
28	Venture Corp Ltd	Singapore	1.93%
29	Bank of China Ltd - H Shares	China	1.90%
30	Bank of Communications Co Ltd - H Shares	China	1.86%
31	Industrial and Commercial Bank of China Ltd H Shares	China	1.78%
32	Swire Properties Ltd	Hong Kong SAR, China	1.76%
33	Shinhan Financial Group Ltd	South Korea	1.75%
34	Malayan Banking Bhd	Malaysia	1.74%
35	Sun Hung Kai Properties Ltd.	Hong Kong SAR, China	1.66%
36	KB Financial Group Inc.	South Korea	1.66%
37	APA Group	Australia	1.65%
38	Samsung Fire & Marine	South Korea	1.57%
39	PICC Property and Casualty Co. Ltd. - H Shares	China	1.53%
40	Bank Mandiri Tbk PT	Indonesia	1.44%

Source: S&P Dow Jones Indices LLC

## **APPENDIX II – THE S&P ETHICAL PAN ASIA SELECT DIVIDEND OPPORTUNITIES INDEX**

### **INTRODUCTION**

The Index is part of the S&P Dividend Opportunities family of indices. These indices serve as benchmarks for income seeking investors investing in equity markets. The indices are designed to provide exposure to high yielding common stocks from global markets, while meeting diversification, stability and tradability requirements.

Index constituents must meet minimum size and liquidity requirements to ensure investability and tradability. Constituents also must meet stability requirements related to profitability and earnings growth. The indices seek to ensure diversified exposure, so a number of weighting criteria are applied to each specific index at each semi-annual rebalancing.

### **ELIGIBILITY CRITERIA**

#### **Universe**

The selection universe (“**Selection Universe**”) for the Index is drawn from the S&P Dow Jones Indices’ equity database. This includes, but is not limited to, constituents of the S&P Pan Asia BMI. Stocks must be domiciled in Pan Asian countries, excluding India, Japan, New Zealand, the Philippines and Taiwan. For China, only Hong-Kong listed stocks are eligible. The Selection Universe is based on the following criteria:

#### **Market Capitalisation**

Eligible stocks must have a float-adjusted market capitalization of above US\$3 billion, as of the Rebalancing Reference Date. The float-adjusted market capitalization can fall to US\$2 billion for existing index securities before they are considered for exclusion.

#### **Value Traded**

Eligible stocks must have six-month average daily value traded (ADVT) of US\$3 million, as of the Rebalancing Reference Date. The criterion is lowered to US\$2.5 million for existing index securities before they are considered ineligible for continued membership.

#### **Public Shares Available to Foreign Investors**

The Index Provider will review not only the theoretical foreign investment limits applicable to companies (as calculated through the Index Provider’s Investable Weight Factor (IWF)), but also the practical available limit (as defined by the known shares actually available to foreign investors). South Korean stocks are monitored for foreign investment limits at each rebalancing. A stock is added only if its practical available limit is 10% or more. If the practical available limit for an existing constituent falls below 5% then it is removed from the Index at the next rebalancing. The other indices have the flexibility to use South Korean ADR listed stocks.

#### **Exchange Listing**

The stocks must be listed on the primary exchanges of those countries allowing free-in-kind transfer of shares; i.e., where there is no cash involved in a trade. Securities listed in both emerging and developed markets are analysed to determine which listing offers higher liquidity. The Security with the higher liquidity is given preference in the final selection.



## **Stability Criteria**

Stocks in the Investable Universe are, then, screened for two stability factors:

(i) **Profitability**

Stocks must be profitable, as measured by positive earnings-per-share (“**EPS**”) before extraordinary items, over the latest 12-month period as of the Rebalancing Reference Date.

(ii) **Dividend Growth**

Stocks must have stable or increasing three-year dividend growth; however, during times of market distress this rule may be relaxed. For existing index stocks, the dividend should maintain positive or stable growth. A small decline in dividend growth is allowed as long as the decline is less than 5% over the three year period. It is measured as:

$$((Dividends\ Per\ Share_t / Dividends\ Per\ Share_{t-3})^{1/3} - 1) * 100$$

where  $t$  is the latest year.

## **Ethical Screen**

A further ethical screen is conducted for the Index. There may be instances where the ethical screen is breached and companies that have at least 5% revenue exposure to alcohol, gaming, pork or tobacco are removed from the universe of eligible securities. The screen is conducted by an independent third party, Ratings Intelligence, on a semi-annual basis to coincide with the semi-annual rebalancings.

Stocks meeting both the Stability and Ethical criteria form the Selection Universe for the Index.

## **INDEX CONSTRUCTION**

### **Approaches**

The methodology employs a yield driven-weighting scheme, using the divisor methodology used in most S&P Dow Jones Indices’ equity indices.

There are two steps in the creation of the Index. The first is the selection of the number of companies specified by the Index and the second is the weighting of the index constituents within the Index.

The Index Provider believes turnover in index membership should be avoided when possible. At times a company may appear to temporarily violate one or more of the addition criteria. However, the addition criteria are for addition to the Index, not for continued membership. As a result, an index constituent that appears to violate criteria for addition to the Index will not be deleted unless ongoing conditions warrant an index change.

### **Constituent Selection**

The selection of constituents of the Index is done as follows:

1. All stocks in the Selection Universe are sorted by trailing 12-month dividend yield.
2. The highest yielding stocks in each Selection Universe form the respective index.
3. The following buffers are applied:

Index	Constituent Selection
S&P Ethical Pan Asia Select Dividend Opportunities Index	The Index is comprised of the top 40 yielding stocks in the selection universe. At the rebalancing, if a current index constituent is among the top 80 in the ranking, it remains in the index. If not, the stock is deleted and the next highest yielding stock that is not an Index constituent is added.

### Constituent Weightings

The index is weighted based on trailing 12-month dividend yield with specific diversification requirements outlined in Constituent Capping below.

Dividend yield is calculated by dividing the stock's Dividend-Per-Share ("DPS") amount by its price in local currency as of the rebalancing reference date. Special and extraordinary dividends are not included in the calculation.

DPS is calculated using dividends going ex in the last 12 months prior to the rebalancing reference date.

Index	Stock Weight	Global Industry Classification System Sector Weight	Country Weight	Emerging Market Weight	Other Criteria
	<i>Max.</i>	<i>Max.</i>	<i>Max.</i>	<i>Max.</i>	
S&P Ethical Pan Asia Select Dividend Opportunities Index	5%	25%	25%		The combined weight of China and Hong Kong should be no more than 50%. No more than 10 stocks from any one eligible country. No more than 15 stocks from any one sector.

### Weights Computation

Stock weights are calculated using an optimization procedure that chooses final weights in such a way as to minimize the sum of the squared differences of capped weight and uncapped weight, divided by uncapped weight for each stock, subject to the aforementioned stock, sector, country, and other constraints applied to the respective S&P Dividend Opportunities Indices.

### Index Calculations

The Index is calculated by means of the divisor methodology used in all S&P Dow Jones Indices' equity indices. The Index Value is simply the Index Market Value divided by the Index Divisor:

$$\text{Index Value} = \text{Index Market Value} / \text{Index Divisor} \quad (1)$$

For more information on the Index calculation methodology, please refer to the Modified Market Capitalization Weighted Indices section of S&P Dow Jones Indices' Index Mathematics Methodology.

In order to maintain basket series continuity, it is also necessary to adjust the divisor at the rebalancing.

$$(\text{Index Value})_{\text{before rebalancing}} = (\text{Index Value})_{\text{after rebalancing}} \quad (2)$$

Therefore,

$$(\text{Divisor})_{\text{after rebalancing}} = (\text{Index Market Value})_{\text{after rebalancing}} / (\text{Index Value})_{\text{before rebalancing}} \quad (3)$$

## INDEX MAINTENANCE

### Rebalancing

**Annual Reconstitution.** The indices are reconstituted annually, effective after the close of trading of the last business day of July. The reconstitution reference date is the last business day of June. During the annual reconstitution, an updated universe is used and all stocks are screened for index eligibility.

**Semi-Annual Review.** In addition to the annual reconstitution and monthly dividend review, the index undergoes a secondary review to ensure that the constituent weighting criteria are being adhered to. This secondary review is performed using trailing 12-month dividend yields as of the last business day of December. If weights require realignment as of this reference date, new constituent weights will take effect after the close of trading on the last business day of January.

Since index shares are assigned based on prices seven business days prior to the rebalancing, the actual weight of each stock at the rebalancing will differ from the target weights due to market movements.

### Monthly Dividend Review

S&P Dow Jones Indices reviews index constituents on a monthly basis.

At the discretion of S&P Dow Jones Indices, an index constituent may be removed effective prior to the open of the first business day of the following month, if:

- a scheduled dividend payment is omitted; or
- a company announces that it will cease paying dividends for an undetermined period.

The determination of ongoing eligibility and qualifying for the index at the subsequent reconstitution is at the discretion of the Index Committee.

Where a company postpones or defers a scheduled dividend payment, but does not cancel it, S&P Dow Jones Indices will generally take no action until the company makes a further announcement, or the index undergoes a rebalancing, whichever occurs sooner.

The review of ongoing eligibility is conducted based on information publicly announced by the company up to and including the 21<sup>st</sup> of the month (in February, this date will be the 18<sup>th</sup>). Any index changes are effective prior to the open of the first business day of the following month and will be announced with five business days' notice.

### Corporate Actions

Corporate Action	Adjustment Made to Index	Divisor Adjustment?
Spin-off	Please refer to the Treatment of Spin-offs in <i>S&amp;P Dow Jones Indices' Equity Indices Policies &amp; Practices</i> document.	
Rights Offering	The price is adjusted to the Price of the Parent Company minus (the Price of the Rights Offering/Rights Ratio). Index shares change so that the company's weight remains the same as its weight before the rights offering.	No
Stock Dividend, Stock Split, Reverse Stock Split	Index shares are multiplied by and price is divided by the split factor.	No
Share Issuance, Share Repurchase, Equity Offering or Warrant Conversion	None.	No

Special Dividends	Price of the stock making the special dividend payment is reduced by the per share special dividend amount after the close of trading on the day before the dividend ex-date.	Yes
Constituent Change	Except for spinoffs, there are no intra-rebalancing additions.	-
	Deletions due to delistings, acquisition or any other corporate event resulting in the deletion of the stock from the index will cause the weights of the rest of the stocks in the index to change. Relative weights will stay the same.	Yes

For more information please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document located on our website, [www.spdji.com](http://www.spdji.com).

## INDEX GOVERNANCE

### Index Committee

The index is maintained by an Index Committee. The Index Committee meets regularly. All committee members are full-time professional members of S&P Dow Jones Indices' staff. At each meeting, the Index Committee may review pending corporate actions that may affect index constituents, statistics comparing the composition of the indices to the market, companies that are being considered as candidates for addition to an index, and any significant market events. In addition, the Index Committee may revise index policy covering rules for selecting companies, treatment of dividends, share counts or other matters.

S&P Dow Jones Indices considers information about changes to its indices and related matters to be potentially market moving and material. Therefore, all Index Committee discussions are confidential.

S&P Dow Jones Indices' Index Committees reserve the right to make exceptions when applying the methodology if the need arises. In any scenario where the treatment differs from the general rules stated in this document or supplemental documents, clients will receive sufficient notice, whenever possible.

In addition to the daily governance of indices and maintenance of index methodologies, at least once within any 12-month period, the Index Committee reviews the methodology to ensure the indices continue to achieve the stated objectives, and that the data and methodology remain effective. In certain instances, S&P Dow Jones Indices may publish a consultation inviting comments from external parties.

For more information on Quality Assurance and Internal Reviews of Methodology, please refer to S&P Dow Jones Indices' Equity Indices Policies and Practices document located on the website at [www.spdji.com](http://www.spdji.com).

## INDEX POLICY

### Announcements

All index constituents are evaluated daily for data needed to calculate index levels and returns. All events affecting the daily index calculation are typically announced up to 30 days in advance via the Index Corporate Events report (.SDE), delivered daily to all clients. Any unusual treatment of a corporate action or short notice of an event may be communicated via email to clients.

All methodology changes are posted to the S&P Dow Jones Indices' website and announced via email to all clients. The latest available version is posted on the website at [www.spdji.com](http://www.spdji.com).

For more information on S&P Dow Jones Indices' announcements, please refer to the Announcement Policy located on the website at [www.spdji.com](http://www.spdji.com).

## **Pro-forma files**

In addition to the corporate events file (.SDE), S&P Dow Jones Indices provides constituent pro-forma files for each index each time the indices rebalance. The pro-forma file is typically provided in advance of the rebalancing date and contains all constituents and their corresponding weights and index shares effective for the upcoming rebalancing. Since index shares are assigned based on prices one week prior to the rebalancing, the actual weight of each stock at the rebalancing will differ from these weights due to market movements.

Please visit [www.spdji.com](http://www.spdji.com) for a complete schedule of rebalancing timelines and pro-forma delivery times.

## **Holiday Schedule**

The Index is calculated daily, throughout the calendar year. The only days the indices are not calculated are on days when all exchanges where an index's constituents are listed are officially closed.

A complete holiday schedule for the year is available at [www.spdji.com](http://www.spdji.com).

## **Unscheduled Market Closures**

In situations where an exchange is forced to close early due to unforeseen events, such as computer or electric power failures, weather conditions or other events, S&P Dow Jones Indices will calculate the closing price of the indices based on (1) the closing prices published by the exchange, or (2) if no closing price is available, the last regular trade reported for each security before the exchange closed. If an exchange fails to open due to unforeseen circumstances, S&P Dow Jones Indices treats this closure as a standard market holiday. The index will use the prior day's closing prices and shifts any corporate actions to the following business day. If all exchanges fail to open or in other extreme circumstances, S&P Dow Jones Indices may determine not to publish the index for that day.

For further information on Unexpected Exchange Closures, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document located on the website at [www.spdji.com](http://www.spdji.com).

## **Recalculation Policy**

S&P Dow Jones Indices reserves the right to recalculate an index under certain limited circumstances. S&P Dow Jones Indices may choose to recalculate and republish an index if it is found to be incorrect or inconsistent within two trading days of the publication of the index level in question for one of the following reasons:

1. Incorrect or revised closing price
2. Missed corporate event
3. Late announcement of a corporate event
4. Incorrect application of corporate action or index methodology

Any other restatement or recalculation of an index is only done under extraordinary circumstances to reduce or avoid possible market impact or disruption as solely determined by the Index Committee.

For more information on the recalculation policy, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document located on the website at [www.spdji.com](http://www.spdji.com).

For information on Calculations and Pricing Disruptions, Expert Judgment and Data Hierarchy, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document located on the website at [www.spdji.com](http://www.spdji.com).

## **FOREIGN EXCHANGE RATES**

The foreign exchange rates used in the calculation of the Index are Reuters' real time spot rates.

The US dollar is the base currency for all index calculations. Constituent prices are converted into US dollars in order to calculate the Index.

Real time foreign exchange rates are used throughout the period of calculation. Therefore foreign exchange movements are taken into account in the Index calculation for each market even though the underlying market may be closed.

#### **FURTHER INFORMATION ON THE INDEX**

Further information on the Index is available from the Index Provider's website at [www.spdji.com](http://www.spdji.com).

**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>Christopher Leow</b>	
Principal Asset Management (S) Pte Ltd	Nil
<b>Chong Chooi Wan</b>	
Principal Asset Management (S) Pte Ltd	Principal Islamic Asset Management (Ireland) plc
Principal Asset Management Berhad	
Principal-Islamic Asset Management Sdn Berhad	
Principal Asset Management Co. Ltd	
R&A Holdings Limited	
MyGas Power Sdn Bhd	
Capital Advisors Partners Asia Sdn Bhd	
Capasia Asean Infrastructure Fund III (General Partner) Ltd	
Capasia Islamic Infrastructure Fund (General Partner) Ltd	
Capital Advisors Partners Asia Pte Ltd	
Labuan Reinsurance (L) Ltd	
CIMB Private Equity Advisors Sdn Bhd	
CIMB Asia Security (General Partner) Limited	
AIGF Management Company Ltd	
CIMB-MC Capital Ltd	
CIG Berhad	
Commerce Asset Ventures Sdn Bhd	
CIMB Private Equity Sdn Bhd	
CIMB Real Estate Sdn Bhd	
CIMB SI II Sdn Bhd	
CIMB Strategic Assets Sdn Bhd	
Financial Park (Labuan) Sdn Bhd	
CIMB Capital Markets (Australia) Pty Limited	
Minorcap Pte. Ltd	

<b>Current Directorships</b>	<b>Past Directorships of last 5 Years</b>
CSI Investment Ltd	
Proton Commerce Sdn Bhd	
Renggis Ventures Sdn Bhd	



**Prospectus for the PRINCIPAL S&P ETHICAL ASIA PACIFIC DIVIDEND ETF**

**Board of Directors of Principal Asset Management (S) Pte Ltd**

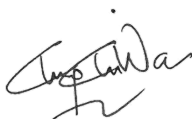
Signed:



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**Christopher Leow**  
**Director**

Signed:



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**Chong Chooi Wan**  
**Director**

**Principal Asset Management (S) Pte Ltd** (200607208K)

Enquiries:

Customer Care Centre **(65) 6390 0800**

Website **[www.principal.com.sg](http://www.principal.com.sg)**