

## IMPORTANT

**If you are in any doubt about the contents of this Prospectus, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.**

The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), Hong Kong Securities Clearing Company Limited ("**Hongkong Clearing**") and the Hong Kong Securities and Futures Commission (the "**SFC**") take no responsibility for the contents of this Prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

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### ABF PAN ASIA BOND INDEX FUND

*a Singapore unit trust authorized under  
Section 286 of the Securities and Futures Act 2001 of Singapore and  
Section 104 of the Securities and Futures Ordinance (Cap. 571) of Hong Kong  
Stock Code: 2821*

### Prospectus

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This Prospectus describes and offers for sale units in the ABF Pan Asia Bond Index Fund (the "**Trust**").

You should be aware of certain risks relating to an investment in the Trust. See the section entitled "**Principal Risk Factors**" on pages 18 to 29.

The Trust seeks investment results that correspond closely to the total return of the iBoxx<sup>®</sup> ABF Pan-Asia Index (the "**Underlying Index**") compiled by Markit Indices GmbH (formerly known as "Markit Indices Limited") (the "**Index Provider**"), before fees and expenses. State Street Global Advisors Singapore Limited (the "**Manager**"), which is based in Singapore with a place of business in Hong Kong, is the manager of the Trust.

The units of the Trust, called "**Units**" throughout this Prospectus, are listed on the Stock Exchange. Units will trade on the Stock Exchange at market prices throughout the trading day. Market prices for Units may, however, be different from their net asset value ("**NAV**").

The Trust issues and redeems Units at NAV on each day on which (i) commercial banks are open for business in Singapore and Hong Kong and the Stock Exchange is open for normal trading; and (ii) the Underlying Index is compiled and published. However, Units may only be issued and redeemed in multiples of 5,000 Units or such other multiple as from time to time determined by

the Manager with the prior approval of the Trustee and specified in the Prospectus and prior notice of any change in the size of the Creation/ Redemption Unit shall be given to unitholders if so required by the Trust Deed (each a "**Creation/ Redemption Unit**"), save that (i) Units need not be issued or redeemed in Creation/ Redemption Unit aggregations on the last Dealing Day of each month and (ii) the Manager may, with the Trustee's approval, issue or redeem Units in aggregations smaller than Creation/ Redemption Unit aggregations for a particular case or cases. Any issue and redemption of Units is usually effected in cash. As a practical matter, only securities dealers or other large investors purchase or redeem Creation/ Redemption Units, most smaller investors will buy and sell Units on the Stock Exchange. Except when aggregated in Creation/ Redemption Unit sizes, Units are generally not redeemable securities (save on the last Dealing Day of each month or as described above).

*An investment in the Trust is not a bank deposit nor is it insured or guaranteed by the government of Singapore or the government of Hong Kong ("HKSAR Government") or any other Singapore or Hong Kong government agency or by the government or government agency of any other country.*

The Trust offered in this Prospectus is an authorized scheme under the Securities and Futures Act 2001 of Singapore ("**Singapore SFA**"). A copy of the Prospectus had been lodged with and registered by the Monetary Authority of Singapore (the "**MAS**"). The MAS assumes no responsibility for the contents of this Prospectus. The registration of this Prospectus by the MAS does not imply that the Singapore SFA or any other legal or regulatory requirements have been complied with. The MAS has not, in any way, considered the investment merits of the Trust.

The Units are capital markets products other than prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Specified Investment Products (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).

The Trust has been authorized by the SFC under the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**HK SFO**"). The SFC does not take any responsibility for the financial soundness of the Trust or the correctness of any statement made or opinion expressed in this Prospectus. Further, the SFC's authorization is not a recommendation or endorsement of the Trust nor does it guarantee the commercial merits of the Trust or its performance. It does not mean the Trust is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investor.

The Units have been accepted as eligible securities by Hongkong Clearing for deposit, clearing and settlement in the Central Clearing and Settlement System ("**CCASS**") with effect from the date of commencement of dealings in the Units on the Stock Exchange. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

7 June 2024

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## Overview

### Introduction

#### *This Prospectus*

This Prospectus provides certain information you need in order to make an informed decision about investing in the Trust. It contains important facts about the Trust. This Prospectus includes particulars given in compliance with the Singapore SFA, the Code on Collective Investment Schemes (as amended from time to time) issued by the MAS (the "**Singapore Code on CIS**"), the Hong Kong SFC Code on Unit Trusts and Mutual Funds of the SFC Handbook for Unit Trusts and Mutual Funds, Investment – Linked Assurance Schemes and Unlisted Structured Investment Products (the "**HK SFC Code**") and the Hong Kong Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") for the purpose of providing information to the public with regard to the Trust.

The Manager accepts full responsibility for the accuracy of the information contained in this Prospectus and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement in this Prospectus misleading at the date of publication of this Prospectus.

This Prospectus is published in connection with the retail offer of Units in Singapore and in Hong Kong. No person is authorized in connection with the issue of Units to give any information, or to make any representation not contained in this Prospectus, and any information or representation not contained in this Prospectus must not be relied upon as having been authorized by either the Manager or any of its directors or any other persons involved in the issue of Units pursuant to the offer contained in this Prospectus.

This Prospectus has been registered in Singapore by the MAS on 7 June 2024, and the registration of the Prospectus in Singapore will be valid for a period of 12 months after the date of registration (i.e. up to and including 6 June 2025) and shall expire on 7 June 2025.

#### *The Trust authorization*

The Trust is a standalone unit trust authorized in Singapore under section 286 of the Singapore SFA and in Hong Kong under section 104 of the HK SFO and is established under the terms of a trust deed dated 21<sup>st</sup> June 2005 (the "**Principal Deed**") made between State Street Global Advisors Singapore Limited (as the "**Manager**") and HSBC Institutional Trust Services (Singapore) Limited (as the "**Trustee**") and as amended by an amending and restating deed dated 28<sup>th</sup> June 2006 (the "**Amending and Restating Deed**"), a second amending and restating deed dated 28<sup>th</sup> June 2007 (the "**Second Amending and Restating Deed**"), a supplemental deed dated 27<sup>th</sup> June 2008 (the "**Supplemental Deed**"), a third amending and restating deed dated 24<sup>th</sup> June 2011 (the "**Third Amending and Restating Deed**"), a fourth amending and restating deed dated 10<sup>th</sup> July 2018 (the "**Fourth Amending and Restating Deed**"), a fifth amending and restating deed dated 27<sup>th</sup> December 2019 (the "**Fifth Amending and Restating Deed**") and a sixth amending and restating deed dated 17<sup>th</sup> August 2020 (the "**Sixth Amending and Restating Deed**"), each made between the Manager and the Trustee. The Principal Deed as amended by the Amending and Restating Deed, the Second Amending and Restating Deed, the Supplemental Deed, the Third Amending and Restating Deed, the Fourth Amending and Restating Deed, the

Fifth Amending and Restating Deed and the Sixth Amending and Restating Deed shall hereinafter be referred to as the "**Trust Deed**". The Trust Deed is governed by Singapore law.

*Different from a typical unit trust offered to the public in Singapore and Hong Kong*

You should note that the Trust is not like a typical unit trust offered to the public in Singapore and Hong Kong. Amongst other things, generally Units may only be created and redeemed through Authorized Participants (as defined on page 35) and only in Creation/ Redemption Unit aggregations (see the section entitled "Creation and Redemption of Units"). Most smaller investors in Hong Kong will buy and sell Units on the Stock Exchange or through arrangements provided by local financial institutions. Smaller investors in Singapore will buy and sell Units through arrangements provided by local financial institutions or, if they have a dealing facility in Hong Kong, on the Stock Exchange. This feature is not usually present in a typical unit trust offered to the public in Singapore and Hong Kong, where units can generally be purchased and redeemed for cash in comparatively smaller multiples of units.

The structure of the Trust is described in full in this Prospectus. Accordingly, you should read the full text of this Prospectus in order to understand the structural and operational features of the Trust.

*The Trust*

The Trust is an "**index fund**" which seeks investment results, before fees and expenses, that correspond closely to the total return of the iBoxx ABF Pan-Asia Index (the "**Underlying Index**"). The Underlying Index is an indicator of investment returns of debt obligations denominated in China Renminbi, Hong Kong Dollars, Indonesian Rupiah, Korean Won, Malaysian Ringgits, Philippine Pesos, Singapore Dollars or Thai Baht (each an "**Asian Currency**") issued or guaranteed by the government of China, Hong Kong, Indonesia, South Korea, Malaysia, Philippines, Singapore or Thailand (each an "**Asian Government**") respectively, by an agency or instrumentality of an Asian Government, by an Asian Government sponsored entity or a quasi-Asian Government entity and Asian Currency denominated debt obligations issued by a supranational financial institution or by an agency or instrumentality of any supranational financial institution or by an entity sponsored by any supranational financial institution ("**Other Public Securities**"), in each case as determined by the Index Provider and which are for the time being constituent securities of the Underlying Index. The Index Provider determines the composition of the Underlying Index in accordance with its rules and procedures for the Underlying Index (which may change from time to time), and publishes information regarding the composition, investment characteristics and return of the Underlying Index. The Underlying Index is discussed more fully under the section entitled "Description of the Underlying Index" and Appendix 1.

The Trust is designed for investors who seek an "**index-based**" approach to investing in a portfolio of Asian Government sovereign and quasi-sovereign bond securities. Units may also be used as an asset allocation component or as a trading instrument. While the Trust mainly invests in a portfolio of bonds issued by Asian Governments and quasi-sovereign entities, the Trust itself is not guaranteed by any Asian Government or government agency of any country.

Unlike many conventional unit trusts and mutual funds, which are only bought and sold at closing net asset values, the Units are designed to be tradable in the secondary market on the Stock



Exchange on an intra-day basis, and to be created and redeemed principally in a Creation/ Redemption Unit size (save that (i) the Manager may, with the Trustee's approval, issue or redeem Units in aggregations smaller than Creation/ Redemption Unit aggregations for a particular case or cases; and (ii) Units need not be issued or redeemed in Creation/ Redemption Unit aggregations on the last Dealing Day of each month) at the NAV calculated with respect to each Dealing Day (as defined in the section entitled "Creation and Redemption of Units").

The base currency of the Trust is United States dollars ("US\$" or "US dollars").

#### The Offer of Units

No action has been taken to permit the public offer of the Units or the distribution of this Prospectus in any jurisdiction other than Singapore and Hong Kong. Accordingly, this Prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation.

The distribution of this Prospectus and the offering of Units in certain jurisdictions may be restricted and accordingly persons into whose possession this document comes are required to inform themselves about and to observe such restrictions.

No offer of Units is made in any jurisdiction in which such offer is illegal. No public offer of Units is intended in any jurisdiction (other than Singapore and Hong Kong) which distinguishes between public offers and private placings of securities.

#### Listing and Dealing

The Units are listed on the Stock Exchange. Units trade on the Stock Exchange in board lots of 10 Units and are traded in US dollars.

The Units have been accepted by Hongkong Clearing as eligible securities of CCASS with effect from the commencement of dealings in the Units on the Stock Exchange. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second trading day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Certificates will not be issued in respect of the Units. After listing all Units will be registered in the name of HKSCC Nominees Limited ("**HKSCC Nominees**") by the Registrar. The register of unitholders of the Trust is the evidence of ownership. Any beneficial interest in the Units will be established through an account with CCASS.

#### **Description of the Trust**

Stock Exchange Trading Symbol of the Trust: 2821

The Trust is a unit trust authorized under section 286 of the Singapore SFA and section 104 of the HK SFO and is established under the terms of the Trust Deed made between State Street Global Advisors Singapore Limited as the Manager and HSBC Institutional Trust Services (Singapore) Limited as the Trustee. Authorization of the Trust does not imply official approval or recommendation of the Trust by the SFC or the MAS. The Trust Deed is governed by Singapore law.

Under the terms of the Trust Deed, a Supervisory Committee has been constituted to direct and oversee the Trustee and the Manager on certain matters relating to the management and administration of the Trust including the power to direct the Trustee and the Manager on matters relating to the overall structure of the Trust and strategic (but not day to day) issues relating to its management and administration and the power to recommend that the Manager or the Trustee should be removed. The Supervisory Committee shall consist of up to 15 members. Refer to the section entitled "Management and Operations - The Supervisory Committee" for details on the powers of the Supervisory Committee.

The Units of the Trust are listed on the Stock Exchange. The Units have been accepted by Hongkong Clearing as eligible securities of CCASS with effect from the commencement of dealings in the Units on the Stock Exchange. You will not therefore receive any Unit certificates. The Trust is an "**index fund**" which seeks investment results that correspond closely to the total return of the Underlying Index, before fees and expenses.

### **Description of the Underlying Index**

Underlying Index: iBoxx ABF Pan-Asia Index.

The Underlying Index is determined and composed by Markit Indices GmbH (formerly known as "Market Indices Limited") (the "**Index Provider**").

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

Unlike a typical fixed income index that is constructed purely on a market capitalization basis with market weights that correspond to the overall size of each country's fixed income market, the market weight of the Underlying Index makes use of market capitalization but also takes into account other factors that are designed to allow investors to gain efficient exposure to the underlying bond markets. The Underlying Index uses factors relating to local bond market size, sovereign local debt rating and the GEMLOC Investability Indicators. The GEMLOC Investability Indicators are a transparent measure of a market's investability using multiple factors developed by the World Bank and updated quarterly by Acuity Knowledge Partners.

The SFC reserves the right to withdraw the authorization of the Trust if the Underlying Index is no longer considered by the SFC to be acceptable.

Additional information in respect of the Underlying Index is set out in Appendix 1.

### **Investment Objective and Policies of the Trust**

#### Investment Objective

The investment objective of the Trust is to seek to provide investment results that correspond closely to the total return of the Underlying Index, before fees and expenses.

## Investment Policies and Strategies

The Manager will seek to achieve the Trust's investment objective by investing the Trust's assets primarily in Asian Currency denominated debt obligations issued or guaranteed by an Asian Government, by an agency or instrumentality of an Asian Government, by an Asian Government sponsored entity or a quasi-Asian Government entity and Asian Currency denominated debt obligations issued by a supranational financial institution or by an agency or instrumentality of any supranational financial institution or by an entity sponsored by any supranational financial institution, in each case as determined by the Index Provider and which are for the time being constituent securities of the Underlying Index ("**Index Securities**") but also in certain securities other than Index Securities being securities which are issued by the same issuer of any Index Security ("**Non-Index Securities**") by adopting a representative sampling strategy or similar strategy. Representative sampling is a strategy investing in a representative sample of securities in the Underlying Index which have a similar investment profile as that of the Underlying Index. Securities selected have aggregate characteristics (such as yield and duration) similar to those of the Underlying Index. The Trust generally will not hold all the securities that are included in the Underlying Index.

Given the illiquidity of certain Index Securities, the use of a representative sampling strategy is necessary for the reduction of the tracking error of the Trust. In using a representative sampling strategy, the Manager seeks to construct the portfolio of the Trust so that, in aggregate, its capitalisation, industry and fundamental investment characteristics perform like that of the Underlying Index. Over time, the Manager may alter (or "rebalance") the portfolio composition of the Trust to reflect changes in the characteristics of the Underlying Index or to bring the performance and characteristics of the Trust more in line with that of the Underlying Index.

In view of Asian Currency fixed income market illiquidity, the Manager will be permitted to invest in certain Non-Index Securities in order to minimize the Trust's tracking error relative to the performance of the Underlying Index. Eligible Non-Index Securities are US\$ denominated securities and Asian Currency denominated securities which are not Index Securities but which are issued by an issuer of Index Securities, and are, in the opinion of the Manager, substantially similar to comparable Index Securities and are likely to behave in such manner that is consistent with the investment objective of the Trust. The total exposure to Non-Index Securities is limited to 20% of the Trust's total NAV. Nonetheless, the Manager intends to invest in Index Securities to the extent practicable and consistent with achieving the investment objective of the Trust. In addition, the Trust may hold Index Securities in excess of their corresponding weighting in the Underlying Index provided that the total exposure to an Index Security will not exceed such Index Security's weighting in the Underlying Index by an amount which is more than 5% of the Trust's total NAV.

The Manager will rebalance the Trust's portfolio of investments from time to time to reflect any changes to the composition of, or the weighting of, securities in the Underlying Index with a view to minimizing tracking error of the Trust's overall returns relative to the performance of the Underlying Index. Such rebalancing may be in the form of investments in Non-Index Securities.

China, Hong Kong, Indonesia, South Korea, Malaysia, Philippines, Singapore and Thailand (each an "**Index Constituent Economy**" and collectively "**Index Constituent Economies**") will each have an economy weighting in the Underlying Index. The economy weighting is influenced by a

number of factors including movements in the underlying bond and currency markets as well as those factors indicated in the section above entitled "Description of the Underlying Index". In broad terms, however, as at the date of registration of this Prospectus the Manager expects that each Index Constituent Economy will have an economy weighting range as follows:

	<u>weighting range</u>
China	18 – 25%
Hong Kong	4 – 16%
Indonesia	3 – 11%
Malaysia	4 – 16%
Philippines	3 – 11%
Singapore	10 – 25%
South Korea	10 – 25%
Thailand	4 – 16%

The weighting ranges of the Index Constituent Economies in the Underlying Index may change over time, hence the weighting ranges of the Index Constituent Economies in the Trust will also change accordingly and may fall outside of the initial weighting ranges set out above.

Further information on the Underlying Index is set out in Appendix 1. Information on the current market weights for the Underlying Index may be obtained from <https://www.spglobal.com/spdji/en/indices/products/iboxx.html>.

The Trust will be subject to the core investment guidelines set out in Appendix 1 of the Singapore Code on CIS and the guidelines for index funds set out in Appendix 5 of the Singapore Code on CIS (together the "**Code Investment Guidelines**").

In accordance with the HK SFC Code and the Singapore Code on CIS, the Manager will ensure that the Trust will invest in at least six different issues of securities with no more than 20% of the Trust's total NAV invested in any security (which is an Asian Government security or Other Public Security, including without limitation an Index Security and a Non-Index Security) of the same issue. For this purpose, securities of the same series issued by the same issuer but with a different coupon payment amount or timing or a different maturity date will be treated as a different issue.

Derivatives may be used for hedging (e.g. to manage interest rate risk) and/or efficient portfolio management. The Manager will use these derivatives in the Trust's portfolio to help achieve the investment objective of the Trust by closely matching the Trust's portfolio with the Underlying Index as well as with other characteristics important to tracking the Underlying Index.

The Trust may invest up to 15% (other than for hedging purposes) of its total NAV (determined by reference to the value of the contract prices of the relevant instrument, whether payable by or to the Trust, or (in the case of options and warrants) total premium amounts) in repurchase agreements, futures contracts, options on futures contracts, options, warrants and other derivative

instruments related to the Underlying Index or related to positions in Index Securities or Non-Index Securities held by the Trust, in seeking performance that corresponds closely with the Underlying Index consistent with achieving the investment objective of the Trust and in managing cash flows. For the purposes of the HK SFC Code, where financial derivatives are used by the Trust for purposes other than hedging, the Trust's net exposure to these financial derivatives (calculated in accordance with the requirements of the HK SFC Code and related requirements and guidelines issued by the SFC from time to time) will not exceed 50% of the Trust's NAV.

A separate 15% limit will be applicable to any similar investments made for hedging purposes.

Unlike "actively managed" unit trusts and mutual funds, the Trust does not try to "beat" the market it tracks and does not seek temporary defensive positions when markets decline or appear overvalued by some standards. Accordingly, a fall in the Underlying Index will result in a corresponding fall in the NAV of the Trust.

*Correlation.* "Correlation" measures the degree to which the periodically measured total return of one investment resembles that of another investment. An index is a theoretical financial calculation while the Trust is an actual investment portfolio. The performance of the Trust and the Underlying Index will vary somewhat due to fees and expenses, transaction costs, variations in their constituent securities, market impact and timing variances.

The Manager expects that, over the long term, the correlation between the Trust's total return and that of the Underlying Index, before fees and expenses, will be 95% or better. A figure of 100% would indicate perfect correlation. It is expected that the tracking error between pre-expense total returns of the Trust and its related Underlying Index will be less than 40 basis points on an annual basis. The tracking error is a measure of the variation between the Trust's total return and the total return of the Underlying Index; the Trust's pre-expense total returns measured on an annual basis should differ from the total return of the Underlying Index by less than this tracking error amount most of the time on average over the long term. While the Manager expects to achieve the above correlation, neither the Manager nor the Trustee shall be liable if the actual correlation of the Trust's total returns, before fees and expenses, and that of the Underlying Index is less than the anticipated correlation. No assurance is made that the Trust will be able to fully track the performance of the Underlying Index.

*Strategies to minimize tracking error.* In order to minimize the tracking error, it is the intention of the Manager that the Trust will be passively managed with its portfolio's duration, yield curve and credit risk matched closely to that of the Underlying Index at all times.

The Trust's portfolio securities will be chosen in a way that the Trust's average portfolio duration, sector, maturity bucket distribution, yield curve risk and credit risk is similar to that of the Underlying Index, subject always to availability of the relevant Index Securities in the market at the time of investment or purchase.

Index Securities are always preferred to Non-Index Securities as portfolio holdings in order to match the Underlying Index. It is therefore the intention of the Manager to invest in Non-Index Securities as a substitute for Index Securities when the required Index Securities are unavailable at a reasonable price in the market at the time of investment or purchase.

On a daily basis, the portfolio's performance will be monitored closely against that of the Underlying Index. It is the Manager's intention that if the difference between the performance of the portfolio and the benchmark is larger than a pre-determined amount, currently 5 basis points (although this may be subject to change to a different amount reasonably determined by the Manager without notice to investors) in a day (without any distortion caused by cash inflows or outflows), the Manager intends to reassess the portfolio's risk position by reference to average portfolio duration, sector and maturity bucket distribution against the benchmark. During the process of Unit creation and redemption, the Manager will aim to complete all the required security purchases and sales prior to the day's end and thereby minimize the Trust's cash holdings.

The securities portfolio holding of the Trust as at the close of business on Friday (or if not a Business Day (as defined on page 34) the previous Business Day) will be published on the Trust's dedicated website by no later than seven calendar days following such day (or if not a Business Day the following Business Day). The website <http://www.abf-paif.com> referred to throughout this Prospectus has not been reviewed by the SFC.

*Lending securities.* The Trust may, for the sole purpose of efficient portfolio management, lend securities from its holdings to brokers, dealers and other financial institutions desiring to borrow securities to complete transactions on their own or their clients' behalf, provided it is in the best interests of unitholders to do so and the associated risks of doing are properly mitigated and addressed. The Trust may also lend securities to a potential investor wishing to place an order to create Creation/ Redemption Units if the potential investor is an eligible counterparty (see below). These loans may not, however, exceed 30% of the NAV of the Trust, including assets derived from such lending activities. The limit of any securities of the same issue that may be lent at any one time will be determined by the Manager at its absolute discretion, pursuant to a mechanism as agreed between the Trustee and the Manager. In addition, at the time that any securities are lent or proposed to be lent, the amount of securities of that issue being lent must be not more than 50% of the aggregate market holding of securities of that issue available for lending as determined by a service provider appointed by the securities lending agent and approved by the Trustee (the "**Data Service Provider**"). Currently, the Data Service Provider is Markit Group Limited. The Data Service Provider receives data from numerous lenders to determine the amount of securities of the same issue that are available for lending (the "**Lendable Amount**"). The securities lending agent will monitor the securities of that issue lent by the Trust, and track the lending against this data to ensure that the amount of securities of that issue lent by the Trust is not more than 50% of the Lendable Amount (as determined by the data provided by the Data Service Provider). Should a passive breach of any such 50% threshold occur, the securities lending agent will issue sufficient loan recalls to borrowers to ensure the limit requirement is met. The collateral shall comply with the requirements under the HK SFC Code and the Code Investment Guidelines (whichever is stricter).

The Trust will only lend securities to a borrower approved by the Trustee and the Manager. Borrowers will be restricted to persons who satisfy the criteria for a counterparty to a securities lending agreement as required under all applicable laws and regulations (including the Code Investment Guidelines and the HK SFC Code). At the date of registration of this Prospectus, the Code Investment Guidelines require a counterparty to a securities lending agreement to amongst other things, have a minimum long-term rating of 'A' by Moody's, 'A' by Standard and Poor's, or 'A' by Fitch (including sub-categories or gradations therein) unless an entity with the aforementioned rating indemnifies the scheme against losses suffered as a result of the

counterparty's failure, and the HK SFC Code requires a counterparty to be a financial institution which is subject to ongoing prudential regulation and supervision. Given that the securities lending agent has agreed to indemnify the Trust against losses suffered as a result of a counterparty's failure, the Manager and the Trustee have determined that the Trust may lend securities to a borrower that has a minimum long-term rating of 'Baa' by Moody's, 'BBB' by Standard and Poor's, or 'BBB' by Fitch (including sub-categories or gradations therein) provided that where the borrower is rated by more than one credit rating agency, the lowest minimum long-term credit rating will be used, as long as the securities lending agent has and maintains a minimum long-term rating of 'A' by Moody's, 'A' by Standard and Poor's, or 'A' by Fitch (including sub-categories or gradations therein) and continues to indemnify the Trust against losses suffered as a result of the counterparty's failure.

Where any securities lending transaction has been arranged through the Manager, the Trustee or their respective Connected Persons (as defined on page 32), the relevant entity shall be entitled to retain for its own account any fee or commission it receives on a commercial arm's length basis in connection with such lending arrangement. The Trust will receive not less than 50% of the total securities lending income derived from its securities lending activities to help offset the Trust's costs and expenses (currently 70% of the total income received from securities lending transactions will be credited to the account of the Trust). The balance of any securities lending income will be for the account of the securities lending agent.

Securities lending transactions will be entered into through a clearing house or a financial institution which is recognised as a specialist in securities lending and acceptable to the Trustee. Currently, the securities lending agent is HSBC Bank plc.

The Trust will be able to recall the securities lent out at any time in accordance with the standard settlement time in the relevant market. As part of its securities lending transactions, the Trust will receive collateral, the value of which, during the duration of the securities lending agreement, will exceed 102% of the global valuation of the securities lent, marked to market on a daily basis. Subject to the Code Investment Guidelines, the collateral that is to be acquired in respect of securities lending shall comprise Index Securities, Non-Index Securities and/or other high quality cash equivalent investments approved by the Trustee and permitted under the Trust Deed. The Trust will only accept cash collateral in exceptional circumstances where no other eligible security collateral type is available, and will be held intraday only. No interest would be paid on such cash collateral, which would be held by HSBC Bank plc as banker. The Trust will not reinvest collateral received in connection with its securities lending.

For the collateral haircut policy, a margin is added to the value of the loaned security resulting in a minimum required contractual value in excess of 102%. Both collateral and loaned security are also marked to market on a daily basis, to protect the lending client from daily price fluctuations between the loaned security and any collateral taken.

Should an enforcement event occur in relation to the borrower, i.e. failure by the borrower to return equivalent loaned securities, the securities lending agent shall assign to it all collateral held in respect of the loans affected, and to be subrogated to all the rights and remedies of the Trustee in respect of those loans. Collateral will be liquidated for purchasing a number of equivalent securities equal to the number of the unreturned loaned securities, to the extent that such equivalent securities are available on the market. If and to the extent that the proceeds of the

collateral with respect to such loan is insufficient for purchase of equivalent securities on the market for redelivery to the fund, the purchase of the equivalent securities shall be made at the securities lending agent's expenses. Collateral will be subject to net-off or set-off. HSBC Bank plc as securities lending agent, offers a range of acceptable collateral to tailor to their own securities lending programme needs, including government bonds from various issuers, as well as approved index equities.

Collateral will be appropriately diversified so as to avoid concentrated exposure to any single entity and/or entities within the same group.

The issuer of the collateral and the borrower will be of different entities, such that the value of the collateral would not have any significant correlation with the creditworthiness of the borrower or the issuer of the collateral in such a way that would undermine the effectiveness of the collateral.

HSBC Bank plc is appointed as the custodian of the collateral received with respect to the Trust's securities lending transactions. HSBC Bank plc may appoint sub-custodians (whether or not affiliated to HSBC Bank plc) to take custody of the collateral received with respect to the Trust's securities lending transactions.

The securities lending agent provides borrower default protection to mitigate the risks of borrowers' default. In the event of a borrower default, the securities lending agent, HSBC Bank plc, shall take certain actions which include (i) the purchase of equivalent securities equal to the number of the unreturned loaned securities, to the extent that such equivalent securities are available on the market and (ii) performance of the relevant defaulting borrower's obligations (including redelivery of equivalent securities) in respect of all loans affected by such borrower's default as if the default had not occurred. If the securities lending agent is unable, despite using its best endeavours, to redeliver the equivalent securities as a result of the unavailability of such equivalent securities on the market, the securities lending agent shall redeliver any equivalent securities that it is able to obtain and shall credit to an account nominated by the Trustee a sum of money representing the value of the remaining equivalent securities that it is not able to obtain, on a pro-rata basis based on the relevant value or (default) market value of the remaining equivalent securities, and the value of all distributions on the loaned securities for the relevant record dates which occur before the date on which the securities lending agent starts to purchase the aforementioned equivalent securities.

Notwithstanding the above, in case of liquidation, bankruptcy or insolvency of the securities lending agent or other circumstances in which the securities default protection is not available pursuant to the terms agreed between the securities lending agent and the Trustee, the Trust may face difficulties in enforcing the aforementioned borrower default protection.

Conflicts of interest may arise in connection with the securities lending activities of the Trust if the Manager, the Trustee or any of their respective Connected Persons is appointed as securities lending agent for the Trust or is a counterparty in a securities lending transaction with the Trust. The current securities lending agent of the Trust, HSBC Bank plc, is a Connected Person to the Trustee. However, the Manager does not intend to appoint itself or any of its Connected Persons as securities lending agent, or to permit itself, its Connected Persons or its related corporations (as defined in Section 4(1) of the Companies Act 1967 of Singapore) to act as counterparties in any securities lending transaction with the Trust. However, the Trustee shall not approve (i) any



securities lending transaction where the borrower is a Connected Person to or a related corporation (as defined in Section 4(1) of the Companies Act 1967 of Singapore) of the Manager or the Trustee, or (ii) the appointment of the Manager or any of its Connected Persons as securities lending agent for the Trust. No income from securities lending accrues to the Manager. Consequently, the Manager and the Trustee consider that any conflicts of interests arising from the securities lending activities of the Trust would be sufficiently mitigated.

*Investment restrictions.* Under the Singapore Code on CIS, the Trust is subject to the Code Investment Guidelines. Under the terms of the Trust Deed, the Trust is restricted from holding investments which would result in the aggregate value of the Trust's, investments in, or exposure (as calculated pursuant to the HK SFC Code) to any single entity through the following (which are not Asian Government securities or Other Public Securities) exceeding 10% of the Trust's total NAV, save to the extent that any waiver in this respect has been obtained for the Trust from the MAS and the SFC, and in which case the limit (if any) accepted by the MAS and the SFC shall apply: (a) investments in securities issued by that entity; (b) exposure to that entity through underlying assets of financial derivative instruments; and (c) net counterparty exposure to that entity arising from transactions of over-the counter financial derivative instruments. Notwithstanding the above, subject to otherwise permitted under the HK SFC Code, more than 10% of Trust's NAV may be invested in constituent securities issued by a single entity provided that (i) it is limited to any constituent securities that each accounts for more than 10% of the weighting of the index; and (ii) the Trust's holding of any such constituent securities may not exceed their respective weightings in the index, except where weightings are exceeded as a result of changes in the composition of the index and the excess is only transitional and temporary in nature.

As indicated above, the Trust is also restricted from holding investments which would result in the value of the Trust's holding of Index Securities and Non-Index Securities (which are Asian Government securities or Other Public Securities) of the same issue exceeding 20% of the Trust's total NAV.

Subject to the Code Investment Guidelines, if any of the applicable restrictions in the HK SFC Code and/or the Trust Deed (for which a waiver from the relevant regulator has not been obtained) are breached (as a result of price fluctuations or otherwise), the Manager will make it a priority objective to take all steps necessary to remedy the situation within a reasonable period of time, taking due account of the interests of unitholders.

The Trust is subject to a number of additional investment limitations (in addition to those set out above). The Trust may not:

- hold Non-Index Securities exceeding 20% of the Trust's total NAV;
- hold an Index Security that would result in the value of the Trust's holding of that Index Security exceeding its weighting in the Underlying Index by an amount exceeding 5% of the total NAV of the Trust;
- have the aggregate value of the Trust's investments in securities (which are not Asian Government securities or other public securities) of, or exposure (calculated pursuant to the HK SFC Code) to, entities within the same group through the following exceed 20% of the NAV of the Trust (as calculated pursuant to the HK SFC Code): (a) investments in

securities issued by those entities; (b) exposure to those entities through underlying assets of financial derivative instruments; and (c) net counterparty exposure to those entities arising from transactions of over-the-counter financial derivative instruments;

- Without prejudice to the Section titled "Conflicts of Interest" and unless otherwise permitted under the HK SFC Code, make cash deposits (as described in the HK SFC Code) with the same entity or entities within the same group exceeding 20% of the NAV of the Trust unless;
  - the cash deposit made is cash proceeds from the liquidation of Investments prior to the merger or termination of the Trust whereby placing cash deposits with various financial institutions would not be in the best interests of unitholders; or
  - the cash deposit is cash proceeds received from subscriptions pending investments and is cash held for the settlement of redemption and other payment obligations, whereby the placing of cash deposits with various financial institutions can be unduly burdensome and the cash deposit arrangement would not compromise unitholders' interests.
- hold any repurchase agreements, futures contracts, options on futures contracts, options, warrants and other derivative instruments other than related to the Underlying Index or related to positions in Index Securities or Non-Index Securities held by the Trust, and then limited to (and in accordance with the HK SFC Code and the requirements set out under "Financial derivatives" below):
  - 15% of the Trust's total NAV, where such instruments are entered into for the purposes (otherwise than for hedging purposes) of gaining exposure to Index Securities (or Non-Index Securities held by the Trust) with a view to seeking performance that corresponds closely with the Underlying Index and in managing cash flows; and
  - 15% of the Trust's total NAV for those instruments entered into for hedging purposes;
- hold more than 10% of any ordinary shares issued by any single entity;
- hold the Trust's investments in securities and other financial products or instruments that are neither listed, quoted nor dealt in on a market exceeding 15% of the NAV of the Trust;
- generally hold cash, cash equivalents (including short term deposits or certificates of deposits) exceeding 10% of the NAV of the Trust (except upon receipt of cash subscriptions or in order to fund cash payments on redemptions);
- deposit cash with, or invest in certificates of deposit or other banking instruments issued by, any single institution in excess of 5% of the NAV of the Trust;
- invest in commodities or commodity based investments;
- hold any type of real estate;

- hold any interest in a collective investment scheme;
- effect any short sale except as permitted in the Trust Deed and the HK SFC Code;
- make any investment or engage in any transaction which involves the assumption of any liability that is unlimited; or
- hold any security where a call is to be made for any sum unpaid on that security unless that call can be met in full out of cash or near cash by the Trust (whereby such amount of cash or near cash has not been segregated to cover a future or contingent commitment arising from transactions in derivative instruments for the purposes specified in the HK SFC Code).

Full details of the investment restrictions are set out in the Trust Deed. Liability of the unitholders is limited to their investments in the Trust as provided in the Trust Deed.

The Manager has the discretion to enter into repurchase agreements, futures contracts, options on futures contracts, options, warrants and other derivative instruments traded on recognized futures exchanges or over-the-counter ("OTC") for the Trust subject to the abovementioned restrictions. When entering into repurchase agreements and OTC derivative transactions the Manager intends to deal with counterparties where certain rating criteria are met, including applicable rating criteria for counterparties in the Code Investment Guidelines. Any income generated as a result of entering into any repurchase agreements, after deducting any fees or commissions payable, will be credited to the account of the Trust, and collateral taken for the repurchase agreements will be in the form of cash or cash equivalents (subject to the guidelines on securities lending and repurchase transactions in the Code Investment Guidelines).

*Financial derivatives.* Financial derivatives may be used for the purposes of hedging in accordance with the Code Investment Guidelines and the HK SFC Code and/or efficient portfolio management. The Manager has the necessary expertise to control and manage the risks relating to the use of financial derivatives (including monitoring to ensure that financial derivative instrument transactions are adequately covered on an ongoing basis). The Trust shall at all times be capable of making all the payment and delivery obligations incurred under transactions in financial derivatives (whether for hedging or otherwise). Assets that are used to cover the Trust's payment and delivery obligations incurred under transactions in derivative instruments should be free from any liens and encumbrances, exclude any cash or near cash for the purpose of meeting a call on any sum unpaid on a security, and cannot be applied for any other purposes. A transaction in financial derivatives which gives rise to a future commitment or contingent commitment of the Trust should be covered as (a) in the case of derivative instrument transactions which will, or may at the Trust's discretion, be cash settled, the Trust shall at all times hold sufficient assets that can be liquidated within a short timeframe to meet the payment obligation; and (b) in the case of derivative instruments which will, or may at the counterparty's discretion, require physical delivery of the underlying assets, the Trust shall hold the underlying assets in sufficient quantity at all times to meet the delivery obligation. If the Manager considers the underlying assets to be liquid and tradeable, the Trust may hold other alternative assets in sufficient quantity as cover, provided that such assets may be readily converted into the underlying assets at any time to meet the delivery obligation. The Manager will ensure that the risk management and compliance procedures and controls adopted are adequate and have been or will be implemented. The

Manager will use the commitment approach as set out in the Code Investment Guidelines to determine the Trust's exposure to financial derivatives. For the purposes of the HK SFC Code, the Manager will use the net derivatives exposure approach as set out in the HK SFC Code and related requirements and guidelines issued by the SFC from time to time to determine the Trust's net exposure to financial derivatives and in accordance with the requirements under the Trust Deed.

Derivatives may be used only in portfolios where the declaration of trust, fund declaration or investment management guidelines clearly state that they are permitted. The controls and systems in place to manage derivative and associated risks will be appropriate to their complexity and intended use.

Analytical tools will be used to monitor and measure derivative exposure, together with industry standard information and pricing sources, to value and monitor derivative positions and ensure compliance with pre-defined hedging and investment parameters. The criteria for assessing these systems are that they should allow risk monitoring of derivatives on a standalone basis but more significantly allow integration of derivative positions within the overall investment portfolio to provide a comprehensive monitoring of any breaches of the investment guidelines by combining direct and indirect holding through derivatives. These exposures are monitored through third party applications such as Yield Book and proprietary risk management tool to monitor and model risk exposures of investment positions in a portfolio.

Derivatives exposures are monitored by an independent risk manager with regular portfolio reviews to ensure risk exposures of portfolio are managed within investment risk limits. In addition, the Compliance team performs regular checks to ensure compliance with overall investment guidelines and the list of approved counterparties for trades.

Financial derivatives used by the Trust for the purposes of hedging or otherwise are listed or quoted on a stock exchange or dealt in an over-the-counter market, have underlying assets consist solely of assets acceptable under the Code Investment Guidelines and the HK SFC Code<sup>1</sup> and are valued marked-to-market daily. For over-the-counter financial derivatives, the counterparties or guarantors are financial institutions (as required under the HK SFC Code) which *inter alia* are subject to prudential regulation and supervision on an ongoing basis and do not give rise to net counterparty exposure to a single entity arising from transactions exceeding 10% of the Trust's NAV (subject to certain exceptions for derivative instruments as further set out in the HK SFC Code and the Trust Deed). For more information, please refer to the Trust Deed.

Where a financial derivative instrument embeds another financial derivative, the restrictions set out in this Prospectus and the Trust Deed applying to financial derivatives generally will also apply to the embedded financial derivative. Similarly, the exposure of the Trust to underlying assets of the financial derivative instruments used by it for hedging purposes or otherwise may not, together with other investments of the Trust, in aggregate exceed the corresponding investment restrictions applicable to such underlying asset as set out in Trust Deed, the Code Investment Guidelines and the HK SFC Code, as applicable.

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<sup>1</sup> Examples include shares in companies, debt securities, money market instruments, units/shares of collective investment schemes, deposits with substantial financial institutions (as defined in the HK SFC Code), Government and other public securities (as defined in the HK SFC Code), financial indices, interest rates, foreign exchange rates or currencies.

*Deposits.* Save as provided below, the Manager will apply the following credit rating requirements for any bank with which it deposits or invests cash:

- Banks should be rated A3 and above by Moody's Investors Services, Inc. ("**Moody's**") or its equivalent rated by Standard and Poor's, a division of The McGraw-Hill Companies, Inc. ("**Standard & Poor's**") or Fitch, Inc., Fitch Ratings Ltd. and its subsidiaries ("**Fitch**") for at least one of the following rating types:
  - long-term senior unsecured debt or equivalent rating type;
  - issuer rating from Moody's; or
  - long-term issuer credit rating from Standard & Poor's.
- If a long-term senior unsecured debt or issuer rating is not available, banks in relation to fixed deposits maturing in less than 1 year and counterparties for OTC transactions that are settled in less than 1 year should be rated Prime-1 or above by Moody's or its equivalent rated by Standard & Poor's or Fitch.

The Manager may also deposit or invest cash with banks which do not meet the above credit rating requirement if they are approved by the Trustee.

The Manager will apply the applicable rating requirements for counterparties (including counterparties to repurchase agreements and derivative transactions) in the Code Investment Guidelines.

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

*Contingency plans if the Underlying Index ceases to be available.* If the Underlying Index ceases to be available, the Manager will seek to procure the immediate use of an alternative index (if necessary customized by the Index Provider or the Manager) that, in the opinion of the Manager, is substantially similar to the Underlying Index and will manage the Trust's portfolio using this index, taking into account the interests of unitholders. The use of this index will be subject to prior approval by the Trustee, the Supervisory Committee and the SFC.

If no such index is immediately available, then the Manager shall consider the possibility of seeking an index provider to create an index that is substantially similar to the Underlying Index or, if necessary, shall consider whether liquidating the Trust would be in the overall best interests of unitholders. The Trustee's and the Supervisory Committee's consents are required before the Manager is permitted to proceed.

During the period of transition when a benchmark index is not available, the Manager will continue to manage the Trust's portfolio in a manner consistent with the passive style of an index-tracking fund and in accordance with the methodology of the Underlying Index to the extent that the Manager is able to determine such methodology.

*Borrowing.* The Manager may exercise from time to time certain borrowing powers in relation to the Trust, but the principal amount of all outstanding borrowings by the Trust may not exceed an amount equal to 10% of the Trust's total assets (excluding income receipts and amounts standing to the credit of the distribution account) ("**Deposited Property**") and after deducting its liabilities on any Dealing Day. Borrowings must be made in US dollars or in an Asian Currency and may only be made for the purposes of meeting redemptions and temporary (not more than four weeks) bridging requirements which may be for any one or more of the following specific purposes:

- to effect payments under the Trust Deed on redemption of Units;
- to settle the purchase or sale of Index Securities or Non-Index Securities, and to make other investments or enter into other transactions, in accordance with the terms of the Trust Deed and as permitted by the Singapore Code on CIS and the HK SFC Code;
- to meet any fees, expenses and liabilities of the Trust permitted under the Trust Deed; or
- to effect payments of income distributions in accordance with the Trust Deed.

If the aggregate principal amount of borrowings exceeds the permitted amount, then the Manager will make it a priority objective to take all steps necessary to remedy the situation within a reasonable time taking into account the interests of investors. Any interest and/or expenses incurred in connection with any borrowing arrangements will be paid by the Trust.

The Manager may use the Trust's assets as security (excluding assets comprising income receipts) for any borrowing.

The Trustee is not liable for any loss arising from depletion in the value of the Deposited Property resulting from any permitted borrowing arrangements entered into in accordance with the Trust Deed.

#### Benchmark and Performance

The performance of the Trust will be measured against the Underlying Index.

The past performance of the Trust and the Underlying Index as of 30 April 2024 are as follows:

	<b>10 years (average annual compounded returns)</b>	<b>5 years (average annual compounded returns)</b>	<b>3 years (average annual compounded returns)</b>	<b>1 year</b>	<b>Since inception on 29 June 2005 (average annual compounded returns)</b>
<b>Trust</b>	1.22%	0.75%	-2.48%	-1.93%	3.28%*
<b>Underlying Index</b>	1.66%	1.14%	-2.22%	-1.70%	3.83%**

Notes:

1. The performance of the Trust is calculated on a single pricing basis (NAV-NAV), inclusive of all transaction costs, net of all fees, with all dividends reinvested net of all charges payable upon reinvestment and in US\$ terms.

2. **You should note that the past performance of the Trust and the Underlying Index is not necessarily indicative of their future performance.**

\* The actual performance of the Trust for each year of the period from its inception to 30 April 2024 is as follows:

- since inception to 31 December 2005 – 0.401%
- year 2006 – 13.706%
- year 2007 – 7.80%
- year 2008 – 3.534%
- year 2009 – 4.34%
- year 2010 – 10.17%
- year 2011 – 6.45%
- year 2012 – 7.47%
- year 2013 – -4.88%
- year 2014 – 3.80%
- year 2015 – -3.35%
- year 2016 – -0.54%
- year 2017 – 9.35%
- year 2018 – 0.11%
- year 2019 – 7.91%
- year 2020 – 8.87%
- year 2021 – -3.67%
- year 2022 – -7.57%
- year 2023 – 5.37%
- from 1 January 2024 to 30 April 2024 – -4.29%

\*\* The actual performance of the Underlying Index for each year of the period from the Trust's inception to 30 April 2024 is as follows:

- since inception to 31 December 2005 - 0.996%
- year 2006 – 14.594%
- year 2007 – 8.39%
- year 2008 – 4.224%
- year 2009 – 5.13%
- year 2010 – 10.75%
- year 2011 – 7.01%
- year 2012 – 7.93%
- year 2013 – -4.24%
- year 2014 – 4.24%
- year 2015 – -2.80%
- year 2016 – -0.04%

- year 2017 – 9.94%
- year 2018 – 0.39%
- year 2019 – 8.59%
- year 2020 – 9.54%
- year 2021 – -3.34%
- year 2022 – -7.31%
- year 2023 – 5.70%
- from 1 January 2024 to 30 April 2024 – -4.29%

The past performance of the Underlying Index as set out above is calculated on a total return basis, and does not include the impact of certain permitted expenses (including withholding tax and transaction costs) and valuations using different sources of foreign exchange rates.

The expense ratio<sup>2</sup> for the Trust for the period from 1 July 2022 to 30 June 2023 is 0.18%.

The turnover ratio<sup>3</sup> for the Trust for the period from 1 July 2022 to 30 June 2023 is 25.23%.

### **Principal Risk Factors**

***You can lose money by investing in Units. You 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.***

***The market price of Units and the NAV per Unit may fall or rise. There is no assurance that you will achieve a return on your investment in the Units or a return on the capital you invested.***

The Trust is subject to the principal risks described below. Some or all of these risks may adversely affect the Trust's NAV, Unit price, trading price, yield, total return and/or its ability to meet its objectives.

### **Risk Factors Specific to the Trust**

***Market risk.*** The Trust's NAV and trading prices will react to securities markets movements. You may lose money over short periods due to fluctuation in the Trust's NAV and trading price in response to market movements, and over longer periods during market downturns.

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<sup>2</sup> The following expenses (where applicable) are excluded from the calculation of the expense ratio:

- (a) interest expense;
- (b) brokerage and other transaction costs associated with the purchase and sales of investments;
- (c) foreign exchange gains and losses of the Trust, whether realised or unrealised;
- (d) tax deducted at source or arising on income received, including withholding tax; and
- (e) dividends and other distributions paid to unitholders.

The expense ratio is calculated in accordance with the Investment Management Association of Singapore's guidelines on the disclosure of expense ratios and based on the latest audited accounts of the Trust. The expense ratio stated herein is calculated based on a different methodology as compared to the ongoing charges stated in the Hong Kong Product Key Facts Statement of the Trust (which is calculated in accordance with the guidelines issued by the SFC) and the two figures may or may not be the same.

<sup>3</sup> The turnover ratio is calculated in accordance with the formula stated in the Singapore Code on CIS.



Market prices of investments held by the Trust will go up or down, sometimes rapidly or unpredictably. The Trust's investments are subject to changes in general economic conditions, general market fluctuations and the risks inherent in investment in securities markets. Investment markets can be volatile, and prices of investments can change substantially due to various factors including, but not limited to, economic growth or recession, changes in interest rates, changes in actual or perceived creditworthiness of issuers and general market liquidity. Even if general economic conditions do not change, the value of an investment in the Trust could decline if the particular industries, sectors or companies in which the Trust invests do not perform well or are adversely affected by events. Further, legal, political, regulatory and tax changes also may cause fluctuations in markets and securities prices. Local, regional or global events such as war, acts of terrorism, the spread of infectious illness or other public health issues, or other events could have a significant impact on the Trust and its investments.

An outbreak of a respiratory disease caused by a novel coronavirus (known as COVID-19) first detected in China in December 2019 has resulted in a global pandemic and major disruptions to economies and markets around the world, including the United States. Financial markets have experienced extreme volatility and severe losses, and trading in many instruments has been disrupted. Liquidity for many instruments has been greatly reduced for periods of time. Some interest rates are very low and in some cases yields are negative. Governments and central banks, including the Federal Reserve in the United States, have taken extraordinary and unprecedented actions to support local and global economies and the financial markets. The impact of these measures, and whether they will be effective to mitigate the economic and market disruption, will not be known for some time. In addition, the outbreak of COVID-19, and measures taken to mitigate its effects, could result in disruptions to the services provided to a Trust by its service providers.

*Interest rate risk.* Because the Trust invests in fixed-income securities, the Trust is subject to interest rate risk. Interest rate risk is the risk that the value of the Trust's portfolio will decline because of rising interest rates. Interest rate risk is generally lower for shorter-term investments and higher for longer-term investments.

*Income risk.* The risk that the income from the Trust's portfolio will decline because of falling market interest rates. This can result when, in a declining interest rate market, the Trust receives in-kind deposits of portfolio securities in connection with creations of new Units, or reinvests proceeds of securities sold out of the portfolio in longer-term securities as part of the Trust's attempt to match the maturity or duration of the Underlying Index, at market interest rates that are below the portfolio's then-current earnings rate.

*Emerging market risk.* The Trust invests in certain Asian bond markets that are considered to be emerging markets. These markets are subject to special risks associated with foreign investment in these emerging markets including, but not limited to: generally less liquid and less efficient securities markets; generally greater price volatility; exchange rate fluctuations and exchange controls; imposition of restrictions on the expatriation of funds or other assets; less publicly available information about issuers; the imposition of taxes; higher transaction and custody costs; settlement delays and risk of loss; difficulties in enforcing contracts; lesser regulation of securities markets; smaller market capitalisation; different accounting and disclosure standards; governmental interference; greater risk of market shutdown; the risk of expropriation of assets; higher inflation; social, economic and political uncertainties; and the risk of war.

*Counterparty and settlement risk.* Counterparty risk is the risk that the party trading with the Trust will be unable to meet its obligation to make payments or to settle a trade due to a deterioration of the counterparty's financial situation or some other failure by the counterparty. The Trust bears the risk of settlement failures. Any such failure may have a material adverse effect on the Trust and/or the value of the Units. The risk of default of a counterparty is directly linked to the credit worthiness of the counterparty.

*Credit risk.* The value of the Trust is subject to risk resulting from changes in the credit worthiness of its underlying investments. For example, an issuer of a bond might not be able to meet its obligation to make interest and principal payments, or bond investors as a whole may downgrade their view of the issuer resulting in a deterioration of the price of the issuer's debt.

*Tracking error risk.* Changes in the NAV of the Trust are unlikely to replicate exactly changes in the Underlying Index. Factors such as fees and expenses of the Trust, liquidity of the market, imperfect correlation of returns between the Trust's securities and those in the Underlying Index, changes to the Underlying Index and regulatory policies may affect the Manager's ability to achieve close correlation with the Underlying Index of the Trust. Imperfect correlation between the returns of portfolio securities and the Underlying Index is more likely to happen to the extent that the Trust invests in securities that are Non-Index Securities. The Trust's returns may therefore deviate from those of the Underlying Index and there is no guarantee or assurance of exact replication of the Underlying Index. However, a fall in the Underlying Index will result in a corresponding fall in the NAV of the Trust.

*No guarantee.* There is no assurance that the Trust's investment objective will be met. The level of fees and expenses payable by the Trust may fluctuate. Although the amounts of certain ordinary expenses of the Trust can be estimated, the returns of the Trust, and hence its NAV, cannot be anticipated. Accordingly, no assurances are given as to the performance of the Trust or the actual level of its expenses.

*Absence of prior active market.* Although the Units are listed for trading on the Stock Exchange, there is no assurance that an active trading market will develop or be maintained. There is no certain basis for predicting the actual price levels at, or sizes in, which Units may trade. Further, there is no assurance that 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 Underlying Index.

*Liquidity risk.* The price at which portfolio securities may be purchased or sold by the Trust upon any rebalancing activities or otherwise and the value of the Units will be adversely affected if trading markets for the Trust's portfolio securities are limited or absent or if spreads are wide. The Trust is invested in Asian bonds, and in certain markets there may be low levels of liquidity. There is a risk, therefore, that creation or redemption orders (requiring the Manager to respectively buy or sell Asian bonds) may have a high cost of dealing, or take some time to be fully integrated into the portfolio holdings of the Trust and thereby cause a disruption in the Trust's asset allocation. Also, it is anticipated that the initial size of the Trust will be relatively large, with the potential effect of more costly periodic portfolio rebalancing.

*Trading in Units on the Stock Exchange may be suspended.* You will not be able to purchase or sell Units on the Stock Exchange during any period that the Stock Exchange suspends trading in the Units. The Stock Exchange may suspend the trading of Units whenever the Stock Exchange

determines that it is appropriate in the interests of a fair and orderly market to protect investors. The creation and redemption of Creation/ Redemption Units may also be suspended if the trading of Units on the Stock Exchange is suspended.

*Units may be delisted from the Stock Exchange.* The Stock Exchange imposes certain requirements for the continued listing of securities, including the Units, on the Stock Exchange. There is no assurance that the Trust will continue to meet the requirements necessary to maintain the listing of Units on the Stock Exchange or that the Stock Exchange will not change the listing requirements. The Trust may be terminated if its Units are delisted from the Stock Exchange.

*Units may trade at prices other than NAV.* The NAV of the Trust represents the fair price for buying or selling Units. As with any listed fund, the secondary market price of Units may sometimes trade above or below this NAV – there is a risk, therefore, that you may not be able to buy or sell at a price close to this idealized fair value. The deviation from NAV depends on a number of factors, but will be accentuated when there is a large imbalance between market supply and demand for Units on the Stock Exchange. However, since Units can be created and redeemed (generally in Creation/ Redemption Unit aggregations at NAV), the Manager believes that large discounts or premiums to the NAVs of Units should not be sustained. The "bid/ask" spread (being the difference between the prices being bid by potential purchasers and the prices being asked by potential sellers) is another source of deviation from NAV. The bid/ask spread can expand during periods of market volatility or market uncertainty, thereby increasing the deviation from NAV.

*Minimum creation and redemption size.* Units may only be issued or redeemed in Creation/ Redemption Unit aggregations (currently 5,000 Units or such other multiple as from time to time determined by the Manager with the prior approval of the Trustee and specified in the Prospectus and prior notice of any change in the size of the Creation/ Redemption Unit shall be given to unitholders if so required by the Trust Deed), save that (i) Units need not be issued or redeemed in Creation/ Redemption Unit aggregations on the last Dealing Day of the month and (ii) the Manager may, with the Trustee's approval, issue or redeem Units for cash in aggregations smaller than Creation/ Redemption Unit aggregations for a particular case or cases. If you do not hold Creation/ Redemption Unit aggregations, you may only be able to realise the value of your Units by selling your Units on the Stock Exchange at the prevailing trading price of the Units.

*Maximum daily dealing limits.* The Trust has maximum limits in respect to creation and redemption orders. If you wish to create or redeem your Units, the order may not be, or may be only partially, accepted on that Dealing Day if the size of the order exceeds the daily limits, or if the combined size of the net creations and/or the combined size of the net redemptions requested for that Dealing Day including those of other investors exceed the daily limit. Due to low levels of liquidity for certain bonds and foreign exchange restrictions in certain Index Constituent Economies the Manager envisages that it may be required to restrict the number of creation orders or redemption orders from time to time. For further information on maximum daily dealing limits, please refer to the section entitled "Limitations on creations and redemptions".

*Lack of discretion of the Manager to adapt to market changes.* Unlike many unit trusts and mutual funds, the Trust is not "actively managed". Therefore, the Trust will not adjust the composition of its portfolio except in order to seek to closely correspond to the duration and total return of the Underlying Index. The Trust does not try to "beat" the market it tracks and does not seek temporary defensive positions when markets decline or when the market is judged to be

overvalued. Accordingly, a fall in the Underlying Index will result in a corresponding fall in the NAV of the Trust.

*Reliance on Authorized Participants.* The creation and redemption of Units generally may only be effected through Authorized Participants. The number of Authorized Participants at any given time will be limited. Authorized Participants are under no obligation to accept instructions to apply for or redeem Units on behalf of investors. Authorized Participants may not be able to create or redeem Units during any period when, amongst other things, dealings on the Stock Exchange are restricted or suspended, settlement or clearing of securities in CCASS is disrupted or the Underlying Index is not compiled or published. In addition, Authorized Participants will not be able to create or redeem Units if some other event occurs which impedes the calculation of the NAV of the Trust or disposal of the Trust's portfolio securities cannot be effected.

*Suspension of creations and redemptions.* Dealings of Units on the Stock Exchange may not necessarily be suspended if the creation and redemption of Units is temporarily suspended by the Manager in accordance with the terms of the Trust Deed. If the creation and redemption of Units is temporarily suspended, the trading price of the Units may be adversely affected and differ from the market value of the Trust's underlying assets.

*Use of futures and options contracts involve certain risks.* The Manager may use futures contracts and options for hedging (e.g. to manage interest rate risk) and/or efficient portfolio management with a view to achieving the Trust's investment objective. In particular, the Manager may invest the Trust's assets in futures contracts and options in order to seek performance that corresponds to the Underlying Index and to manage cash flows. These transactions may be entered into with counterparties on an on- and off-exchange basis (over-the-counter) and may expose the Trust to counterparty risk. There is no guarantee that such techniques will achieve their desired result. There are certain investment risks in using futures contracts and options. Such risks may include: (i) the inability to close out a futures contract or option caused by the non-existence of a liquid secondary market; and (ii) an imperfect correlation between price movements of the futures contracts or options with price movements of the subject portfolio securities or the Underlying Index. Further, the risk of loss in trading futures contracts is potentially great, due to both the low margin deposits required and the extremely high degree of leverage involved in futures pricing. As a result, a relatively small price movement in a futures contract may result in immediate and substantial loss (or gain) to the Trust.

*Use of repurchase agreements involves certain risks.* For example, if the seller of securities under a repurchase agreement defaults on its obligation to repurchase the underlying securities, as a result of its insolvency or otherwise, the Trust will seek to dispose of such securities, which action could involve costs or delays. If the seller fails to repurchase the securities, the Trust may suffer a loss to the extent proceeds from the sale of the underlying securities are less than the repurchase price. If the seller becomes insolvent and subject to liquidation or reorganization under applicable bankruptcy or other laws, the Trust's ability to dispose of the underlying securities may be restricted. Finally, it is possible that the Trust may not be able to substantiate its interest in the underlying securities.

*Risk of swap agreements.* The risk of loss with respect to swaps generally is limited to the net amount of payments that the Trust is contractually obligated to make. Swap agreements are also subject to the risk that the swap counterparty will default on its obligations. If such a default were

to occur, the Trust will have contractual remedies pursuant to the agreements related to the transaction. However, such remedies may be subject to bankruptcy and insolvency laws which could affect the Trust's rights as a creditor. For example, the Trust may not receive the net amount of payments that it contractually is entitled to receive.

*The Trust may cease to be authorized.* The SFC and MAS reserves the right to withdraw the authorization of the Trust if the Underlying Index is no longer considered by the SFC or the MAS to be acceptable. The Trust may be terminated if the SFC or MAS withdraws its authorization for the Trust.

*Reliance on market maker risks.* Although the Manager will ensure that at least one market maker will maintain a market for the Units and that at least one market maker gives not less than 3 months' notice prior to terminating market making arrangement, liquidity in the market for the Units may be adversely affected if there is no or only one market maker for the Units. There is also no guarantee that any market making activity will be effective.

*Concentration of the Underlying Index in certain issuers.* The Underlying Index and the investments of the Trust may be concentrated in securities of a single or several issuers. Changes in the financial condition of an issuer, changes in specific economic or political conditions that affect a particular issuer, and changes in general economic or political conditions can affect the value of an issuer's securities. Such issuer-specific changes may have an impact on the securities held by the Trust.

*Asset class risk.* The returns generated from the securities in which the Trust invests may not provide returns equivalent to that of other classes of securities or different asset classes. The securities in which the Trust invests may be subject to cycles of underperformance relative to that of other classes of securities.

*EMEAP's investment in the Trust.* The Executives' Meeting of East Asia and Pacific Central Banks group ("**EMEAP**") member central banks and monetary authorities are like any other investors in the Trust and each of them is entitled to dispose of their respective interest in the Units they hold. There are no guarantees that the EMEAP member central banks and monetary authorities will continue to be investors in the Trust. Should the EMEAP member central banks and monetary authorities decide to sell or redeem all or a portion of their Units, it may have a materially adverse effect on the Trust and the price of the Units (refer to the section "Initial Funding" for information relating to EMEAP's initial funding).

*Minimum commercial size.* The Trust is structured as an index fund with low management and trustee fees. Given that this is an index fund with low fees (based on a percentage of NAV of the Trust) the size of the Trust needs to be significantly larger than other typical unit trusts to remain commercially viable.

*Access to certain markets.* In certain markets, for example China, the Trust may have in place special arrangements that allow the Trust to engage in financial transactions in that market. The Trust is dependent on the continued access to these markets, and the ability to invest into and repatriate funds from the market, to ensure its ability to track the benchmark index – this access may be constrained if the Trust experiences some growth beyond its current size.

*Registration of Trust or cross-listing in other markets.* There is a likelihood that the Trust 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 Trust.

*Lending of securities.* Securities lending transactions may involve the risk that the borrowers may fail to return the securities lent out in a timely manner and the value of the collateral may fall below the value of the securities lent out.

Although the Trust will receive collateral in connection with all loans of its securities, the Trust would be exposed to a risk of loss should a borrower default on its obligation to return the borrowed securities (e.g. the loaned securities may have appreciated beyond the value of the collateral held by the Trust).

If a borrower cannot settle an obligation for the full value when it is due, the Trust's ability to meet its realization obligations and other payment commitments may be affected. A borrower may default on its obligations by becoming insolvent or otherwise by becoming unable to complete a transaction. In addition, following a borrower's default, the Trust can sell its collateral in the market to raise funds to replace the lent securities. However, the Trust will suffer a loss if the value of the collateral falls relative to the lent securities, or the value of the lent securities rises relative to the collateral due to inaccurate pricing of the collateral, adverse market movements in the collateral value, change of values of securities lent, a deterioration in the credit rating of the collateral issuer, and/or illiquidity of the market in which the collateral is traded or otherwise. In addition, delivery risk may occur when (i) securities are lent but collateral is not received at the same time or prior to the loan, or (ii) collateral is returned but the loan is not received. The Trust would also be subject to operational risk such as delay or failure of settlement, where the Custodian or securities lending agent does not administer the transaction as agreed, or where the Manager delays in notifying the securities lending agent of a sale such that the securities lent are not recalled in time. This includes the failure to mark to market collateralization levels, call for additional margin, or to return excess margin and to post corporate actions and income including all economic benefits of ownership.<sup>4</sup>

In case of liquidation, bankruptcy or insolvency of the securities lending agent or other circumstances in which the securities default protection is not available pursuant to the terms

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<sup>4</sup> The securities lending agent provides borrower default protection to mitigate the risks of borrowers' default. In the event of a borrower default, the securities lending agent, HSBC Bank plc, shall take certain actions which include (i) the purchase of equivalent securities equal to the number of the unreturned loaned securities, to the extent that such equivalent securities are available on the market, (ii) performance of the relevant defaulting borrower's obligations (including redelivery of equivalent securities) in respect of all loans affected by such borrower's default as if the default had not occurred. If the securities lending agent is unable, despite using its best endeavours, to redeliver the equivalent securities as a result of the unavailability of such equivalent securities on the market, the securities lending agent shall redeliver any equivalent securities that it is able to obtain and shall credit to an account nominated by the Trustee a sum of money representing the value of the remaining equivalent securities that it is not able to obtain, on a pro-rata basis based on the relevant value or (default) market value of the remaining equivalent securities, and the value of all distributions on the loaned securities for the relevant record dates which occur before the date on which the securities lending agent starts to purchase the aforementioned equivalent securities.

agreed between the securities lending agent and the Trustee, the Trust may face difficulties in enforcing the borrower default protection provided by the securities lending as described above.

*Early termination risk.* The Trust may be terminated under certain conditions and in the manner as specified under the section entitled "Termination". It is possible that, at the time of such termination, you have to realize your investment loss and will not be able to receive an amount equal to your capital originally invested.

*Sovereign and sub-sovereign debt risk.* The Trust's investment in securities issued or guaranteed by governments and quasi-governments may be exposed to political, social and economic risks. In adverse situations, the sovereign issuers and sub-sovereign issuers may not be able or willing to repay the principal and/or interest when due or may request the Trust to participate in restructuring such debts. The Trust may suffer significant losses when there is a default of sovereign and sub-sovereign debt issuers.

*Risks associated with investing in green bonds.* The Underlying Index of the Trust has a lower minimum outstanding notional threshold for sub-sovereign green bonds than sub-sovereign grey bonds. Accordingly, the Trust, which seeks to track the Underlying Index, may (i) underperform the market as a whole if such investments underperform the market and/or (ii) underperform relative to other funds that track indices which do not utilize such criteria to identify and classify green bonds when selecting investments.

The Trust invests in green fixed income instruments and carries the risk that, under certain market conditions, it may underperform funds that do not invest in green fixed income instruments.

In assessing the eligibility of an issuer, there is a dependence upon information and data from external research data providers and internal analyses, which may be subjective, incomplete, inaccurate or unavailable. In addition, there is a lack of standardized taxonomy of green fixed income instruments. As a result, there is a risk of incorrectly or subjectively assessing a security or issuer or there is a risk that the Trust could have exposure to issuers who do not meet the relevant criteria.

Neither the Trust nor the Manager makes any representation or warranty, express or implied, with respect to the fairness, correctness, accuracy, reasonableness or completeness of an assessment of external research data, the application of the standards issued by Climate Bonds Initiative (CBI), the Green Bond Principles of the International Capital Market Association (ICMA) or any other standards used by the Manager.

#### Risks Relating to the Liquidity of the Trust

*Inability to meet redemption obligations.* The investments of the Trust are exposed to and may be affected by adverse changes to global and regional economic, geo-political and financial conditions. As unitholders may redeem some or all of their Units on any Dealing Day, there may be a mismatch between the liquidity of the Trust's underlying investments and its redemption obligations. There is no assurance that there will be an active, liquid trading market for the Trust to sell its portfolio investments (in particular, where the Trust has invested in fixed income and other assets that tend to be less liquid), or the price at which the portfolio investments may be sold at to meet redemption obligations. Under such volatile and stressed market conditions, the Trust may not be able to meet its redemption obligations or may only be able to meet them after liquidation of assets on unfavourable terms. This risk is heightened where there is a significant withdrawal of capital from the Trust.

### Underlying Index Risk Factors

*Licence to use Underlying Index may be terminated.* The Manager and the Trustee have been granted a licence by the Index Provider to use the Underlying Index in order to create the Trust based on the Underlying Index and to use certain trademarks and any copyright in the Underlying Index. The Trust may not be able to fulfil its objective and may be terminated if the licence agreement between the Manager, the Trustee and the Index Provider is terminated. The Trust may also be terminated if its Underlying Index ceases to be compiled or published and there is no replacement index using the same or substantially similar formula for the method of calculation as used in calculating the Underlying Index.

*Compilation of the Underlying Index.* The securities which comprise the Underlying Index are determined and composed by the Index Provider without regard to the performance of the Trust. The Trust is not sponsored, endorsed, sold or promoted by the Index Provider. The Index Provider makes no representation or warranty, express or implied, to you or other persons as to whether it is advisable to invest in securities generally or in the Trust particularly. The Index Provider has no obligation to take the needs of the Trustee, the Manager or investors in the Trust into consideration in determining, composing or calculating the Underlying Index and consequently there is no guarantee that its actions will not prejudice the interests of the Trust, the Manager or investors. In addition, the accuracy and completeness of the calculation of the Underlying Index may be affected by, without limitation, the availability and accuracy of prices for its constituent securities, market factors and errors in its compilation.

*Composition of the Underlying Index may change.* The composition of the Underlying Index may change as Index Securities mature or are redeemed or as new securities are included in the Underlying Index. When this happens the weighting or composition of the securities owned by the Trust would be changed as considered appropriate by the Manager in order to achieve the investment objective of the Trust. Thus, an investment in Units will generally reflect the Underlying Index as its constituents change and not necessarily the way it is comprised at the time of an investment in Units. Appendix 1 - "The Underlying Index" describes how the Underlying Index is computed.

*Index Error Risk.* The investment objective of the Trust is to seek to provide investment results that correspond closely to the total return of the Underlying Index, before fees and expenses. There is a risk that the Index Provider will not compile or calculate the Underlying Index accurately. Although the Index Provider provides descriptions of what the Underlying Index is designed to achieve, the Index Provider does not provide any warranty or accept any liability in relation to any error relating to the Underlying Index, including any error in respect of the quality, accuracy or completeness of Underlying Index data, and does not guarantee that the Underlying Index will be in line with the described methodology to derive the Underlying Index. The Manager and affiliates do not provide any warranty or guarantee for the Index Provider's errors and do not have any responsibility for the identification or correction of such errors. Errors in respect of the quality, accuracy and/or completeness of Underlying Index data may occur from time to time and may not be identified and corrected for a period of time. Gains, losses or costs associated with errors of the Index Provider will be borne by the Trust and its investors. For example, during a period where the Underlying Index contains incorrect constituents, the Trust would have market exposure to such constituents and would be underexposed to the constituents that should have been included in the Underlying Index. Therefore, such errors may result in a



negative or positive performance impact to the Trust and its investors. Any gains from errors of the Index Provider affecting the Trust will be kept by the Trust and its investors and any losses resulting from such errors of the Index Provider will be borne by the Trust and its investors.

#### Other Risk Factors

*Recent Events in the international financial and credit markets.* There exist significant additional risks as a result of the recent crisis in the international financial and credit markets. Such risks include, but are not limited to: (i) the likelihood that the issuer of the underlying investments of the Trust will find it harder to unwind the hedging arrangement for and/or dispose of the assets underlying any such investment; (ii) the possibility that the value of the underlying investments of the Trust might have deteriorated and/or may deteriorate (and in some cases, significantly) from their initial value or issue price; and (iii) the possibility of an issuer failing to perform its obligations under the terms of the underlying investments of the Trust (i.e. the counterparty risk) may have increased significantly. These additional risks may, in turn, adversely affect the value of the investment in the Trust and/or even result in significant or total loss to you.

If a credit rating initially accorded to an issuer of underlying investments of the Trust is subsequently lowered for whatever reason, the market value and liquidity of the underlying investments is likely to be adversely affected. Adverse changes in the financial condition of an issuer and/or in general political, social and/or economic conditions and/or legal or regulatory position in the relevant jurisdiction may also impair or significantly adversely affect the ability of an issuer to meet its payment obligations under the relevant financial instruments. Such risk of default would increase where the Trust concentrates on any one issuer. If an event of default occurs with respect to the underlying investments of the Trust, there is no assurance as to the amount that can be recovered or as to the timing of any recovery.

While the recent crisis may alleviate for certain sectors of the global credit markets due to the actions taken by governments in major economies, there can be no assurance that the relevant financial and/or credit markets and/or sectors thereof into which the Trust invests will recover at the same time or to the same degree as the others.

*Asian Government political, economic and social risk.* Any material changes in the political, economic or social conditions prevailing in any of the Index Constituent Economies could have a material adverse effect on that Index Constituent Economy's economy and/or the NAV of the constituent securities of the Underlying Index and consequently on the value of Units.

*Foreign exchange risk.* The Underlying Index is expressed in US dollars on an unhedged basis, i.e. with currency risk that is fully exposed. Since the investment objective of the Trust is to track the Underlying Index, this means that the underlying Asian Currencies held in the Trust will not be hedged and any movement in the exchange rate between such Asian Currencies and US dollars will be fully transmitted to the NAV of the Trust when computed in US dollar terms. Adverse movements in currency exchange rates can result in a decrease in value of the NAV of the Units and you will be exposed to exchange rate risks.

You should note that to the extent that any of the valuation principles used to determine the Trust's NAV per Unit at the Valuation Point with respect to each Dealing Day is or becomes inconsistent with International Financial Reporting Standards ("**IFRS**") (or to the extent relevant and where required by the MAS, Recommended Accounting Practice issued by the Institute of Certified

Public Accountants of Singapore ("**RAP 7**")), the Trust's accounts may not necessarily be in line with the published NAV per Unit. In this case, a reconciliation note may need to be included in the accounts of the Trust to reconcile values arrived at by applying IFRS (or to the extent relevant and where required by the MAS, RAP 7) and the NAV per Unit of the Trust by applying the Trust's valuation principles.

*Risks relating to FATCA and US Tax Withholding and Reporting Requirements.* The foreign account tax compliance provisions ("**FATCA**") of the Hiring Incentives to Restore Employment Act of 2010 which apply to certain payments are essentially designed to require reporting of US person's direct and indirect ownership of non-US accounts and non-US entities to the US Internal Revenue Service ("**IRS**"), with any failure to provide the required information resulting in a 30% US withholding tax on certain investments. The Trust will seek to satisfy the requirements imposed on the Trust to avoid the imposition of FATCA withholding tax. However, there is no assurance that the Trust will be able to comply with all these requirements. If the Trust becomes subject to such withholding tax as a result of FATCA, the NAV of the Units may suffer significant losses as a result.

*Risks relating to US Qualified Financial Contract Stay Rules.* As a result of the US Qualified Financial Contract Stay Rules, if the Trust enters into an investment or transaction with a financial institution and such financial institution (or an affiliate of the financial institution) experiences financial difficulties, the Trust may in certain situations be prevented or delayed from exercising its rights to terminate the investment or transaction, or to realize any collateral and may result in the suspension of payment and delivery obligations of the parties under such investment or transactions or may result in another institution being substituted for that financial institution without the consent of the Trust. Further, the Trust may be subject to "bail-in" risk under applicable law whereby, if required by the financial institution's authority, the financial institution's liabilities could be written down, eliminated or converted into equity or an alternative instrument of ownership. A bail-in of a financial institution may result in a reduction in value of some or all of its securities and the Trust may be similarly impacted if it holds such securities or has entered into a transaction with such a financial security when a bail-in occurs.

*PRC tax risk.* It is possible that the current tax laws, regulations and practice in the PRC will change, including the possibility of taxes being applied retrospectively, and that such changes may result in higher taxation on PRC investments than currently contemplated. Any tax provision made by the Manager in respect of the Trust may be more than or less than the Trust's respective actual tax liabilities, which may potentially cause substantial loss to the Trust. The Manager will keep the provisioning policy for PRC taxes in respect of the Trust under review, and may adjust the provisioning policy of the Trust accordingly, after consultation with independent professional tax advisor. Investors should seek their own tax advice on their tax position with respect to their investments in the Trust.

*Custody risk.* Custodians (or sub-custodians (if any)) may be appointed for the purpose of custodying assets (such as cash and securities) of the Trust and of the collateral held under securities lent by the Trust.

Assets under the custody of the custodians (or sub-custodians) are subject to the risk of any acts of the custodians (or sub-custodians) which may result in losses to the Trust, including but not

limited to, fraud, acts of misconduct or breaches of the custodian's (or sub-custodian's) duty of care in relation to the assets.

In case of liquidation, bankruptcy or insolvency of a custodian (or sub-custodian (if any)), the Trust may face difficulties tracing the securities that are under custody of the custodian (or sub-custodian), and may rank pari passu with all other unsecured creditors of the custodian (or sub-custodian). The Trust may face difficulties and/or encounter delays in recovering such debt from the custodian (or sub-custodian), or may not be able to recover it in full or at all, in which case the Trust may suffer losses.

### Fees and Expenses

Most investors will buy and sell Units in secondary market transactions through brokers. The Units are listed on the Stock Exchange.

If you create or redeem Units and buy and sell Units in secondary market transactions, you will have to pay certain fees and expenses, including brokerage and Stock Exchange transaction levies.

The table set out below summarises the fees and expenses currently payable by Authorized Participants (on your behalf) when creating or redeeming Units or by brokers (on your behalf) when purchasing or selling Units on the Stock Exchange.

Creation of Units	
Transaction Fee <sup>5</sup>	currently HK\$1,000 (approximately US\$128), but up to a maximum of US\$1,000 per transaction
Stamp Duty	Nil
Other Duties & Charges <sup>6</sup>	<ul style="list-style-type: none"> <li>• (for <b>normal charges</b>) currently nil, but up to a maximum of 0.10%</li> <li>• (for <b>dilution charge</b>) currently 0.13% (where Aggregate Creation/ Redemption Units is 50,000 or less) or actual dilution costs incurred for creation of Units (where Aggregate</li> </ul>

<sup>5</sup> A Transaction Fee is payable by an Authorized Participant to the Trust to offset transfer and other administrative expenses incurred in connection with the Unit creation and redemption process and may be passed on in whole or in part to the investor. More information is included in the section entitled "Management and Operations - Fees Payable by You".

<sup>6</sup> Duties and charges may arise to the extent of any cash creations or redemptions of Units due to costs such as stamp duties, taxes, dealing costs etc. ("**normal charges**"). The Manager has discretion to charge such sum as it considers represents an appropriate provision for normal charges on a cash creation or redemption of Units. To prevent any "dilution" of the Trust's property the Manager also has discretion to charge additional fees in respect of duties and charges of the Trust relating to differences between the buying and selling prices of securities, the market value of these securities and other dilutive costs incurred by the Trust ("**dilution charge**"), particularly for large orders. These additional fees are as explained more fully in the subsection entitled "Dilution" under the section entitled "Creation and Redemption of Units". To the extent such provision for normal charges and dilution charges is greater than the actual duties and charges and dilution incurred then such excess shall be for the account of the Trust. To the extent such provision for normal charges and dilution charges is less than the actual duties and charges and dilution incurred then the Trust will bear any such deficiency. "**Aggregate Creation/ Redemption Units**" means, in respect of a given Dealing Day, the sum of (a) the aggregate of the number of Units for which the Trust received creation orders on that Dealing Day; and (b) the aggregate of the number of Units for which the Trust received redemption orders on that Dealing Day.

	Creation/ Redemption Units exceeds 50,000), or such percentage as may be agreed between Manager and the Trustee, in any event up to a maximum of 0.50%
Corporate Action Fee	Nil
<p>In addition to the fees and expenses set out above, Authorized Participants may charge you brokerage or fees in respect of a creation of Units. You should consult an Authorized Participant to ascertain the level of any brokerage or fees charged by such Authorized Participant.</p>	
<b>Redemption of Units</b>	
Transaction Fee <sup>5</sup>	currently HK\$1,000 (approximately US\$128), but up to a maximum of US\$1,000 per transaction
Stamp Duty	Nil
Other Duties & Charges <sup>6</sup>	<ul style="list-style-type: none"> <li>• (for <b>normal charges</b>) currently nil, but up to a maximum of 0.10%</li> <li>• (for <b>dilution charge</b>) currently 0.19% (where Aggregate Creation/ Redemption Units is 50,000 or less) or actual dilution costs incurred for redemption of Units (where Aggregate Creation/ Redemption Units exceeds 50,000), or such percentage as may be agreed between Manager and the Trustee, in any event up to a maximum of 0.50%</li> </ul>
Corporate Action Fee	Nil
<p>In addition to the fees and expenses set out above, Authorized Participants may charge you brokerage or fees in respect of a redemption of Units. You should consult an Authorized Participant to ascertain the level of any brokerage or fees charged by such Authorized Participant.</p>	
<b>Dealing on Stock Exchange</b>	
Brokerage	Charged at each broker's discretion
Stock Exchange Trading Fee	0.00565%
Stamp Duty <sup>7</sup>	Nil
SFC Transaction Levy	0.0027%
	With effect from 1 November 2014, a transaction levy has been imposed on each side to a securities

<sup>7</sup> In accordance with a remission order issued by the Secretary for Financial Services and the Treasury of the HKSAR Government on 21 June 2005.

	transaction at the rate of 0.0027% of the consideration for the transaction, and the amount is collected for the SFC.
SFC Investor Compensation Levy	Currently nil <sup>8</sup>
Accounting and Financial Reporting Council ("AFRC") Transaction Levy	0.00015%
	With effect from 1 January 2022, a transaction levy has been imposed on each side to a securities transaction at the rate of 0.00015% of the consideration for the transaction, and the amount is collected for the AFRC.

The table below summarises the fees currently payable by the Trust.

<b>Management Fee<sup>9</sup></b>	<b>Currently</b>
First US\$1 billion	0.13% per annum
Next US\$250 million	0.12% per annum
Next US\$250 million	0.11% per annum
Then	0.10% per annum
	up to a maximum of 0.25% per annum of the Trust's NAV
<b>Trustee Fee<sup>10</sup></b>	Currently 0.05% per annum of the Trust's NAV
	up to a maximum of 0.15% per annum of the Trust's NAV
<b>Licence Fee<sup>11</sup></b>	Currently up to 0.0175% per annum of the Trust's NAV (subject to a minimum charge of US\$184,000 per annum)

<sup>8</sup> In accordance with an exemption notice issued by the SFC on 4 November 2005, the requirement to pay the SFC Investor Compensation Levy is currently suspended.

<sup>9</sup> Expressed as a percentage of the average daily net assets of the Trust. This fee may be increased to a maximum of 0.25% per annum upon three months' notice in writing to unitholders. The Management Fee is retained by the Manager as the Manager does not pay any trailer fees with respect to the Trust. Please see the section entitled "Management and Operations — Manager" for a fuller description of the Management Fee.

<sup>10</sup> Expressed as a percentage of the average daily net assets of the Trust. This fee may be increased to a maximum of 0.15% per annum upon three months' notice in writing to unitholders. HSBC Institutional Trust Services (Asia) Limited will not be entitled to receive any remuneration out of Trust property in respect of its roles as the Administrator, Custodian, Registrar and Receiving Agent of the Trust. Any such remuneration will be paid by the Trustee out of the trustee fee.

<sup>11</sup> The Licence Fee is payable to the Index Provider. For further details relating to the Licence Fee, please see the section entitled "Management and Operations - Index Provider".

For further information on fees and expenses refer to the section entitled "Management and Operations".

*Soft-dollars.* The Manager expects that most portfolio transactions will be effected on a principal (as opposed to an agency) basis and, accordingly, it does not expect to have to pay significant brokerage commissions when placing orders. Purchases from broker/dealers will include the spread between the bid and offer price.

The Manager's primary objective in placing orders for the purchase and sale of Index Securities and Non-Index Securities, when adjusting the Trust's portfolio to reflect changes in the Underlying Index or in respect of a cash creation or redemption, is to obtain the most favourable net results taking into account such factors as price, commission or spread and size of the order. Where it is consistent with this objective, it is the Manager's practice to place such orders with brokers/dealers who supply research, market information and quotations and statistical information to the Manager, which may be useful to the Manager in providing its services as manager of the Trust and may be useful to the Manager in providing services to other clients (including other funds managed by the Manager), other than as manager of the Trust.

The Manager shall be entitled to receive soft-dollar commissions/arrangements in respect of the Trust. The Manager will comply with applicable regulatory and industry standards on soft-dollars. The soft-dollar commissions/arrangements which the Manager may for the time being receive or enter into include specific advice as to the advisability of dealing in or as to the value of any investments, research and advisory services, economic and political analyses, portfolio analyses including valuation and performance measurements, market analyses, data and quotation services, computer hardware and software or any other information facilities to the extent that they are used to support the investment decision making process, the giving of advice, or the conduct of research or analysis, and custodial service in relation to the investments managed for clients.

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

The Manager will not accept or enter into soft-dollar commissions/arrangements unless such soft-dollar commissions/arrangements would reasonably assist it in its management of the Trust, are not the sole or primary purpose to perform or arrange transaction with that party, and the Manager shall ensure at all times that transactions are executed in accordance with applicable best execution provisions in MAS Notice SFA 04-N16 on Execution of Customers' Orders and the Singapore Code on CIS, do not prejudice the interests of the Trust and/or the unitholders, and no unnecessary trades are entered into in order to qualify for such soft-dollar commissions/arrangements.

The Manager has a best execution policy in place. Information on the Manager's best execution policy can be found at <https://www.abf-paif.com/investor/etfs/resources/best-execution-policy>.

Neither the Manager nor any of its Connected Persons<sup>12</sup> are entitled to retain any cash rebates received from any broker or dealer in consideration of directing transactions on behalf of the Trust

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<sup>12</sup> "Connected Person" means, in relation to any company (the "relevant person"):

to that broker or dealer. Any such cash rebates received by the Manager or any of its Connected Persons shall be held for the account of the Trust.

Please also refer to the section titled "Conflicts of Interest" in relation to any potential conflicts of interest between the Manager and the Trust.

### **Initial Creation**

On 29<sup>th</sup> June 2005, 9,985,700 Units were created for an issue price of US\$100 before the Units began trading on the Stock Exchange. These Units were issued on 29<sup>th</sup> June 2005.

### **Initial Funding**

EMEAP provided the majority of the initial funding for the Trust in the amount of approximately US\$1 billion. The initial contribution was made predominantly by in-kind contribution of Index Securities, Non-Index Securities and/or other investments permitted by the Trust Deed ("**Investments**").

EMEAP comprises the following Central Banks and Monetary Authorities in the Asia-Pacific region: Reserve Bank of Australia, People's Bank of China, Monetary Authority of Hong Kong, Bank Indonesia, Bank of Japan, Bank of Korea, Bank Negara Malaysia, Reserve Bank of New Zealand, Bangko Sentral ng Pilipinas, Monetary Authority of Singapore and Bank of Thailand.

The EMEAP member central banks and monetary authorities are like any other investors in the Trust and there are no restrictions on any of the EMEAP member central banks and monetary authorities disposing of their respective interest in Units at any time. There are no guarantees that the EMEAP member central banks and monetary authorities will continue to be investors in the Trust.

The EMEAP member central banks and monetary authorities will not be subject to any Transaction Fee or liable for any duties and charges in respect of the Initial Creation.

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- (a) any person beneficially owning, directly or indirectly, twenty per cent or more of the ordinary share capital of the relevant person or able to exercise, directly or indirectly, twenty per cent or more of the total voting rights attributable to the voting share capital of the relevant person;
  - (b) any person or company controlled by any such person as is described in paragraph (a) above; for this purpose, "control" of a company means:
    - (i) control (either direct or indirect) of the composition of the board of directors of that company; or
    - (ii) control (either direct or indirect) of more than half the voting rights attributable to the voting share capital of that company; or
    - (iii) the holding (either directly or indirectly) of more than half of the issued share capital (excluding any part of it which confers no right to participate beyond a specified amount in a distribution of either profits or capital),provided always that if the Trustee and the Manager agree some other definition acceptable to the SFC of the expression "control" such definition shall be substituted for the above definition thereof;
  - (c) any company which is a holding company or subsidiary (in each case within the meaning of sections 13 and 15 respectively of the Companies Ordinance (Cap. 622) of the laws of Hong Kong) of the relevant person or a subsidiary of any such holding company; and
  - (d) any director or other officer of the relevant person or of any company which is a Connected Person of the relevant person pursuant to paragraph (a), (b) or (c) above.

The Units issued to the EMEAP member central banks and monetary authorities pursuant to the Initial Creation will not be issued through an Authorized Participant.

***The Trust is not promoted, sponsored, recommended, issued or guaranteed by any member of the EMEAP member central banks and monetary authorities.***

### **Listing**

The Units are listed on the Stock Exchange.

The Units have also been accepted by Hongkong Clearing as eligible securities of CCASS with effect from the commencement of dealings in the Units on the Stock Exchange. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second trading day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

The existence of the Trust and the creation and redemption of Units are not conditional upon the Units being listed, or deposited, cleared and settled in CCASS and Units may continue to be issued and redeemed notwithstanding that the Units are not listed. Accordingly, you will not be able to purchase or sell Units on the Stock Exchange if the Units are no longer listed.

### **Creation and Redemption of Units**

State Street Global Advisors Singapore Limited, as the Manager of the Trust, will make available the most current Prospectus to Authorized Participants, but shall be under no obligation to deliver any updated Prospectus to any investor. The updated Prospectus will also be made available in accordance with the section entitled "Documents Available for Inspection" and will be posted on the Trust's dedicated website, <http://www.abf-paif.com>.

#### Creation of Units

Units of the Trust may only be issued and sold in Creation/ Redemption Unit size of 5,000 Units or such other multiple as from time to time determined by the Manager with the prior approval of the Trustee and specified in the Prospectus and prior notice of any change in the size of the Creation/ Redemption Unit shall be given to unitholders if so required by the Trust Deed (save that (i) Units need not be issued in Creation/ Redemption Unit aggregations on the last Dealing Day of each month and (ii) the Manager may, with the Trustee's approval, create and issue Units in aggregations smaller than Creation/ Redemption Unit aggregations for a particular case or cases) thereof on a continuous basis through HSBC Institutional Trust Services (Asia) Limited acting in its capacity as receiving agent (the "**Receiving Agent**") at their prevailing NAVs calculated by the day end prices at the time when the valuation of the Underlying Index is completed on a Dealing Day (the "**Valuation Point**") on which the Receiving Agent receives or is treated as having received an order in proper form.

A "**Dealing Day**" is each Business Day during the continuance of the Trust and/or such other day or days as the Manager may from time to time determine with the prior approval of the Trustee. A "**Business Day**" is any day on which commercial banks are open for business in Singapore and Hong Kong and (i) the Stock Exchange is open for normal trading other than a day on which trading on the Stock Exchange is scheduled to close prior to its regular weekday closing time; and (ii) the Underlying Index is compiled and published, but excluding any day on which a tropical



cyclone warning signal number 8 or above, a "black" rainstorm warning signal (or any warning or signal considered by the Trustee to be similar in effect) or an announcement of extreme conditions (as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before typhoon signal number 8 or above is replaced with typhoon signal number 3 or below) is in force in Hong Kong at any time after the Stock Exchange officially opens for trading and before the Stock Exchange officially closes for trading on that day (or such other day or days as may from time to time be determined by the Manager and the Trustee).

On any Dealing Day Units will be available for subscription in Creation/ Redemption Unit aggregations for cash at the NAV per Creation/ Redemption Unit of the Trust at the Valuation Point (the "**Issue Price per Creation/ Redemption Unit**") save that: (i) on the last Dealing Day of each month or in any particular case or cases (with Trustee's approval) Units need not be created in Creation/ Redemption Unit aggregations and will be available for subscription at the NAV per Unit of the Trust at the Valuation Point (the "**Issue Price per Unit**") and (ii) Authorized Participants who are market makers may create Units in any Unit aggregations on any Dealing Day; provided that the Trustee (or the Manager on behalf of the Trustee) is satisfied that the full amount of the Issue Price per Creation/ Redemption Unit or Issue Price per Unit, as the case may be (the "**Issue Price**") and any duties and charges and Transaction Fees, in cleared funds, has been duly received by or on behalf of the Trustee in respect of the subscription.

Additional duties and charges may be charged (for the account of the Trust) to that investor for creations as determined by the Manager in its discretion (as described under "Dilution" below).

The Manager has the absolute discretion, but shall not be obliged to, accept in-kind payment for the creation of Units on a case-by-case basis in accordance with the terms of the Trust Deed. If the Manager, in its discretion, agrees to accept an in-kind creation of Units at the request of an Authorized Participant then the Manager, the Receiving Agent and the Authorized Participant will have to agree the detailed procedures therefor, including the basket of securities, any cash component and the number of Units to be created at all times in accordance with the Trust Deed. With the exception of the Initial Funding, the Manager does not intend generally to accept in-kind payment for creations.

#### *Procedures for creation of Units*

To be eligible to place orders with the Receiving Agent to create Units of the Trust, an entity must be (i) a broker or custodian who is admitted for the time being by Hongkong Clearing as a participant of CCASS (a "**CCASS Participant**") or (ii) able to effect transactions through a CCASS Participant (including where itself or its agent is a CCASS Participant), and who (including itself and its agent (as applicable)) has entered into an agreement with the Receiving Agent, the Manager and the Trustee with respect to creations and redemptions of Units ("**Participant Agreement**"). Such party is referred to as an "**Authorized Participant**" and shall include, where the context requires, any agent of the Authorized Participant, provided that such agent is a CCASS Participant. You may contact the Receiving Agent for the names of Authorized Participants that have entered into a Participant Agreement. In addition, a list of the current Authorized Participants will be available on the Trust's website. All Units, however created, will be entered on the records of CCASS in the name of HKSCC Nominees for the account of a CCASS Participant.

The Receiving Agent must receive all orders to create Units on or before 12 noon Hong Kong time (or such other time as the Manager (with the prior approval of the Trustee) may from time to time determine and upon five Business Days prior notice given to Authorized Participants) on that Dealing Day (the "**Creation Dealing Deadline**"). If the order in proper form is received by the Receiving Agent after the Creation Dealing Deadline on any Dealing Day it will be deemed to have been received on the next Dealing Day, unless in exceptional circumstances the Manager, with the consent of the Trustee, confirms with the Receiving Agent that the late order may be accepted and received on that Dealing Day (save that in no case will any late order received after the Valuation Point on that Dealing Day be accepted for that Dealing Day). Whether or not a creation order has been received by the Receiving Agent by the Creation Dealing Deadline shall be determined by the Receiving Agent, whose determination shall be final and binding. The date on which an order to create Units (or an order to redeem Units, as discussed below) is received or treated as having been received by the Receiving Agent is referred to as the "**Transaction Date**". Orders must be transmitted to the Receiving Agent by an Authorized Participant in writing or other transmission method acceptable to the Receiving Agent pursuant to procedures set forth in the Participant Agreement. However, an Authorized Participant may telephone the Receiving Agent to confirm the Receiving Agent's receipt of a creation order. Severe economic or market disruptions or changes, or facsimile or other communication failure may impede the ability to reach the Receiving Agent or an Authorized Participant.

All of your orders to create Units must be placed with an Authorized Participant, in the form required by such Authorized Participant. In addition, the Authorized Participant may request that you make certain representations or enter into agreements with respect to the order, for example, to provide for payments of cash, when required. You should be aware that your particular broker or dealer may not have executed a Participant Agreement and that, therefore, orders to create Units have to be placed by your broker or dealer through an Authorized Participant that has entered into a Participant Agreement. In such cases there may be additional charges to you. At any given time, there will be only a limited number of Authorized Participants.

Those placing orders for Units should afford sufficient time to permit proper submission of the order to the Receiving Agent prior to the Creation Dealing Deadline on the relevant Dealing Day.

#### *Placement of creation orders*

To initiate an order for Units of the Trust on Dealing Days, the Authorized Participant must submit a completed order to the Receiving Agent no later than the Creation Dealing Deadline for the relevant Dealing Day. The Receiving Agent is required to inform the Manager and the Trustee of all such orders.

The amount of cash payments in respect of creations of Units (plus the Transaction Fee and any other duties and charges) must be transferred directly to the Custodian in a timely manner so as to be received by the Custodian no later than 11.30 a.m. Hong Kong time (or such other time as the Manager (with the prior approval of the Trustee) may from time to time determine and upon five Business Days prior notice given to Authorized Participants) on the second Business Day following the relevant Transaction Date (T+2). However, if the Custodian does not receive the cash (plus the Transaction Fee and any other duties and charges) by 11.30 a.m. Hong Kong time (or such other time as the Manager (with the prior approval of the Trustee) may from time to time determine and upon five Business Days prior notice given to Authorized Participants) on the

second Business Day following the relevant Transaction Date (T+2), the creation order will be cancelled. Notwithstanding the foregoing, the Manager may require that cash be paid to the Custodian on the second CCASS Business Day following the relevant Transaction Date. Upon written notice to the Receiving Agent, such cancelled order may be resubmitted the following Dealing Day. A "**CCASS Business Day**" is any day on which CCASS is open for business to CCASS Participants in accordance with the General Rules of CCASS.

If a creation order is cancelled, in addition to the Transaction Fee, Authorized Participants may be charged any duties and charges applicable to both a creation and a redemption of Units, as well as a cancellation fee in an amount determined by the Manager resulting from creation orders submitted by them that are cancelled by the Authorized Participant otherwise than as permitted by the Trust Deed or the Participant Agreement or that are cancelled as a result of the Authorized Participant failing to deliver or transmit the requisite cash. The cancellation fee is intended to cover the administrative costs incurred by or on behalf of the Trust in connection with the creation order and its cancellation. The cancellation fee is currently US\$1,000 per creation order. In addition, Authorized Participants may also be charged the amount of any losses and interest costs arising in respect of the Trust's sale and/or purchase of Investments in connection with such cancellation and any difference between (i) the issue price of the Units the subject of the cancellation at the Transaction Date of the creation order and (ii) the redemption value of such Units as at the cancellation date. Default interest will also be payable on the above amounts.

The settlement and delivery of Units properly applied for pursuant to a creation order will occur no later than two Business Days after the relevant Transaction Date (T+2) (unless otherwise determined and agreed between the Trustee and the Manager pursuant to the terms of the Trust Deed).

#### *Acceptance of orders for creation of Units*

The Trustee and the Manager reserve the absolute right without giving any reason therefor to reject a creation order transmitted to the Receiving Agent in respect of the Trust. Although the Manager has the absolute discretion to accept or reject in whole or in part any application for Units for any reason, it is the current intention of the Manager that a creation order will be rejected if: (i) the order exceeds the daily dealing limit set by the Manager; (ii) the order is not in proper form; (iii) under applicable law or regulation, the applicant is not eligible to subscribe for, purchase or hold Units, or in the discretion of the Trustee or the Manager the purchase or holding of Units by the applicant might result in the Trust, the Manager or the Trustee incurring any liability to tax or suffering any other financial disadvantage or becoming subject to any law or regulation which they might not otherwise have incurred or suffered or become subject to; or (iv) circumstances outside the control of the Trustee, the Custodian, the Receiving Agent or the Manager make it for all practical purposes impossible to process creation orders (examples of such circumstances include acts of God; public service or utility problems such as fires, floods, extreme weather conditions and power outages resulting in telephone, facsimile and computer failures; market conditions or activities causing trading halts; systems failures involving computer or other information systems affecting the Trustee, the Manager, the Receiving Agent, the Custodian, CCASS, the Stock Exchange or any other participant in the creation process, and similar extraordinary events). The Receiving Agent will notify the Authorized Participant of any rejection of an order placed by that Authorized Participant.

The Trustee, the Manager, the Custodian and the Receiving Agent are under no duty to provide reasons for rejecting a creation order transmitted to the Receiving Agent in respect of the Trust.

Creation orders will be confirmed to Authorized Participants before 5.00 p.m., Hong Kong time on the Transaction Date. Authorized Participants may, however, telephone the Receiving Agent to confirm the Receiving Agent's receipt of any creation order they submit.

A confirmation note detailing the number of Units allotted will be sent to unitholders within two Business Days from the date of issue of Units.

No Units will be issued and no creation orders will be accepted during any period when the creation and redemption of Units is suspended (see the section entitled "Suspension of Creations and Redemptions" below).

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

Notwithstanding the above, the Manager may in exceptional circumstances, at its discretion and with the prior approval of the Trustee, accept a creation order from an investor that is not an Authorized Participant provided such person making the creation order has agreed to comply with equivalent terms governing creations made through an Authorized Participant in all material respects save to the extent otherwise agreed by the Manager and the Trustee. The Manager shall only exercise its discretion to accept a creation order from an investor that is not an Authorized Participant if it considers: (a) a more efficient creation mechanism can be established for such investor than the process in place for creation orders through an Authorized Participant; (b) there are exceptional circumstances which cause creations through an Authorized Participant to be less effective for such investor; and (c) it would not, in the opinion of the Trustee, materially prejudice the interests of the other unitholders.

#### *Issue Price per Creation Unit*

Units are priced on a forward basis. This means that the Issue Price per Creation Unit (determined at Valuation Point) is calculated after the Valuation Point. The Valuation Point is 5 p.m. Hong Kong time on each Dealing Day (or such other time as may be determined by the Manager with the prior approval of the Trustee). For example, if you buy on or before the Creation Dealing Deadline on a Dealing Day, the price you pay will be based on the Issue Price per Creation Unit of that Dealing Day. If you buy after the Creation Dealing Deadline on a Dealing Day, the price you pay will be based on the Issue Price per Creation Unit on the next Dealing Day. The Issue Price per Creation Unit in the Trust for any Dealing Day is always calculated on the next Dealing Day.

#### *Creation Transaction Fee*

To compensate for transfer and other administrative costs involved in creation transactions through the creation process described above, Authorized Participants will be required to pay a fixed creation fee ("**Transaction Fee**") to the Trust, currently charged at HK\$1,000 (approximately US\$128) but which may be increased up to a maximum of US\$1,000 for each creation order. This fee is charged per order, regardless of the number of Creation/ Redemption Units or Units being created. The level of the Transaction Fee may be changed at the discretion

of the Manager, and in case such fee is increased, at least one month's notice will be given to the Authorized Participants. Authorized Participants may pass this fee on in whole or in part to the investor on whose behalf the order was placed. Authorized Participants may also charge an additional commission for their own account.

To prevent any "dilution" of the Trust's property the Manager has discretion to charge additional fees in respect of a provision for duties and charges of the Trust (such amount to be determined in the sole discretion of the Manager), as explained more fully in the section entitled "Creation and Redemption of Units - Dilution".

#### Redemption of Units

Units of the Trust may generally be redeemed only through the Receiving Agent at their prevailing NAVs calculated at the Valuation Point with respect to the Dealing Day on which the Receiving Agent receives or is treated as having received a request in proper form (i.e. the Transaction Date). Units may not be redeemed in amounts less than Creation/ Redemption Unit aggregations save (i) for a particular case or cases, where the Manager may, with the Trustee's approval, redeem Units in aggregations smaller than Creation/ Redemption Unit aggregations and (ii) on the last Dealing Day of the month. On a Dealing Day, a unitholder may submit a request for redemption. Units may be redeemed in Creation/ Redemption Unit aggregations at their prevailing NAVs calculated at the Valuation Point with respect to the Dealing Day on which the Receiving Agent receives or is treated as having received a request in proper form (i.e. the Transaction Date) save that: (i) in the case of the last Dealing Day of the month or in any particular case or cases (with Trustee's approval), Units may be redeemed otherwise than in Creation/ Redemption Unit aggregations at the prevailing NAV per Unit and (ii) Authorized Participants who are permitted market makers may redeem Units in any Unit aggregations on any Dealing Day at the prevailing NAV per Unit.

A unitholder may be charged additional duties and charges (for the account of the Trust) for the redemption of Units as determined by the Manager in its discretion (as described under "Dilution" below).

The Manager has the absolute discretion, but shall not be obliged to, pay out redemptions in-kind on a case-by-case basis in accordance with the terms of the Trust Deed. If the Manager, in its discretion, wishes to effect an in-kind redemption of Units at the request of an Authorized Participant then the Manager, the Receiving Agent and the Authorized Participant will have to agree the detailed procedures therefor, including the list of redemption securities, any cash redemption component and the number of Units to be redeemed at all times in accordance with the Trust Deed. The Manager does not intend generally to pay out redemptions in-kind.

#### *Placement of redemption orders*

Generally, only Authorized Participants are able to place redemption requests with the Receiving Agent.

All requests to redeem Units for cash on a Dealing Day must be received by the Receiving Agent no later than 12 noon Hong Kong time (or such other time as the Manager (with the prior approval of the Trustee) may from time to time determine and upon five Business Days prior notice given to Authorized Participants) on that Dealing Day (the "**Redemption Dealing Deadline**"). If the

redemption request in proper form is received by the Receiving Agent after the Redemption Dealing Deadline on any Dealing Day it will be deemed to have been received on the next Dealing Day, unless in exceptional circumstances the Manager, with the consent of the Trustee, confirms with the Receiving Agent that the late redemption request may be accepted and received on that Dealing Day (save that in no case will any late redemption request received after the Valuation Point on that Dealing Day be accepted for that Dealing Day). Whether or not a redemption request has been received by the Receiving Agent by the Redemption Dealing Deadline shall be determined by the Receiving Agent, whose determination shall be final and binding. Redemption requests must be transmitted to the Receiving Agent by an Authorized Participant in writing or other transmission method acceptable to the Receiving Agent pursuant to procedures set forth in the Participant Agreement. However, an Authorized Participant may telephone the Receiving Agent to confirm the Receiving Agent's receipt of a redemption request. Severe economic or market disruptions or changes, or facsimile or other communication failure may impede the ability to reach the Receiving Agent or an Authorized Participant.

All requests to redeem Units on a Dealing Day must be placed with an Authorized Participant, in the form required by such Authorized Participant. You should be aware that your particular broker or dealer may not have entered into a Participant Agreement with the Manager and the Trustee and that, therefore, requests to redeem Units must be placed by your broker or dealer through an Authorized Participant that has entered into a Participant Agreement. In such cases there may be additional charges to you. At any given time, there will be only a limited number of Authorized Participants.

Unless extended settlement has been requested by an Authorized Participant and accepted by the Manager (with the approval of the Trustee), all the Units being redeemed must be delivered to the Trustee or its delegate no later than 11.30 a.m. Hong Kong time (or such other time as the Manager (with the prior approval of the Trustee) may from time to time determine and upon five Business Days prior notice given to Authorized Participants) on the second Business Day following the Transaction Date (T+2). All questions as to the Units delivered, and their validity, form and eligibility (including time of receipt) will be determined by the Trustee, whose determination will be final and binding. If the Trustee or its delegate does not receive the required Units by 11.30 a.m. Hong Kong time (or such other time as the Manager (with the prior approval of the Trustee) may from time to time determine and upon five Business Days prior notice given to Authorized Participants) on the second Business Day following the Transaction Date (T+2), the redemption request will, subject to the consent of the Manager, be cancelled. Notwithstanding the foregoing, the Manager may require that Units to be redeemed are delivered to the Trustee or its delegates on the second CCASS Business Day following the Transaction Date. Upon written notice to the Receiving Agent such cancelled request may be resubmitted the following Dealing Day.

Where in respect of a pending redemption request, an Authorized Participant has requested for extended settlement of the Units to be redeemed in proper form no later than 1:00 p.m. Hong Kong time on the second Business Day following the Transaction Date (T+2), and the Manager has (with the approval of the Trustee) accepted such request in its discretion, all the Units being redeemed must be delivered to the Trustee or its delegate no later than 11:30 a.m. Hong Kong time on the extended settlement date specified in the request form received by the Manager. All questions as to the Units delivered, and their validity, form and eligibility (including time of receipt) will be determined by the Trustee, whose determination will be final and binding. If the Trustee or its delegate does not receive the required Units by 11:30 a.m. Hong Kong time on the

extended settlement date specified in the request form received by the Manager, the redemption request with extended settlement will, subject to the consent of the Manager, be cancelled. The Manager may at its discretion accept or reject any request by an Authorized Participant for extended settlement of a redemption request. No fees that are additional to those applicable to a redemption request in respect of which no request for extended settlement is made are payable to the Manager by an Authorized Participant for the acceptance of a request for extended settlement.

If a redemption request (including a redemption request with extended settlement) is cancelled, in addition to the Transaction Fee, the Authorized Participants may be charged any duties and charges applicable to both a redemption and a creation of Units, as well as a cancellation fee in an amount determined by the Manager resulting from redemption requests submitted by them that are cancelled by the Authorized Participant otherwise than as permitted by the Trust Deed or the Participant Agreement or that are cancelled as a result of the Authorized Participant failing to deliver the requisite Units. The cancellation fee is intended to cover administrative costs incurred by or on behalf of the Trust in connection with such failed redemption. The cancellation fee is currently US\$1,000 per redemption request. In addition, Authorized Participants may also be charged the amount of any losses and interest costs arising in respect of the Trust's sale and/or purchase of Investments and any interest costs incurred by the Trust in connection with such failed redemption, and the difference between (i) the issue price of such Units as at the date of cancellation and (ii) the redemption value of Units the subject of the cancellation at the Transaction Date. Default interest will also be payable on the above amounts.

Those placing requests to redeem Units should afford sufficient time to permit proper submission of the request to the Receiving Agent prior to the Redemption Dealing Deadline for the relevant Dealing Day. Unless extended settlement has been requested by an Authorized Participant and is accepted by the Manager (with the approval of the Trustee) at its discretion, the settlement and delivery of Units that are the subject of a redemption request will occur no later than two Business Days after the relevant Transaction Date (T+2) (unless otherwise determined and agreed between the Trustee and the Manager pursuant to the terms of the Trust Deed) and the requisite redemption proceeds will be transferred to the Authorized Participant or on its order in accordance with the terms of the Participant Agreement - normally within four Business Days following the Transaction Date (T+4). Where an Authorized Participant has requested for extended settlement and such request has been accepted by the Manager in its discretion, the settlement and delivery of Units that are the subject of a redemption request will occur no later than the extended settlement date specified in the request form received by the Manager and the requisite redemption proceeds will be transferred to the Authorized Participant or on its order in accordance with the terms of the Participant Agreement - normally the next Business Day after the extended settlement date of the Units.

The redemption proceeds will comprise a cash payment equal to the NAV of the Creation/Redemption Unit aggregations (or the Units, as the case may be) of the Trust being redeemed, determined at the Valuation Point for the Transaction Date, less the redemption Transaction Fee and additional duties and charges referred to below.

Redemption requests will be confirmed to Authorized Participants by the Receiving Agent before 5.00 p.m., Hong Kong Time on the Transaction Date. Authorized Participants may, however, telephone the Receiving Agent to confirm the Receiving Agent's receipt of any redemption request they submit.

No Units will be redeemed for cash and no cash redemption requests will be accepted during any period when the creation and redemption of Units is suspended (see the section entitled "Suspension of Creations and Redemptions" below).

The Manager may at its discretion and with the prior approval of the Trustee, change the number of Units comprising a Creation/ Redemption Unit for the purpose of effecting redemptions of Units.

#### *Redemption requests not placed through Authorized Participants*

Notwithstanding the above, the Manager may in exceptional circumstances, at its discretion and with the prior approval of the Trustee, accept a redemption request from an investor that is not an Authorized Participant provided such person making the redemption request has agreed to comply with equivalent terms governing redemptions made through an Authorized Participant in all material respects save to the extent otherwise agreed by the Manager and the Trustee. The Manager shall only exercise its discretion to accept a redemption request from an investor that is not an Authorized Participant if it considers: (a) a more efficient redemption mechanism can be established for such investor than the process in place for redemption requests through an Authorized Participant; (b) there are exceptional circumstances which cause redemptions through an Authorized Participant to be less effective for such investor; and (c) it would not, in the opinion of the Trustee, materially prejudice the interests of the other unitholders.

#### *Issue Price per Redemption Unit*

Units are priced on a forward basis. This means that the Issue Price per Redemption Unit (determined at Valuation Point) is calculated after the Valuation Point. The Valuation Point is 5 p.m. Hong Kong time on each Dealing Day (or such other time as may be determined by the Manager with the prior approval of the Trustee). For example, if you sell on or before the Redemption Dealing Deadline on a Dealing Day, the price you receive will be based on the Issue Price per Redemption Unit of that Dealing Day. If you sell after the Redemption Dealing Deadline on a Dealing Day, the price you receive will be based on the Issue Price per Redemption Unit on the next Dealing Day. The Issue Price per Redemption Unit in the Trust for any Dealing Day is always calculated on the next Dealing Day.

#### *Redemption Transaction Fee*

Authorized Participants will be required to pay a fixed redemption fee ("**Transaction Fee**") to the Trust to offset transfer and other administrative costs that may be incurred through the redemption process described above. The Transaction Fee is currently charged at HK\$1,000 (approximately US\$128) but may be increased up to a maximum of US\$1,000 for each redemption order, regardless of the number of Creation/ Redemption Unit aggregations or Units being redeemed. The level of the Transaction Fee may be changed at the discretion of the Manager, and in case such fee is increased, at least one month's notice will be given to the Authorized Participants. Authorized Participants may pass this Transaction Fee on in whole or in part to the redeeming investor. Authorized Participants may also charge an additional commission for their own account.

To prevent any "dilution" of the Trust's property the Manager has discretion to charge additional fees in respect of a provision for duties and charges of the Trust (such amount to be determined



in the discretion of the Manager), as explained more fully in the section entitled "Creation and Redemption of Units - Dilution" below.

### Dilution

The value of the property of the Trust could be reduced as a result of costs incurred in investing cash subscriptions received on an application for Units, in paying cash redemption proceeds on a redemption of Units, or incurred in respect of dealing in portfolio securities, stamp duties, taxes or other normal costs of the Trust. In addition, there may be dilution costs due to the difference between the buying and selling prices of such securities and the market value of these securities. In order to prevent any potential adverse effect on unitholders and to avoid a dilution of the Trust's property due to such duties and charges and/or dilution costs, the Manager has the discretion to charge you a fee comprising normal charges and dilution charges to compensate for any decrease in the Trust's NAV when Units are issued or redeemed. Any such fee paid to the Trust, will become part of the property of the Trust. Such fee (if any) will be determined by the Manager as the Manager may consider represents the appropriate provision for duties and charges. If the actual duties and charges incurred by the Trust are less than the Manager's provision therefor, such difference will be for the benefit of the Trust and to the extent such duties and charges incurred by the Trust are more than the provision therefor then any such deficiency will be borne by the Trust.

### Further Provisions Relating to Creations and Redemptions

#### *Determining NAV*

HSBC Institutional Trust Services (Asia) Limited as the administrator of the Trust (the "**Administrator**") calculates the Trust's NAV per Unit at the Valuation Point with respect to each Dealing Day for the purpose of the creation and redemption of Units. The NAV of each Unit of the Trust is calculated by deducting all of the Trust's expenses and liabilities from the total market value of its assets (including its portfolio securities) and dividing the result by the number of Units outstanding. The NAV per Unit will be calculated to four decimal places. To calculate the NAV per Creation/ Redemption Unit, the Administrator will multiply the NAV per Unit (calculated to four decimal places) by 5,000 (or such smaller number as from time to time determined by the Manager with the prior approval of the Trustee or as determined by the Manager on the last Dealing Day of a month). All valuations are subject to review by the Trustee and the Manager.

In determining the Trust's NAV, expenses are accrued and applied daily and securities and other assets for which market quotations are readily available are valued at market value using selected pricing services approved by the Manager and the Trustee. When these quotations are not readily available, the Trust's assets will be priced at their fair value, calculated according to procedures adopted by the Administrator in accordance with the Trust Deed and approved by the Manager and the Trustee.

The NAV per Unit on each Dealing Day will be published through the facilities of the Stock Exchange and on the Trust's dedicated website on the following Dealing Day.

#### *Suspension of creations and redemptions*

Subject to the provisions of the Singapore Code on CIS relating to suspension of dealings, the Manager may, if the trading of Units on the Stock Exchange is restricted or suspended, any time

with the approval of the Trustee, having regard to the best interests of the unitholders, suspend the creation and redemption of Units, and also may at any time, with the prior approval of the Trustee, suspend the right of investors to apply (through Authorized Participants) for the creation or redemption of Units and/or may delay the delivery of redemption proceeds in respect of a redemption request (and/or income distributions) during any periods in which:

- the Stock Exchange, CCASS or other relevant exchange or clearing and settlement system is closed;
- dealings of the Units on the Stock Exchange are restricted or suspended;
- settlement or clearing of securities in CCASS or other relevant clearing or settlement system is disrupted;
- any period when, in the opinion of the Manager, funds cannot be normally remitted from the Trust's portfolio without prejudicing the interests of unitholders;
- the Underlying Index is not compiled or published;
- there is any breakdown in the means normally employed in determining the value of the Trust's portfolio or the liabilities of the Trust or when for any other reason the value of any of the assets for the time being comprised in the Trust or the liabilities of the Trust cannot be promptly and accurately ascertained;
- the existence of any state of affairs which in the opinion of the Manager or the Trustee, with the prior approval of the other, might seriously prejudice the interests of the unitholders as a whole or the Deposited Property of the Trust;
- any period when the dealing of Units is suspended pursuant to any order or direction issued by the MAS or the SFC; or
- any period when the business operations of the Manager or the Trustee in relation to the operation of the Trust 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.

The Manager will publish the fact that the calculation of the NAV of the Trust and of each Unit has been suspended immediately following such suspension and at least once a month during the period of suspension in The Straits Times and the Lianhe Zaobao in Singapore and, the Hong Kong Economic Times and the South China Morning Post in Hong Kong and on each Dealing Day on the Trust's dedicated website.

The suspension should cease as soon as practicable when the circumstances permitting the suspension cease to exist, and in any event, within 21 days of the commencement of the suspension. The period of suspension may be extended if the Manager satisfies the Trustee that it is in the best interests of unitholders for the dealing in Units to remain suspended, and such extension will be subject to weekly review by the Trustee.

### *Limitations on creations and redemptions*

The Manager is entitled to limit the total number of Creation/ Redemption Units to be issued on a Dealing Day to 1.5 million Units (net of the number of Units for which valid redemptions have been accepted on that Dealing Day) or such other number as the Manager may determine from time to time upon giving reasonable prior notice to the Trustee and Authorized Participants.

The Manager is entitled to limit the total number of Units which unitholders are entitled to redeem on a Dealing Day to 1.5 million Units (net of the number of Units for which valid subscriptions have been accepted on that Dealing Day) (or such other number as the Manager may determine from time to time upon giving reasonable prior notice to the Trustee and Authorized Participants). This limitation is to be applied *pro rata* to all Authorized Participants who have validly requested redemptions to be effected on such Dealing Day so that the proportion redeemed of each holding so requested to be redeemed is the same for all Authorized Participants save that the Manager intends to give preference of redemption to market makers for up to 200,000 Units. Any Units which are not redeemed in respect of a particular Dealing Day shall be carried forward for redemption (subject to any further application of the above limitations on creations and redemptions) on the next Dealing Day.

The Trustee will inform the Authorized Participants of Units the redemption of which has been deferred within one Business Day after the relevant Transaction Date (T+1). If redemption requests are carried forward, then any other subsequent redemption requests received shall also be carried forward to, and be deemed to be a request for the redemption of the relevant Units on the relevant subsequent Dealing Day. The Manager may apply this limitation on redemptions on each subsequent Dealing Day, carrying forward each outstanding redemption request in accordance with the foregoing.

### Numerical Example for Creation and Redemption of Units

#### *Creation of Creation Unit aggregation*

Based on a net investment amount of US\$500,000 at a notional price of US\$500,000 per Creation Unit, the number of Creation Units created and issued will be calculated as follows:<sup>13</sup>

US\$500,000	×	1 Creation Unit	=	US\$500,000		
NAV per Creation Unit		5,000 Units created and issued		Net invested amount		
US\$500,000	+	US\$128	+	US\$650	=	US\$500,778
				(0.13% × US\$500,000)		
Net invested amount		Transaction Fee		Duties and charges		Gross invested amount

<sup>13</sup> Excludes brokerage or fees charged by Authorized Participants. Numerical examples provided herein are only applicable where the Aggregate Creation/ Redemption Units is 50,000 or less. Please refer to the section on "Fees and Expenses" for further details of the fees and charges applicable.

### *Redemption of Redemption Unit aggregation*

Based on the redemption of a Redemption Unit at a notional price of US\$500,000 per Redemption Unit, the net redemption proceeds payable to a Holder will be calculated as follows:<sup>14</sup>

1 Redemption Unit	×	US\$500,000	=	US\$500,000	-	US\$128	-	US\$950	=	US\$498,922
								(0.19% × US\$500,000)		
Redemption request		NAV per Redemption Unit		Gross redemption proceeds		Transaction Fee		Duties and charges		Net redemption proceeds

### **Buying and Selling Units**

The Units of the Trust are listed for trading on the secondary market on the Stock Exchange. Units can be bought and sold throughout the trading day like other publicly traded shares. There is no minimum investment. Although Units are generally purchased and sold in "board lots" of 10 Units, brokerage firms may permit investors to purchase or sell Units in smaller "odd-lots", although prices of Units traded in "odd-lots" may differ slightly from Units purchased and sold in "board lots". When buying or selling Units through a broker, you will incur customary brokerage commissions and charges and stamp duty, and you may pay some or all of the spread between the bid and the offered price in the secondary market on each leg of a round trip (purchase and sale) transaction. Unit prices are reported in US dollars and cents per Unit.

**The Trust has been exempted from the Notice on Cancellation Period for Collective Investment Schemes issued pursuant to the Singapore SFA (the "Cancellation Notice"). Accordingly, Singapore investors should note that the seven calendar day cancellation period provided under the Cancellation Notice does not apply.**

### Book Entry

Units will be admitted to, and deposited, cleared and settled in CCASS. Units are held in book-entry form, which means that no Unit certificates are issued. HKSCC Nominees will be the registered owner (i.e. the sole unitholder of record) of all outstanding Units of the Trust and will therefore be recognized as the legal owner of all Units for all purposes.

Investors owning Units are beneficial owners as shown on the records of CCASS or its participants. CCASS will serve as the securities depository for all Units. Participants in CCASS include securities brokers and dealers, banks and other institutions that have been admitted as such by Hongkong Clearing. You are not entitled to receive Unit certificates or to have Units registered in your name, and accordingly you are not considered a registered owner of Units. Therefore, to exercise any right as a beneficial owner of Units, you must rely upon the procedures of CCASS and its participants. These procedures are the same as those that apply to any other Hong Kong listed shares.

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<sup>14</sup> Excludes brokerage or fees charged by Authorized Participants. Numerical examples provided herein are only applicable where the Aggregate Creation/ Redemption Units is 50,000 or less. Please refer to the section on "Fees and Expenses" for further details of the fees and charges applicable.

### Trust Unit Trading Prices

The trading prices of Units on the Stock Exchange may differ in varying degrees from their daily NAVs and can be affected by market forces such as supply and demand, economic conditions and other factors.

The closing NAV per Unit and NAV of the Trust on each Dealing Day will be published on the Trust's dedicated website on the following Dealing Day. In addition, the Manager will publish the Trust's near-real time estimated NAV per Unit on each Dealing Day on the Trust's dedicated website. This is updated every 15 seconds during Stock Exchange trading hours. The estimated near-real time NAV per Unit of the Trust and the actual NAV per Unit of the Trust calculated in accordance with the terms of the Trust Deed and published on the following Dealing Day (see the section entitled "Creation and Redemption of Units - Further Provisions Relating to Creations and Redemptions - Determining NAV") may differ, and the estimated near-real time NAV per Unit of the Trust is merely indicative in nature and for reference only.

### *Market Makers (if any)*

A market maker is a broker or dealer permitted by the Stock Exchange to act as such by making a market for the Units in the secondary market and whose 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 the Units on the Stock Exchange. Market makers 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 Stock Exchange. Subject to applicable regulatory requirements, the Manager intends to ensure that there is at least one market maker for the Trust on the date of listing. If the Stock Exchange withdraws its permit to the existing market maker(s), the Manager will endeavour to ensure that there is at least one other market maker to facilitate the efficient trading of Units. The latest list of market makers is available at <http://www.abf-paif.com>.

If the Manager exercises its discretion to limit the number of Units which may be created or which unitholders are entitled to redeem on a Dealing Day (see the section entitled "Creation and Redemption of Units - Further Provisions Relating to Creations and Redemptions - Limitations on creations and redemptions"), a market maker may not be able to readily create Units or redeem its Units on a timely basis which may have an impact on the liquidity provided by any such market maker in the secondary market and consequently impact the bid/offer prices for Units traded on the Stock Exchange.

In maintaining a market for Units, the market maker may realise profits or sustain losses in the amount of any differences between the prices at which it buys Units and the prices at which it sells Units. Any profit made by the market maker may be retained by it for its absolute benefit and it shall not be liable to account to the Trust in respect of such profits. A market maker may, at the discretion of the Manager, have all or part of any Transaction Fee or duties and charges in respect of creation or redemption of Units waived. In addition, a market maker may create or redeem Units in aggregations other than Creation/ Redemption Unit aggregations on any Dealing Day.

## Management and Operations

### Manager

State Street Global Advisors Singapore Limited was incorporated in Singapore on 31<sup>st</sup> March 2000. The Manager is licensed by the MAS under the Singapore SFA as a holder of a capital markets services licence for fund management and dealing in capital markets products that are securities and exchange traded derivatives contracts. The Manager is also exempted from holding a financial adviser's licence under the Financial Advisers Act 2001 of Singapore, in respect of advising others, either directly or through publications or writings, and whether in electronic, print or other form, concerning securities and collective investment schemes. In addition, the Manager is licensed by the SFC under the HK SFO for Types 4 (advising on securities) and 9 (asset management) regulated activities. The Manager, as manager of a scheme authorized by the MAS and the SFC, is also subject to, and is required to comply with, the Singapore Code on CIS and the HK SFC Code.

From Singapore, the Manager provides fund management services for clients in the South East Asian region and has been providing such services since 2000. In addition to being the Manager of the Trust, the Manager also acts as the manager of the SPDR<sup>®</sup> Straits Times Index ETF, a Singapore exchange traded fund listed on the Singapore Exchange Securities Trading Limited.<sup>15</sup>

The Manager's Singapore registered office is at 168 Robinson Road, #33-01, Capital Tower, Singapore 068912 and the registered office of its Hong Kong branch is at 68/F Two International Finance Centre, 8 Finance Street, Central, Hong Kong. It is an indirect wholly-owned subsidiary of State Street Corporation, a bank holding company in the United States of America whose shares are traded on the New York Stock Exchange.

State Street Global Advisors ("SSGA"), the investment division of State Street Corporation, is one of the largest investment managers in the world, managing approximately US\$4.34 trillion as of 31 March 2024 spanning both active and index disciplines. SSGA has over 500 investment professionals worldwide, 10 investment centres and a 24-hour global trading capability with trading desks in Boston, London and Hong Kong.

The Trust will pay the Manager a management fee, monthly in arrears and accrued daily, determined on the average daily net assets of the Trust at the rate of 0.13% per annum in respect of the first US\$1 billion, 0.12% per annum in respect of the next US\$250 million, 0.11% per annum in respect of the next US\$250 million and 0.10% per annum thereafter.

Under the terms of the Trust Deed, the Manager is entitled to receive a maximum management fee of up to 0.25% per annum of the average daily net assets of the Trust. At least three months' prior notice will be given to unitholders and Authorized Participants in respect of any increase in the management fee from its current stated level. Any such increase will also require prior notice to the Trustee and the prior approval of the Supervisory Committee. The Management Fee is retained by the Manager as the Manager does not pay any trailer fees with respect to the Trust.

Subject to section 295 of the SFA, the Manager shall be subject to removal by notice in writing given by the Trustee if, among other things, the Manager goes into liquidation (other than voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously

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<sup>15</sup> This fund is not authorized by the SFC and is therefore not available in Hong Kong.

notified in writing to the Trustee) or shall be adjudged a bankrupt or insolvent or appoints a liquidator or if a receiver shall be appointed in respect of the property or undertaking of the Manager or any part thereof or a judicial manager is appointed in respect of the Manager or the Manager is the subject of any analogous proceedings or procedure in each case under such law as may be applicable in the circumstances. The Trust may be terminated by the Trustee, with the prior approval of the Supervisory Committee, by notice in writing where any of the foregoing circumstances exist (save that a voluntary liquidation of the Manager for the purpose of reconstruction or amalgamation have to be upon terms previously approved in writing by the Trustee) and after the expiration of a period of three months, the Trustee has not appointed a new Manager in accordance with Clause 29.4 of the Trust Deed.

The Manager may also be removed by notice in writing given by the Trustee on additional grounds under the terms of the Trust Deed, following a resolution passed, or the Trustee receiving a written request from unitholders representing at least 50% of the Units outstanding for the time being.

Please refer to the Trust Deed for further information on the role and responsibilities of the Manager and what happens if it becomes insolvent.

The directors and key executives of the Manager are:

#### **Kheng Siang Ng**

Kheng Siang Ng is director and the Chief Executive Officer of the Manager. He is also a key executive of the Manager in relation to the Trust and the Asia Pacific Head of Fixed Income at SSGA. Kheng Siang is based in Singapore and is responsible for leading SSGA's Asia Pacific fixed income teams managing global and local fixed income mandates as well as driving the regional effort to provide innovative fixed income solutions to clients in the region.

Prior to joining SSGA in 2005, Kheng Siang was a portfolio manager at ABN AMRO Asset Management where he managed global fixed income portfolios. Kheng Siang started his career as a Portfolio Manager at Bank Negara Malaysia where he managed fixed income portfolios of the foreign reserves and held the position of Head of the Financial Market Analysis Section.

Kheng Siang graduated with a Bachelor of Science in Accounting and Finance (First Class Honours) from the London School of Economics and Political Science under a scholarship from Bank Negara Malaysia. He is a CFA Charterholder, a CAIA Charterholder, and served as a committee member of the Malaysian Society of Financial Analysts from 1999 to 2001.

#### **Kevin David Anderson**

Kevin David Anderson is a director of the Manager. He is also a Senior Managing Director of SSGA and Head of Investments in the Asia Pacific region. Kevin is responsible for overseeing investment activities of the Manager and ensuring that the Manager maintains consistently high standards in the Manager's investment process, research and trading.

Prior to commencing his role as the Head of Investments in the Asia Pacific region, Kevin was the Global Chief Investment Officer of Fixed Income and Currency in SSGA, responsible for all fixed income and currency strategies. Before Kevin's role as Global Chief Investment Officer, he was the Head of Fixed Income Beta Solutions of SSGA and had responsibility for SSGA's global

range of indexed fixed income strategies. Under his leadership, SSGA developed several fixed income advanced beta strategies.

Kevin first joined SSGA in 2001 as an investment manager, managing both active and index fixed income portfolios. He also worked extensively in the area of risk budgeting during that time. Prior to joining SSGA, Kevin was responsible for fixed income risk management and development of quantitative strategies at Schrodgers Investment Management, having joined the industry since 1998. Kevin holds a PhD in Theoretical Physics from the University of Southampton and he graduated with a Bachelor of Science degree in Mathematical Physics with Honours, from the University of Edinburgh.

### **Louis Anthony Boscia**

Louis Anthony Boscia is a director of the Manager. He is also the Chief Operating Officer, APAC at State Street Global Advisors. He works with SSGA's Head of Asia Pacific to develop and ensure execution of the overall business strategy and high-priority initiatives. He is a Board Director of various SSGA companies.

Louis has 20 years of financial services and asset management experience. He joined SSGA in July 2016 most recently from PER Consulting where he was an independent consultant providing financial leadership and investment management expertise and experience to clients on a project basis. Prior to this, Louis had a 15-year tenure (1999 - 2015) at Bank of New York Mellon ("**BNY Mellon**") where his more recent roles were Chief Administrative Officer for Managed Investments - Asia Pacific and Chief Financial Officer for Investment Management - Asia Pacific. From 2010 to 2011, Louis was based in London in the role of Business Line Controller, Asset Management International, where he supported the CEO and executive management team on strategic and tactical matters in the regions of Latin America, Asia Pacific, Europe, the Middle East and Africa where such matters related to budget management, cost-benefit analysis and strategic business planning. From 1999 to 2009, Louis was based in New York and held various senior finance leadership roles with the Dreyfus Mutual Fund Company, a BNY Mellon Company.

Louis holds a Master of Business Administration from Fordham University and a Bachelor of Science in Accounting from Saint Francis College.

### **Mark Hui**

Mark Hui is a key executive of the Manager in relation to the Trust and is based in Hong Kong. He is also Head of Global Equity Beta Solutions (Asia ex - Japan) of SSGA, responsible for managing indexing investment in the region of Asia ex - Japan. Before re-joining SSGA, Mark was the Head of Indexation and ETFs in HSBC Global Asset Management (UK) Limited overseeing passive investment of US\$20 billion. He originally joined HSBC Global Asset Management (Hong Kong) Limited in 2010, where his responsibilities included developing and managing Hong Kong ETF range as well as Asia ex - Japan equities strategies on the Hong Kong platform before relocating to London in 2012.

Prior to HSBC Global Asset Management, Mark worked in Legg Mason Asset Management where he was a Portfolio Manager of the Global Asset Allocation Team, responsible for their



Mandatory Provident Fund ("MPF") Multi - asset funds. Before that, he was with SSGA as a portfolio manager managing passive portfolios and ETFs.

Mark is a Chartered Financial Analyst ("CFA") Charterholder, a Chartered Alternative Investment Analyst ("CAIA") Charterholder, a Certified Public Accountant, and has more than 15 years of industry experience. He was awarded with a Master of Commerce degree by University of Sydney, majoring in Banking and Finance, in 1997.

### **Kwok - Shing Yip**

Kwok-Shing Yip is a key executive of the Manager in relation to the Trust and is based in Hong Kong. He is also a Senior Portfolio Manager for State Street Global Advisors Asia, Ltd with primary focus on managing structured index portfolios. Prior to his current role, Kwok-Shing worked with the investment operations team of SSGA for 3 years where he built up extensive experience in fund accounting, investment compliance monitoring and implementing risk control measures. Prior to joining SSGA in 2005, Kwok-Shing was an Internal Auditor at KPMG and Ernst & Young, where he was mainly responsible for testing and evaluating the internal control system for clients. Kwok-Shing holds a Bachelor of Business Administration in Accounting and Finance from the University of Hong Kong.

### **Imran Khan**

Imran Khan is a key executive of the Manager in relation to the Trust. He is also is a Vice President of the Manager and a Senior Fixed Income Portfolio Manager based in Singapore, and is responsible for managing Asian fixed income portfolios.

He has many years of investment experience primarily in Fixed Income, managing global mandates. Prior to joining SSGA, Imran was Portfolio Manager and Head of Emerging Market Fixed Income at UOB Asset Management where he was responsible for overall credit selection, interest rate views as well as FX overlay strategies. Imran started his career as a Portfolio Manager at Bank Negara Malaysia where he managed fixed income portfolios of the foreign reserves. He graduated with a Bachelor of Science in Accounting and Finance from the London School of Economics and Political Science under a scholarship from Bank Negara Malaysia.

### Trustee

HSBC Institutional Trust Services (Singapore) Limited, a company incorporated in Singapore with limited liability and part of the HSBC Group, is appointed as Trustee of the Trust pursuant to the Trust Deed.

HSBC Institutional Trust Services (Singapore) Limited is a licensed trust company under the Trust Companies Act 2005 of Singapore and is an approved trustee under the Singapore SFA. HSBC Institutional Trust Services (Singapore) Limited is regulated in Singapore by the MAS.

The Trust will pay the Trustee a trustee fee, monthly in arrears and accrued daily, of 0.05% per annum of the average daily net assets of the Trust. In addition, the Trustee will receive customary transaction fees based on the transaction activity of the investment portfolio of the Trust (such fees are currently estimated to be in the range of US\$25 to US\$65 per transaction).

The trustee fee may be increased to a maximum of 0.15% per annum of the average daily net assets of the Trust upon three months' notice in writing to unitholders and Authorized Participants and with the prior approval of the Manager and the Supervisory Committee.

The Trust will also be responsible for out-of-pocket expenses incurred by the Trustee in the course of carrying out its duties.

In the event the Trustee becomes insolvent, the Trustee may be removed by notice in writing from the Manager and replaced by a new trustee who shall be appointed by the Manager. Please refer to the Trust Deed for further information on the role and responsibilities of the Trustee and what happens if it becomes insolvent.

#### The Supervisory Committee

As of 31 December 2023, the members of the Supervisory Committee (which may consist of up to 15 members) are as follows:

- 1 Ms. Michele Bullock, Governor, Reserve Bank of Australia
- 2 Dr. Xuan Changneng, Deputy Governor, People's Bank of China
- 3 Mr. Darryl Chan, Deputy Chief Executive, Hong Kong Monetary Authority
- 4 Ms. Aida S Budiman, Deputy Governor, Bank Indonesia
- 5 Ms. Tokiko Shimizu, Assistant Governor, Bank of Japan
- 6 Mr. Woong Kim, Deputy Governor, Bank of Korea
- 7 Mr. Marzunisham Omar, Deputy Governor, Bank Negara Malaysia
- 8 Mr. Christian Hawkesby, Deputy Governor, Reserve Bank of New Zealand
- 9 Ms. Lorelei Fernandez, Senior Director, Bangko Sentral ng Pilipinas
- 10 Mr. Leong Sing Chiong, Deputy Managing Director, Monetary Authority of Singapore
- 11 Mr. Alisara Mahasandana, Deputy Governor, Bank of Thailand

On an ongoing basis, appointments to and removals from the Supervisory Committee shall be made by the Supervisory Committee itself. The Supervisory Committee shall meet as and when required and at least annually. Under the terms of the Trust Deed, certain matters require the approval of the Supervisory Committee. In addition, the Supervisory Committee has the power to direct and a duty to oversee the Trustee and the Manager on matters relating to the management and administration of the Trust. The Supervisory Committee shall be entitled to, amongst other things:

- direct the Trustee and the Manager on matters relating to the overall structure of the Trust and strategic (but not day to day) issues related to the management and administration of the Trust;
- require the Trustee and the Manager to report to the Supervisory Committee on any matter, act or thing pertaining to their management or administration of the Trust, and in

relation to the exercise of any discretion by the Manager or the Trustee pursuant to the Trust Deed, including without limitation, in respect of the appointment or removal of any service provider and the Manager's current and future marketing plan;

- approve the appointment of the Trust's auditor;
- consider and recommend to the Trustee and the Manager, and approve, proposals for the registration or authorisation of the Units or the Trust in any other jurisdiction;
- consider and recommend to the Trustee and the Manager, and approve, proposals for additional listings of the Units on other recognised exchanges, having regard to such factors as commercial viability, legal and regulatory readiness of the market concerned, prevailing market environment; operational requirements and market development; and
- approve, any amendments, alterations or modifications to the Trust Deed that are not subject to unitholders' prior approval.

The Supervisory Committee also has the power to recommend the removal of the Manager and the Trustee.

Notwithstanding the above, the Manager and the Trustee shall not accept or act on any directions given by the Supervisory Committee which would require the Manager or the Trustee to do any act or omit doing any act that would result in a breach by the Manager or the Trustee of their respective fiduciary duties to the unitholders, or a breach by the Manager, the Trustee and/or the Trust of any applicable law or regulations.

The members of the Supervisory Committee will be entitled to be indemnified out of the Trust's portfolio for any liabilities they may incur as a result of acting as members of the Supervisory Committee, except to the extent of any fraud, recklessness, bad faith or wilful default on their part, and except to the extent provided by applicable law.

None of the members of the Supervisory Committee shall be entitled to receive any remuneration from the Trust in respect of their appointment as members of the Supervisory Committee.

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

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

#### Administrator and Custodian

HSBC Institutional Trust Services (Asia) Limited is appointed as the Trust's Administrator and Custodian. HSBC Institutional Trust Services (Asia) Limited was incorporated with limited liability in Hong Kong in 1974 and is registered as a trust company under the Trustee Ordinance, Chapter 29 of the Laws of Hong Kong and approved by the MPF Scheme Authority as trustee of

registered MPF schemes under the Mandatory Provident Fund Schemes Ordinance. The role of HSBC Institutional Trust Services (Asia) Limited as Custodian to the Trust is not regulated by any financial supervisory authority.

The Custodian has in turn an intra-group arrangement with The Hongkong and Shanghai Banking Corporation Limited to provide custodial services to the Trust globally. The Hongkong and Shanghai Banking Corporation Limited is entitled to appoint sub-custodians to perform any of the Custodian's duties in specific jurisdictions where the Trust invests.

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

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

Acting in its capacity as the Trust's Administrator and Custodian, HSBC Institutional Trust Services (Asia) Limited will not be entitled to receive any additional remuneration out of Trust property. Any remuneration shall be paid by the Trustee out of its trustee fee.

The Trust will be responsible for out-of-pocket expenses incurred by HSBC Institutional Trust Services (Asia) Limited in the course of carrying out its duties as Administrator and Custodian of the Trust.

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

#### Collateral Custodian

HSBC Bank plc is appointed as the custodian of the collateral received with respect to the Trust's securities lending transactions (the "**Collateral Custodian**"). HSBC Bank plc is a public limited company registered in England and Wales under registration number 14259, and is a member of the HSBC Group.

The Collateral Custodian is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

The Collateral Custodian may appoint sub-custodians (whether or not affiliated to the Collateral Custodian) to take custody of the collateral received with respect to the Trust's securities lending transactions. The criteria upon which a sub-custodian is appointed is pursuant to all relevant governing laws and regulations and subject to satisfying all requirements imposed by the Collateral Custodian in its capacity as custodian. Such criteria may be subject to change from time to time and may include factors such as financial strength, reputation in the market, systems

capability, operational and technical expertise. All sub-custodians appointed shall be licensed and regulated under applicable law to carry out the relevant financial activities in the relevant jurisdiction.

Acting in its capacity as the Trust's Collateral Custodian, HSBC Bank plc will not be entitled to receive any additional remuneration out of the Trust's property. Any remuneration shall be paid from the balance of the applicable securities lending income of the Trust.

#### Registrar

HSBC Institutional Trust Services (Asia) Limited is appointed as the Trust's registrar (the "**Registrar**") under the terms of the Trust Deed, to establish and maintain the register of unitholders of the Trust. Acting in its capacity as Registrar, HSBC Institutional Trust Services (Asia) Limited will not be entitled to receive any remuneration out of the Trust property. Any remuneration will be paid by the Trustee out of its trustee fee. The Registrar may, however, be reimbursed from Trust property for its out-of-pocket expenses incurred in connection with performing its registrar services.

The register of unitholders is kept at both the business address of the Registrar and the business address of the Trustee and is available for inspection in the case of the Registrar during normal Hong Kong business hours and in the case of the Trustee during normal Singapore business hours.

#### Receiving Agent

HSBC Institutional Trust Services (Asia) Limited has been appointed as the Receiving Agent under the terms of the Receiving Agency Agreement. The Receiving Agent will perform certain services in connection with the creation and redemption of Units by Authorized Participants, including receiving creation and redemption orders from, and issuing settlement instructions to, Authorized Participants as well as facilitating the exchange of, cash and Units on the transaction settlement day.

Acting in its capacity as Receiving Agent, HSBC Institutional Trust Services (Asia) Limited will not be entitled to receive any remuneration out of the Trust property. Any remuneration will be paid by the Trustee out of its trustee fee. The Receiving Agent may, however, be reimbursed from Trust property for its out-of-pocket expenses incurred in connection with performing its services.

#### Processing Agent

HK Conversion Agency Services Limited will act as processing agent ("**Processing Agent**") under the terms of service agreements (each a "**HKSCC/HKCAS Service Agreement**") entered into among others the Manager, Trustee, each Authorized Participant (or on its behalf), Hongkong Clearing and the Processing Agent. The Processing Agent will perform, through Hongkong Clearing, certain of its services in connection with the creation and redemption of Units by Authorized Participants under the Prospectus including facilitating the deposit of Units into CCASS upon creation of Units and the withdrawal of Units from CCASS upon redemption. The Processing Agent will charge the Manager a monthly retainer fee of HK\$5,000. The Processing Agent will also charge the Authorized Participants a transaction fee for each creation and redemption application (currently, HK\$1,000 per transaction) which is included in the Transaction Fee. The Processing Agent's reasonable out-of-pocket expenses incurred in connection with the services under each of the HKSCC/HKCAS Service Agreements will be paid

by the Manager (for the account of the Trust) and the respective Authorized Participant on an equal share basis. The Authorized Participant may pass on its costs to you.

The parties to the HKSCC/HKCAS Service Agreement provide an indemnity to the Processing Agent, Hongkong Clearing and their respective parent companies, subsidiaries, affiliates, directors, officers, employees and agents for certain losses incurred in the performance of the Processing Agent's services set out in the HKSCC/HKCAS Service Agreement. Each Authorized Participant will enter into a separate HKSCC/HKCAS Service Agreement relating to the Trust. All amounts payable to the Processing Agent by the Manager are for the account of the Trust.

#### Listing Agent

State Street Global Advisors Singapore Limited is appointed as the Listing Agent of the Trust.

#### Index Provider

Markit Indices GmbH is the Index Provider for the Underlying Index. The Index Provider is not a Connected Person of the Trustee, the Manager or the Stock Exchange, however the Trustee and/or the Manager or their respective affiliates may from time to time have an interest in or be connected with the Index Provider.

The Manager, the Trustee, the Administrator and Custodian will act independently of the Index Provider.

The Manager and the Trustee have entered into a licence agreement with the Index Provider to use the Underlying Index and trade marks (the "**Licence Agreement**").

The licence fee payable by the Trust to the Index Provider for the use of the Underlying Index and trade marks ("**Licence Fee**") is calculated on a sliding scale as a percentage of the Trust's NAV. The Licence Fee is currently up to a maximum of 0.0175% per annum of the Trust's NAV subject to a minimum charge of US\$184,000 per annum.<sup>16</sup>

#### Fees, Costs and Expenses payable by the Trust

In addition to the management and trustee fees payable to the Manager and the Trustee respectively there are additional fees, costs and expenses payable by the Trust as follows:

##### *Set up costs*

All preliminary expenses have been incurred by the Manager and the Trustee in relation to the setting up, authorization and listing of the Trust which will, subject to the HK SFC Code, be paid for out of the assets of the Trust and will be amortised over a period of the first five years of the Trust. These expenses do not exceed US\$850,000.

You should be aware that amortisation of preliminary expenses is not in compliance with IFRS (or to the extent relevant and where required by the MAS, RAP 7) which require such expenses to be written off as incurred. The Manager and the Trustee have considered the impact of such non-compliance and do not expect this issue to materially affect the accounts of the Trust.

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<sup>16</sup> The minimum charge and the Licence Fee will be reviewed and may be adjusted annually to take into account movements in the exchange rate between the US Dollar and the Euro in excess of 10%.

### *Other ongoing costs*

The Manager and the Trustee are entitled to charge to, or recover from, the assets of the Trust certain duties, charges and other ongoing costs and expenses. These include:

- MAS and SFC authorization fees and other related regulatory fees including those of any other jurisdiction in which the Trust or the Units may be authorized or registered;
- fees paid to the Hong Kong Mandatory Provident Fund Schemes Authority in connection with or arising out of that authority's approval of the Trust for the purposes of enabling the funds of mandatory provident fund schemes' constituent funds and approved pooled investment funds to be invested in the Trust;
- the costs, fees and expenses payable under any licence and data supply contracts entered into in respect of the Trust (including, without limitation, the Licence Agreement);
- stamp duties, taxes, governmental charges, brokerage and commissions, exchange costs and commissions and bank charges in relation to transactions involving all or part of the assets of the Trust or on the creation, cancellation or redemption of Units;
- professional fees in relation to agreeing and/or contesting taxation liabilities or recoveries to be paid out of or into the Trust;
- out-of-pocket expenses of the Custodian and the Administrator (where applicable);
- out-of-pocket expenses of the Registrar and Receiving Agent;
- the fees and expenses of any legal counsel, auditors, brokers and other professional persons appointed by the Trustee or the Manager in connection with their respective duties in relation to the Trust;
- fees, charges, expenses and disbursements incurred in relation to the safe-custody, acquisition, holding, realisation of or other dealing with any investment for the account of the Trust;
- charges and expenses involved in insuring the assets and property of the Trust;
- charges and expenses incurred in conducting legal proceedings or applying to any court for any purposes related to the Trust;
- charges and expenses incurred by the Manager and the Trustee in communicating with each other and with unitholders, Authorized Participants, the Registrar, Custodian, Administrator, Receiving Agent or otherwise in relation to the Trust;
- charges and expenses involved in convening and holding meetings of unitholders or the Supervisory Committee;
- fees and expenses of the Manager and the Trustee in obtaining and/or maintaining the listing on the Stock Exchange and/or the authorization of the Trust under the Singapore SFA and HK SFO or any other law or regulation in any part of the world;

- fees and expenses in connection with depositing and holding Units in CCASS, including fees and expenses payable to its Processing Agent;
- costs involved in respect of the calculation and publication in newspapers in Singapore, Hong Kong and elsewhere of the NAV per Unit and/or suspension of issues and redemptions of Units;
- to the extent permitted by the HK SFC Code and the Singapore Code on CIS, costs incurred in respect of the design, creation and maintenance of a website dedicated entirely to the Trust;
- costs, fees and expenses involved in preparing, publishing, distributing and updating this Prospectus;
- fees, costs and expenses in preparing any deeds supplemental to the Trust Deed and in respect of preparing any agreement in connection with the Trust;
- expenses incurred in preparing and arranging for the preparation and distribution of accounts, reports, cheques, statements, certificates and notices which the Trustee or the Manager is required to issue under the terms of the Trust Deed or any other regulatory requirements;
- all premiums, fees, costs and expenses incurred in purchasing and maintaining insurance for members or any member of the Supervisory Committee;
- all fees and expenses of the Auditors in connection with the Trust;
- all fees and expenses incurred in connection with the retirement or removal of a Manager, the Trustee or the Auditors or the appointment of a new manager, a new trustee or new auditors;
- all fees and expenses of any delegate of the Supervisory Committee and of any attorney, banker, accountant, broker, lawyer or other professional person instructed by the Supervisory Committee in accordance with the Trust Deed;
- all expenses incurred in the collection of income;
- all expenses associated with the distributions declared pursuant to the Trust Deed;
- all fees and expenses incurred by the Managers and the Trustee in terminating the Trust;
- all other reasonable costs, charges and expenses which in the opinion of the Trustee and the Manager are properly incurred in the administration of the Trust and pursuant to the performance of their respective duties under the Trust Deed; and
- all such charges, costs, expenses and disbursements as under the general law the Trustee is entitled to charge to the Trust.

*Marketing costs*



No marketing or promotional expenses shall be charged to the Trust.

*Insufficient income to meet ongoing costs*

To the extent that the amount of the Trust's ongoing fees, costs and expenses mentioned above, and other ongoing costs and expenses of the Trust, exceed the amounts received by the Trust in respect of income, interest and coupons paid on the Trust's portfolio securities, interest received on cash deposits and other income received by the Trust, then the excess will be met by disposing of part of the Trust's portfolio of securities or other investments. Any such disposal of portfolio securities or other investments may adversely affect the Trust's ability to achieve its investment objective.

Fees Payable by You

*Brokerage and Stock Exchange trading fee*

If you trade your Units on the Stock Exchange, you will be required to pay a Stock Exchange trading fee of 0.00565% of the traded price of the Units and a SFC Transaction Levy of 0.0027% of the traded price of the Units and a AFRC Transaction Levy of 0.00015% of the traded price of the Units. Brokers may charge commission at their discretion.

*Transaction Fees and other duties and charges*

The Manager at its discretion may impose a creation transaction fee and a redemption transaction fee (each a "**Transaction Fee**") to offset transfer and other transaction costs associated with the creation and redemption of Creation/ Redemption Units or other Unit aggregations.

The Transaction Fee is up to a maximum of US\$1,000 per order or request and is payable by the Authorized Participant submitting the order or request to the account of the Trust. The current Transaction Fee charged is HK\$1,000 (approximately US\$128) per order or request. Authorized Participants may pass on their Transaction Fee, in whole or in part, to you. The level of this Transaction Fee may be changed at the discretion of the Manager, and in case such fee is increased, not less than one month's notice of the increase will be given to Authorized Participants. Authorized Participants may also charge an additional commission for their own account.

In addition, to prevent any "dilution" of the Trust's property the Manager has discretion to charge additional fees in respect of duties and charges of the Trust, as explained more fully in the section entitled "Creation and Redemption of Units - Dilution".

If you use the services of a broker, dealer or other such intermediary, you may have to pay fees for such services.

Dividends and Distributions

The Trust will pay out income dividends and net realized capital gains to unitholders semi-annually within each distribution period. The first distribution period for determining the amount of income dividends and net realized capital gains commenced on the Initial Creation date and ended on 30<sup>th</sup> June 2006. Each subsequent distribution period shall commence on the day after the end of the previous distribution period and end on 30<sup>th</sup> June (or such other date as shall be determined by the Manager (with the prior approval of the Trustee)). The Manager intends to make a semi-annual dividend distribution covering the period from 1<sup>st</sup> July to 31<sup>st</sup> December.

There is currently no dividend reinvestment service unless otherwise agreed by the Manager in its absolute discretion and with the prior approval of the Trustee.

The Manager will determine the amount of income and net realized capital gains available for distribution to unitholders on the Hong Kong Business Day (each an "**Ex-Dividend Date**") which falls immediately before a Record Date.

The "**Record Dates**" shall be 22<sup>nd</sup> January and 22<sup>nd</sup> July, save that if any such date is not a Hong Kong Business Day, the Record Date shall be the immediately following Hong Kong Business Day (or such other date as shall be determined by the Manager with the prior approval of the Trustee). A "**Hong Kong Business Day**" is any day on which the Stock Exchange is open for normal trading other than a day on which trading on the Stock Exchange is scheduled to close prior to its regular weekday closing time and excluding any day on which a tropical cyclone warning signal number 8 or above, a "black" rainstorm warning signal (or any warning or signal considered by the Trustee to be similar in effect) or an announcement of extreme conditions (as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before typhoon signal number 8 or above is replaced with typhoon signal number 3 or below) is in force in Hong Kong at any time after the Stock Exchange officially opens for trading and before the Stock Exchange officially closes for trading on that day (or such other day or days as may from time to time be determined by the Manager and the Trustee).

In the case of the interim Ex-Dividend Date of the semi-annual distribution period of the Trust, the Trustee will allocate for interim distribution among the unitholders of the Trust as at the relevant Record Date: (i) the lower of: (a) all of the net income of the Trust (after deduction of the Trust's fees, costs and expenses properly payable from income and making an appropriate provision for the payment of accrued fees, costs and expenses properly payable from income); and (b) an amount equal to the average value of the Trust's Deposited Property multiplied by the average yield of the Underlying Index (after deducting therefrom an amount in respect of all fees, costs and expenses properly payable from income and an appropriate provision for the payment of accrued fees, costs and expenses properly payable from income), in each case in respect of the period commencing from the previous final Ex-Dividend Date; and (ii) such amount of any net realized capital gains, as determined by the Manager having due regard to the total return of the Underlying Index in the relevant semi-annual period, the amount of net income to be distributed and the overall interests of unitholders, in respect of the semi-annual distribution period commencing from the previous final Ex-Dividend Date.

In the case of the final Ex-Dividend Date of the full year distribution period of the Trust, the Trustee will allocate for final distribution among the unitholders of the Trust as at the relevant Record Date (i) the lower of: (a) all of the net income of the Trust (after deduction of the Trust's fees, costs and expenses properly payable from income and making an appropriate provision for the payment of accrued fees, costs and expenses properly payable from income); and (b) an amount equal to the average value of the Trust's Deposited Property multiplied by the average yield of the Underlying Index (after deducting therefrom an amount in respect of all fees, costs and expenses properly payable from income and an appropriate provision for the payment of accrued fees, costs and expenses properly payable from income), in each case in respect of that full year distribution period less the amount previously allocated and distributed by way of interim distribution; and (ii) such amount of any net realized capital gains, as determined by the Manager

having due regard to the total return of the Underlying Index in the relevant period, the amount of net income to be distributed and the overall interests of unitholders, in respect of that full year distribution period less the amount of net realized capital gains previously allocated and distributed by way of interim distribution. Any net income (after the deduction of the Trust's fees and expenses) and net realized capital gains that have not been allocated and distributed to unitholders in respect of a full year distribution period shall be allocated as Deposited Property following the final Record Date of the full year distribution period.

Amounts to be distributed in respect of each Unit will be rounded down to the nearest US\$0.01 or such other rounding convention as the Manager shall from time to time determine. Any amount of income not distributed in a semi-annual distribution period shall be taken into account when calculating the amount available for allocation and distribution to each unitholder on the next final Ex-Dividend Date.

The Record Dates and Ex-Dividend Dates, and accordingly the distribution period, may be changed, or added to, as determined by the Manager with the prior approval of the Trustee.

Distributions payable to unitholders shall be paid for the respective semi-annual and annual distributions within four weeks of the relevant Ex-Dividend Date. To the extent that the Trustee and the Manager have made payments to HKSCC Nominees, neither the Trustee nor the Manager will have any responsibility for the distribution by HKSCC Nominees of payments to CCASS Participants whose Units are registered in the name of HKSCC Nominees.

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

Any moneys payable to a unitholder which remain unclaimed after a period of 12 months shall be accumulated by the Trustee in a special account. The Trustee shall cause such sums which represent moneys unclaimed by a unitholder for more than six 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 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 Trust property. Unclaimed moneys payable to a CCASS Participant are governed by the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

#### Additional Listing

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

### **General Information**

#### Taxation

As with any investment, you should consider how your investment in Units will be taxed. The tax information in this Prospectus is provided as general information and does not constitute tax or

legal advice. You should consult your own tax professional about the tax consequences of an investment in Units.

*The summary is not intended to constitute a complete analysis of all the tax considerations relating to a participation in the Trust. You should consult your own tax advisers concerning the tax consequences of your particular situation, including the tax consequences arising under the laws of any other tax jurisdiction, which may be applicable to your particular circumstances.*

It is emphasised that neither the Trustee nor the Manager or any persons involved in the issuance of the Units accept responsibility for any tax effects or liabilities resulting from the acquisition, holding or disposal/redemption of the Units.

#### *Taxation of the Trust and Unitholders in Singapore*

*The discussion below is a summary of certain Singapore tax consequences of the purchase, ownership and disposal/redemption of Units in the Trust. The summary is based on the provisions of the relevant tax laws, the regulations thereunder and practices all in effect as at the date hereof, and all of which are subject to change and differing interpretations, either on a prospective or retroactive basis.*

The Trust has been awarded the Designated Unit Trust ("**DUT**") status by the Inland Revenue Authority of Singapore ("**IRAS**") under Section 35(14) of the Income Tax Act 1947 of Singapore ("**ITA**"). As detailed in a circular dated 30 May 2014 released by the MAS, with effect from 1 September 2014, the DUT scheme is administered on a self-assessment basis. The Trustee may elect to claim the DUT tax deferral benefits for the Trust for a year of assessment ("**YA**") and each subsequent YA by submitting the prescribed annual declaration form and tax return ("**Form UT**") by the statutory deadline or within such extended time granted by the IRAS, provided that the Trust meets all of the DUT conditions throughout the basis period relating the YA in question, including the following:

- (i) the Trust is a collective investment scheme that is authorised under section 286 of the SFA and the Units are open to the public for subscription;
- (ii) the Trust is not a real estate investment trust or a property trust that invests directly in immovable properties in Singapore;
- (iii) the trustee is tax resident in Singapore; and
- (iv) the fund manager holds a capital markets services licence for fund management under the SFA or is exempt from the requirement to hold such a licence under the SFA, and the Trust is managed by the fund manager in Singapore.

In the 2019 Budget Statement, it was announced that the DUT scheme would lapse after 31 March 2019 but an existing DUT will continue to receive the tax deferral benefits under the DUT scheme, on and after 1 April 2019, if the existing DUT continues to meet all the DUT conditions. The Manager will endeavour to conduct the affairs of the Trust in such a manner that it fulfils the DUT conditions for each YA in which the DUT tax deferral benefits are claimed.

Currently, the Trust can generally continue to enjoy the DUT tax deferral benefits, if it:

- (i) meets all the DUT conditions in the basis period immediately preceding the basis period on which 1 April 2019 falls and an election has been made for the DUT tax deferral benefits to apply to the Trust in the first-mentioned basis period; and
- (ii) meets all the DUT conditions and elects for the DUT tax deferral benefits to apply to the Trust for every subsequent YA.

The Trust will not enjoy the DUT tax deferral benefits if it fails to meet any of the DUT conditions for any YA relating to a basis period beginning on or after 1 April 2019 or no election is made for the DUT tax deferral benefits for any basis period beginning on or after that date. The DUT tax deferral benefits will then not apply to the Trust for the YA to which that basis period relates and for every subsequent YA.

The key aspects relating to the taxation of a DUT are summarised below.

A. *Trust level*

Income of a trust is generally taxable in the hands of its trustee. If the Trust is eligible for the DUT tax deferral benefits in a given YA and has elected to claim them (subject to the discussion above), the following income ("**Specified Income**") does not form part of the statutory income of the Trust and is thus not taxable at the Trust's level:

- (a) gains or profits derived from Singapore or elsewhere from the disposal of securities;
- (b) interest (other than interest for which tax has been deducted under Section 45 of the ITA);
- (c) dividends derived from outside Singapore and received in Singapore;
- (d) gains or profits derived from:-
  - (i) foreign exchange transactions;
  - (ii) transactions in futures contracts;
  - (iii) transactions in interest rate or currency forwards, swaps or option contracts; and
  - (iv) transactions in forwards, swaps or option contracts relating to any securities or financial index;
- (e) distributions from foreign unit trusts derived from outside Singapore and received in Singapore;
- (f) fees and compensatory payments (other than fees and compensatory payments for which tax has been deducted under Section 45A of the ITA) from securities lending or repurchase arrangements with certain specified persons;
- (g) rents and any other income derived from any immovable property situated outside Singapore and received in Singapore;

- (h) discount derived from outside Singapore and received in Singapore;
- (i) discount from qualifying debt securities issued during the period from 17 February 2006 to 31 December 2028;
- (j) gains or profits from the disposal of debentures, stocks, shares, bonds or notes issued by supranational bodies;
- (k) early redemption fee and redemption premium from qualifying debt securities issued during the period from 15 February 2007 to 31 December 2028; and
- (l) such other income directly attributable to qualifying debt securities issued on or after a prescribed date, as may be prescribed by regulations.

Unless otherwise exempt from tax, any income or gains that do not fall within the above list of Specified Income (i.e. non-Specified Income) will generally be subject to tax in the hands of the Trustee at the prevailing corporate tax rate (currently, 17%).

Distributions made by the Trust to all unitholders will not attract Singapore withholding tax.

*B. Unitholders' level – Distributions*

The tax treatment of distributions out of a DUT in the hands of the unitholders is as follows:

- (a) Any distribution received by an individual (whether resident in Singapore or not), is exempt from Singapore income tax. The 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.
- (b) Any distribution received by a foreign investor which has been made out of Specified Income (as discussed above) is exempt from Singapore income tax.

A foreign investor is:-

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

- (B) the trustees of the trust fund are neither citizens of Singapore nor resident in Singapore, nor do they carry out their duties through a permanent establishment in Singapore.
- (c) Distributions (made out of Specified Income) to other unitholders (i.e. those who are neither individuals nor foreign investors as described above) are deemed to be income of the unitholders and generally subject to tax in their hands.
- (d) Distributions from any non-Specified Income that are subject to tax at the trust level will not be subject to further Singapore income tax in the hands of the unitholders.
- (e) Distributions paid by the Trust out of non-Specified Income that is exempt from Singapore income tax (e.g. Singapore one-tier dividends) will be tax-exempt in the hands of the unitholders.

C. *Unitholders' level – Distributions not yet made but treated as derived in certain events for certain Unitholders*

If the Specified Income of the Trust did not form part of the Trustee's statutory income for one or more past YAs by reason of the DUT tax deferral benefits ("**tax deferred Specified Income**") and any of the events set out in the first column of the following table occurs for which the corresponding date is on or after 1 June 2015, then certain unitholders (including those referred to in item (c) of Section B above, but excluding those referred to in items (a) and (b) of Section B above) shall be treated as having derived, on the corresponding date, an amount of income that is equal to the prescribed amount of tax deferred Specified Income that has yet to be distributed to any unitholders by the corresponding date.

The prescribed amount refers to the amount that would have been distributed to the relevant investors based on the distribution policy in accordance with the terms of the trust deed. In the scenario where it is not possible to ascertain that amount under the trust deed (e.g. there is no distribution policy stated in the trust deed, or where the distribution policy is unclear or may be varied under the terms of the trust deed), the prescribed amount would be based on the number of Units held by the relevant investors in proportion to the total number of Units of the Trust on the relevant date.

<i>Event</i>	<i>Corresponding date</i>
The Trust is dissolved and is a DUT for the YA for the basis period* in which the dissolution occurred	Date of dissolution
The Trust does not meet one or more conditions of the DUT scheme for any YA (i.e. it is not a DUT)	Last day of the basis period* for the immediately preceding YA
The Trust does not elect to claim the DUT tax deferral benefits for the Trust for any YA	Last day of the basis period* for the immediately preceding YA

The Trust elects for DUT tax deferral benefits to apply to income derived in only a part of the basis period* for any YA (e.g. where the Trust relinquishes its DUT tax status to transit to another tax incentive)	Last day of that part of the basis period*
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\*"Basis period" for any year of assessment means the period on the profits which tax for that year falls to be assessed, in this case, financial year ended 30 June.

*D. Unitholders' level – Disposal of Units*

Gains on disposal of Units by a unitholder should not be subject to Singapore taxation, unless:

- (a) the gains are derived in the course of a trade or business carried on in Singapore, or
- (b) the gains are derived in the course of a trade or business carried on outside Singapore and received or deemed to be received in Singapore (i.e. foreign income). Certain tax exemptions on foreign income may apply where conditions are satisfied.

As your tax treatment depends on your particular situation, you should consult your own tax advisers with regard to the tax consequences arising from distributions made by the Trust and gains arising from disposal of the Units.

*E. Trust level – Goods and Services Tax*

The Trust may incur Singapore Goods and Services Tax ("**GST**") on its expenses. The current rate of GST is 9%.

Should there be GST incurred, the Trust may be allowed to claim the GST if it meets the qualifying conditions through a GST remission which has been extended to 31 December 2024 as announced in the 2019 Budget Statement. The amount of GST claimed is based on a fixed percentage which is revised annually. The fixed percentage for 2024 is 90%.

However, should the Trust not meet the qualifying conditions, the GST incurred (if any) will become an additional cost to the Trust.

The Manager will endeavour to conduct the affairs of the Trust in such a manner that it fulfils the DUT conditions for the Trust to qualify for the GST remission.

*Hong Kong Profits Tax*

The Trust is exempt from Hong Kong profits tax arising in relation to the sale or disposal of securities. Hong Kong profits tax will not be payable by an investor on any gains or profits made on the sale, redemption or other disposal of Units unless that investor carries on a trade, profession or business of dealing in securities in Hong Kong.



### *Hong Kong Stamp Duty*

Pursuant to a remission order issued by the Secretary for Financial Services and the Treasury of the HKSAR Government on 21st June 2005, any Hong Kong stamp duty on the sale and purchase of any Units by an investor in the secondary market will be remitted or refunded. If any of the Deposit Securities or Redemption Securities constitute loan capital as defined in the Stamp Duty Ordinance (Cap. 117) of Hong Kong, their transfer will not attract Hong Kong stamp duty. In any event:

- (i) pursuant to a remission order issued by the Secretary for the Treasury of the HKSAR Government on 20th October 1999, Hong Kong stamp duty on the transfer of Deposit Securities by an investor for the creation of Units will be remitted or refunded. Similarly, Hong Kong stamp duty on the transfer of Redemption Securities to an investor upon a redemption of Units will also be remitted or refunded; and
- (ii) pursuant to the Stamp Duty (Amendment) Ordinance 2015, stamp duty payable on any contract notes and instruments of the transfer for the transaction of shares or units of exchange traded funds traded on the Stock Exchange of Hong Kong Limited is waived with effect from 13 February 2015.

No Hong Kong stamp duty is payable on an issue or redemption of Units or on the sale and purchase of Units in the secondary market.

### *FATCA and US Tax Withholding and Reporting Requirements*

FATCA, as part of the United States' Hiring Incentives to Restore Employment Act, became law in the US in 2010.

FATCA imposes a new reporting regime and potentially a US withholding tax of 30% on certain payments (including payments of gross proceeds and income) made with respect to certain actual and deemed US investments. As a general matter, the rules under FATCA are designed to require US persons' direct and indirect ownership of non-US accounts and non-US entities to be reported to the IRS. The 30% withholding tax regime applies if there is a failure to provide required information regarding US ownership.

Generally, all applicable payments under FATCA received by a Foreign Financial Institution (as defined in the final U.S. Treasury regulations under FATCA or an applicable intergovernmental agreement (an "IGA")) ("FFI") will be subject to a 30% US withholding tax unless the FFI (i) enters into an agreement with the IRS (a "FFI Agreement"), (ii) complies with the terms of an applicable IGA or (iii) is otherwise exempt.

Singapore entered into a Model 1 IGA with the United States (the "**Singapore IGA**") dated 9 December 2014. Under the terms of the Singapore IGA, certain Singapore-based financial institutions (such as those resident in or organised under the laws of Singapore, but excluding their branches located outside Singapore, and those with branches located in Singapore even though the financial institutions are not tax resident in or organised under the laws of Singapore) will be obliged to comply with the provisions of FATCA under the terms of Singapore IGA, read with the relevant provisions of the ITA and the regulations thereunder implementing the Singapore IGA, as amended from time to time (together, the "**Singapore IGA Legislation**"). Under the Singapore IGA, these financial institutions will be required to report to Singapore tax

authorities (i.e. the IRAS) certain holdings by and payments made to (a) certain US investors (b) certain US controlled foreign entity investors and (c) non-US financial institution investors that do not comply with the terms of the relevant US Treasury Regulations and an applicable IGA. Under the Singapore IGA, such information will be reported by the Singapore tax authorities to the IRS.

Singapore also signed a Tax Information Exchange Agreement ("**TIEA**") and a reciprocal Foreign Account Tax Compliance Act Model 1 Intergovernmental Agreement (the "**Reciprocal Singapore IGA**") with the United States on 13 November 2018. The TIEA will permit Singapore and the United States to exchange information for tax purposes. The Reciprocal Singapore IGA provides for the automatic exchange of information with respect to financial accounts under FATCA. The Reciprocal Singapore IGA came into force on (and with effect from) 1 January 2021 and supersedes the non-reciprocal Singapore IGA signed in 2014. The TIEA came into force on 5 March 2020 (but with effect from 1 January 2021) after its ratification by Singapore.

The Trust meets the requirements to be considered as Non-Reporting Singaporean Financial Institution pursuant to (and as defined in) the Reciprocal Singapore IGA, and is therefore exempt from certain reporting requirements under the Reciprocal Singapore IGA. The Trust will seek to comply with the applicable requirements under the Singapore IGA Legislation and, as a result of such compliance, the Trust should not be subject to the 30% US withholding tax described above. There is no assurance that the Trust will be able to satisfy the applicable requirements. If the Trust fails to comply with such requirements, the Trust may be subject to the 30% US withholding tax described above and the NAV per Unit may be adversely affected and the Trust may suffer significant losses, which may result in a material loss to unitholders.

FATCA withholding tax may be imposed on the share of payments subject to FATCA attributable to (a) US persons who do not consent to disclosure of their information, where required, for the Trust to comply with its obligations under the Singapore IGA Legislation, (b) persons who fail to establish their non-US status, (c) non-US financial institutions which are investors and which themselves do not comply with the relevant US Treasury Regulations or an applicable IGA or otherwise qualify for an exemption, and (d) certain other non-US entities that do not provide certifications or information regarding their US ownership.

The Trust's ability to satisfy its obligations under the Singapore IGA Legislation (where applicable) may depend on each unitholder providing the Trust with the required information that the Trust shall determine as necessary to satisfy such obligations. The Trust may take any action in good faith and on reasonable grounds, in relation to an unitholder's Units or redemption proceeds (including effecting mandatory redemption of Units owned by the relevant unitholder and deducting from and setting off any reasonable amounts from the redemption proceeds) to ensure that such withholding is economically borne by the relevant unitholder whose failure to provide the necessary information or comply with such requirements gave rise to the withholding, to the extent permitted under the constitutive documents of the Trust and subject to applicable laws and regulations.

A unitholder that fails to comply with such information requests from the Trust may be subject to reporting to the Singapore tax authorities and possibly withholding of tax on certain types of income attributable to such unitholder's non-compliance under the Singapore IGA Legislation and/or FATCA.

You should consult your own tax advisors regarding the possible implications of FATCA on your investments in the Units.

### *Automatic Exchange of Financial Account Information*

#### A General Information

The Common Reporting Standard (the "**CRS**") is an internationally agreed standard for the automatic exchange of financial account information (the "**AEOI**"), endorsed by the Organisation for Economic Co-operation and Development (the "**OECD**") and the Global Forum for Transparency and Exchange of Information for Tax Purposes. There are currently more than 100 jurisdictions, including Singapore, which have committed to implement the CRS.

Singapore made an international commitment to begin the AEOI under the CRS in 2018, and therefore enacted the Income Tax (International Tax Compliance Agreements) (Common Reporting Standard) Regulations 2016, as amended from time to time (the "**Singapore CRS Legislation**"). Singapore-based financial institutions (unless excluded) will be obliged to comply with the provisions of the CRS, read with the Singapore CRS Legislation. Such reporting Singapore financial institutions (collectively, the "**Reporting SGFIs**" and each a "**Reporting SGFI**") will be required to establish the tax residence(s) of all their customers with effect from 1 January 2017, and report to Singapore tax authorities (i.e. the IRAS) the financial account information of customers who are tax residents of jurisdictions where Singapore has a Competent Authority Agreement ("**CAA**") based on the CRS to exchange information with.

The Trust however holds an exempt status for CRS. The Trust's ability to satisfy its obligations under the Singapore CRS Legislation (where applicable) may depend on each unitholder providing the Trust with the required information that the Trust shall determine as necessary to satisfy such obligations. Please note that wilfully providing false information on your tax residency status may constitute an offence which, upon conviction, carries criminal sanctions under the ITA.

In Hong Kong, the Inland Revenue (Amendment) (No.3) Ordinance 2016 (the "**Ordinance**") came into force on 30 June 2016, which implements the AEOI in Hong Kong (the "**Hong Kong AEOI Rules**"). The Ordinance requires financial institutions resident in Hong Kong ("**Reporting Financial Institutions**") to collect and review relevant information relating to non-Hong Kong tax residents holding financial accounts with Reporting Financial Institutions, and to furnish information required under the Ordinance to the Hong Kong Inland Revenue Department (the "**IRD**"). The IRD will exchange such information with the jurisdiction(s) in which an account holder is resident for tax purposes. Generally, tax information will be exchanged only with AEOI partner jurisdictions with which Hong Kong has entered into a Competent Authority Agreement ("**AEOI Partner Jurisdictions**"). However, information relating to account holders who are residents of jurisdictions other than AEOI Partner Jurisdictions may also be collected, although only information in relation to reportable accounts will be furnished to the IRD.

The Trust is required to comply with the Hong Kong AEOI Rules, which means that the Trust, the Manager, the Trustee and/or any of their agents shall collect and provide to the IRD tax information relating to unitholders and prospective investors.

The Hong Kong AEOI Rules as implemented by the IRD require the Trust to, amongst other things: (i) register the Trust's status as a Reporting Financial Institution with the IRD; (ii) conduct due diligence on its accounts to identify whether any such accounts are considered reportable accounts for the purposes of Hong Kong AEOI Rules ("**Reportable Accounts**"); and (iii) report to the IRD the information on such Reportable Accounts. The IRD is expected on an annual basis, commencing from 2018, to transmit the information reported to it to the AEOI Partner Jurisdictions. Reportable Accounts include financial accounts held by: (i) individuals or entities that are tax residents in an AEOI Partner Jurisdiction, and (ii) certain entities controlled by individuals who are tax residents in an AEOI Partner Jurisdiction. Under the Ordinance, details of unitholders, including but not limited to their name, date and place of birth (if applicable), address, tax residence, tax identification number (if any), account details, account balance/value, and income or sale or redemption proceeds, may be reported to the IRD and subsequently exchanged with AEOI Partner Jurisdictions.

#### B Impact to the Trust and unitholders

By investing in the Trust and/or continuing to invest in the Trust, unitholders acknowledge that they may be required to provide additional information to the Manager, the Trustee and/or their agents, and to notify of any changes to the information provided, in order for the Trust to comply with the Hong Kong AEOI Rules and the Singapore CRS Legislation. The unitholder's information may be communicated by the IRD and/or the IRAS to authorities in other jurisdictions. The failure of a unitholder to provide any requested information may result in the Manager and/or the Trustee taking any action and/or pursuing remedies at their disposal, in good faith and on reasonable grounds, including, without limitation, mandatory redemption or withdrawal of the unitholder concerned, to the extent permitted under the constitutive documents of the Trust and subject to applicable laws and regulations.

Each unitholder and prospective investor should consult his/her/its own professional advisor(s) on the administrative and substantive implications of the Hong Kong AEOI Rules and/or the Singapore CRS Legislation on his/her/its current or proposed investment in the Trust.

#### Anti-Money Laundering

As part of the Manager's and the Trustee's responsibility for the prevention of money laundering and countering the financing of terrorism and to comply with all applicable laws, regulations and notices to which the Manager, the Trustee or the Trust is subject, the Manager, the Trustee or the Receiving Agent may require a detailed verification of your identity and your connected parties' identity and the source of payment of any subscriptions.

If there is a delay or failure by you to produce any information required for verification purposes, your order for Units may be refused.

#### Liquidity Risk Management Policies and Tools

##### A Governance Structure

The Manager has established risk management policies and procedures to manage and mitigate the Trust's exposure to significant market, liquidity and operational risks. In particular, where a particular asset of the Trust cannot be easily divested, the ability to sell a particular asset could have a negative impact to the value of the Trust, the Trust's ability to meet its investment

objectives and the Trust's ability to meet redemption requests in a timely manner. The Manager will monitor liquidity risks and utilize liquidity management tools where necessary.

The Manager is supported by the Liquidity Committee, a sub-committee of the Risk Committee ("**Liquidity Committee**") that is hierarchically and functionally independent from the day-to-day portfolio investment function of the Trust. The Liquidity Committee is responsible for monitoring the liquidity risk profile of the Trust, evaluating the results of liquidity risk assessments and stress testing, overseeing implementation of liquidity risk management policies and procedures and reviewing and enhancing the related management and reporting systems and policies. The Liquidity Committee may hold periodic and ad hoc meetings to formulate effective contingency plans and determine appropriate actions where required. A majority of the members of the Liquidity Committee are independent from the day-to-day portfolio investment function of the Trust.

#### B Liquidity Risk Management Policy

The Manager has, as part of its overall risk management programme, established liquidity risk management policies and procedures which are reviewed periodically from time to time. The Manager's liquidity risk management policy will seek to identify, monitor and manage the liquidity risks of the Trust. In this respect, the Manager will consider the risk appetite of the Trust and perform ongoing liquidity risk assessment through quantitative and qualitative evaluations (e.g. considering the Trust's dealing arrangements, investment strategy, underlying assets liquidity profile, and historical subscription / redemption patterns).

#### C Liquidity Risk Management Tools

The Manager may utilize the following liquidity management tools in order to protect the interests of the unitholders:

- *Suspension of redemption* - The Manager may, with the prior approval of the Trustee, having regard to the best interests of the unitholders, suspend the right of investors to apply (through Authorized Participants) for the redemption of Units and/or may delay the delivery of redemption proceeds in respect of a redemption request (and/or income distributions) during any of the periods described in the section entitled "Creation and Redemption of Units - Further Provisions Relating to Creations and Redemptions - Suspension of creation and redemptions".
- *Limitation on redemption* - The Manager is entitled to limit the total number of Units which unitholders are entitled to redeem on a Dealing Day to 1.5 million Units (net of the number of Units for which valid subscriptions have been accepted on that Dealing Day) (or such other number as the Manager may determine from time to time upon giving reasonable prior notice to the Trustee and Authorized Participants). Please see the section entitled "Creation and Redemption of Units - Further Provisions Relating to Creations and Redemptions - Limitations on creation and redemptions".
- *Redemptions in-kind* - The Manager has the absolute discretion, but shall not be obliged to, pay out redemptions in-kind on a case-by-case basis in accordance with the terms of the Trust Deed. Please see the section entitled "Creation and Redemption of Units - Redemption of Units".

- *Borrowing restrictions* - The principal amount of all outstanding borrowings by the Trust may not exceed an amount equal to 10% of the Trust's total assets (excluding income receipts and amounts standing to the credit of the distribution account) and after deducting its liabilities on any Dealing Day. Borrowings may only be made for the purposes of meeting redemptions and temporary (not more than four weeks) bridging requirements which may be for any of the purposes specified in the section entitled "Investment Objective and Policies of the Trust - Investment Policies and Strategies - Borrowing", including to effect payments under the Trust Deed on redemption of Units.

### Financial Reports

The Trust's financial year ends on 30<sup>th</sup> June in each year (the first financial period ended on 30<sup>th</sup> June 2006). The Manager will arrange for annual financial reports to be prepared and made available to all unitholders and filed in a manner in accordance with the HK SFC Code in respect of the Trust and audited by the Trust's auditors (who are currently PricewaterhouseCoopers). Such reports, along with the annual financial report prepared by the Manager and the trustee report prepared by the Trustee, will be published and posted on the Trust's dedicated website within three months of the end of the Trust's financial year and will remain posted on the website for at least 12 months from the date of posting. In addition, the Manager will procure that unaudited interim accounts and reports will be published for the half-year period ending 31<sup>st</sup> December in each year (the first half-year period ended on 31<sup>st</sup> December 2005) and posted on the Trust's website within two months of the end of that period. The contents of these reports will comply with the requirements of the Singapore Code on CIS and the HK SFC Code and such reports shall be prepared in accordance with IFRS (or to the extent relevant and required by where relevant RAP 7). The financial reports will be available at <http://www.abf-paif.com>.

In accordance with the Singapore Code on CIS and the HK SFC Code, unitholders will be notified by either a hardcopy letter or (if the unitholder had previously provided an email address for correspondence purpose) an email that the accounts and reports are available and that they may be accessed on the Trust's website (<http://www.abf-paif.com>). Unitholders will be given the option to request for hardcopy accounts and reports within one month from the notification of the availability of the accounts and reports. The Trustee will make available, or cause to be made available, hardcopies of the accounts and reports to any unitholder who requests for them within two weeks of the request. Unitholders are also allowed at any time to opt for hardcopies for all future reports and accounts at no cost to them. In addition, printed copies of the financial reports will be made available at the registered office of the Manager, free of charge. The annual report and the interim report of the Trust will be issued in English and Chinese.

To the extent that any of the valuation principles used to determine the Trust's NAV per Unit at the Valuation Point with respect to each Dealing Day is or becomes inconsistent with IFRS (or to the extent relevant and where required by the MAS, RAP 7), the Trust's accounts may not necessarily be in line with the published NAV per Unit. In this case, a reconciliation note may need to be included in the accounts of the Trust to reconcile values arrived at by applying IFRS (or to the extent relevant and where required by the MAS, RAP 7) and the NAV per Unit of the Trust by applying the Trust's valuation principles.

### Notices

Any notices required to be given to unitholders under the Trust Deed and/or by the Singapore Code on CIS, the HK SFC Code or the Listing Rules shall be sent by post to unitholders or as permitted under the Singapore Code on CIS, the HK SFC Code or the Listing Rules. In addition, such notices will be published on the Trust's dedicated website and the Stock Exchange's website. Copies of such notices will also be available from the Authorized Participants and the Manager.

#### Meetings of Unitholders

The Trust Deed sets out procedures to be followed in respect of meetings of the unitholders, including provisions as to the giving of notice, appointment of proxies and quorum.

#### Amending the Trust Deed without Unitholder Approval

The Trustee and the Manager may not alter, modify or vary the terms of the Trust Deed without obtaining the approval by extraordinary resolution of unitholders except where the alteration, modification or variation is:

- made to enable the Trust to comply with fiscal or other statutory, regulatory or official requirements (whether or not having the force of law) of any country or authority provided that the Trustee certifies in writing that, in its opinion, such change is necessary to so comply; or
- necessary to remove an obsolete provision or to correct a manifest error and the Trustee certifies in writing accordingly; or
- expedient for any purpose and the Trustee certifies in writing that, in its opinion, such alteration, modification or variation:
  - is not materially prejudicial to the interests of unitholders; and
  - does not to any material extent release the Trustee, the Manager or any other person from liability to unitholders; and
  - does not increase the costs and charges payable out of the Trust (other than costs incurred in altering, modifying or varying the Trust Deed).

In addition, no alteration, modification or variation, regardless of it having been approved by extraordinary resolution, may impose any liability on any unitholder to make further payments in respect of Units held by him or to accept any additional liability in respect of the Units.

The Trustee may in addition certify that, in its opinion, an amendment to the Trust Deed is necessary or desirable for the purposes of listing or maintaining a listing of the Units on the Stock Exchange or any other recognised exchange approved by the Supervisory Committee or for the purposes of registering or authorizing the Units or the Trust in any other jurisdiction approved by the Supervisory Committee, in which case, the approval of unitholders by extraordinary resolution will not be necessary to make that amendment.

Any amendment to be made to the Trust Deed by the Manager and the Trustee without requiring the prior approval of unitholders under the Trust Deed will require the approval of the Supervisory Committee. The Manager will give notice to unitholders in writing of any amendments made to

the Trust Deed without unitholders' approval in accordance with the requirements under the Trust Deed and any applicable requirements under the Singapore Code on CIS or the HK SFC Code (unless the SFC or MAS (as the case may be) consents otherwise).

#### Intermediaries in Hong Kong

No application monies should be paid to any intermediary in Hong Kong who is not licensed or registered to carry on Type 1 (dealing in securities) regulated activity under the HK SFO.

#### Liability and Indemnities

The Trust Deed contains the duties and responsibilities of the Trustee and the Manager. The Trust Deed requires that (subject as provided in the Trust Deed) the Trustee and the Manager exercise their respective powers and authorities in the exclusive interests of the unitholders.

The HK SFC Code requires that the Trustee, amongst other things, (A) take into its custody or under its control all of the property of the Trust and hold it on trust for the unitholders in accordance with the constitutive documents of the Trust (including the Trust Deed), and with respect to property of the Trust which by nature cannot be held in custody, to maintain a proper record of such property in its books under the name of the Trust, (B) registers investments (including cash and registrable assets) in its name or to its order, (C) be liable for the acts and omissions of its nominees, agents and delegates in relation to the assets forming part of the property of the Trust, (D) to segregate the property of the Trust in accordance with the HK SFC Code and (E) put in place appropriate measures to verify ownership of property of the Trust. The Trustee has appointed the Custodian to safekeep the general property of the Trust and the Trustee has appointed the Collateral Custodian to safekeep the collateral received with respect to the Trust's securities lending transactions.

The HK SFC Code requires that the Manager, amongst other things, must manage the Trust in accordance with the constitutive documents of the Trust (including, the Trust Deed) and in the best interests of the unitholders and must comply with the requirements set out in the HK SFC Code.

The HK SFC Code provides that neither the Trustee nor the Manager can be exempted from any liability to unitholders imposed under Hong Kong law or the law of the Trust's place of domicile or for breaches of trust through fraud or negligence, nor may they be indemnified against such liability by unitholders or at the expense of unitholders.

The Trust Deed includes certain exclusions of liability and indemnities in favour of the Trustee and the Manager, other than in respect of the Trustee's or Manager's fraud, negligence, bad faith or wilful default.

#### Termination

The Trust may be terminated by the Trustee, with the prior approval of the Manager (except the approval of the Manager shall not be required in the case of (i) the liquidation of, or analogous proceedings in respect of, the Manager (ii) if the MAS or SFC directs under the Singapore SFA or the HK SFO respectively that the Trust be terminated) and the Supervisory Committee (except the approval of the Supervisory Committee shall not be required in the case of (i) the Units ceasing to be listed on the Stock Exchange, (ii) the Trust ceasing to be authorized by the MAS or SFC or



(iii) if the average of the daily value of the aggregate Trust's NAV is less than US\$250 million over any rolling three-month period or (iv) if the MAS or SFC directs under the Singapore SFA or the HK SFO respectively that the Trust be terminated, in the following circumstances:

- it becomes illegal or in the opinion of the Trustee impossible or impracticable to continue the Trust;
- the Trust becomes liable to taxation (whether in Singapore or elsewhere) in respect of income or capital gains at a rate considered by the Manager to be excessive in relation to the rate which would be borne by investors by investing directly in the Index Securities and Non-Index Securities;
- the Units cease to be listed on the Stock Exchange;
- the Trust ceases to be authorized by the MAS under section 286 of the Singapore SFA or authorized by the SFC under section 104 of the HK SFO;
- the Underlying Index ceases to be compiled or published and there is no successor index;
- the Licence Agreement is terminated and no new licence agreement relating to the Underlying Index or any successor index is entered into by the Trustee and the Manager;
- the Manager goes into liquidation (other than voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or analogous proceedings where, after the expiration of a period of three months, the Trustee has not appointed a new manager;
- if on the expiration of three months after notifying the Manager that in the Trustee's opinion a change of Manager is desirable in the interests of the unitholders, the Trustee has not found another company ready to accept, the office of manager of the Trust of which the Trustee, the Supervisory Committee, the MAS and the SFC shall approve;
- if the average of the daily aggregate net assets of the Trust is less than US\$250 million over any rolling three month period; or
- if the MAS or SFC direct under the Singapore SFA or HK SFO that the Trust be terminated).

Upon the termination of the Trust, all outstanding borrowings and other fees, expenses and liabilities of the Trust must be repaid or paid. Then, at the discretion of the Trustee, the Trust's portfolio of securities and other property will be distributed in-kind or sold in favour of unitholders pro rata to the number of Units held in accordance with the terms of the Trust Deed. In the case of unitholders who are retail investors, the Trustee will sell Trust securities and other property pro rata to the number of Units held by them in order to make cash distributions to those unitholders.

Subject to the below paragraph, the Trustee may at such time or times as it may deem convenient distribute *in specie* to the unitholders pro rata to the number of Units held or deemed to be held by them respectively all Index Securities and Non-Index Securities then remaining in its hands as part of the Deposited Property. Each unitholder shall be entitled to receive approximately a

proportionate amount of each type of Index Security and Non-Index Security (provided that no fraction of any Index Security or Non-Index Security shall be distributed) available for distribution together with a balancing payment in cash in the case of unitholders who shall not receive the full proportionate amount of any Index Securities and Non-Index Securities and for such purpose the Trustee may sell any Index Securities and Non-Index Securities remaining in its hands as part of the Deposited Property. Such distribution, and the distribution of any Income Property, shall be carried out and completed in such manner and within such period after the termination of the Trust as the Trustee in its absolute discretion thinks advisable.

The Trustee shall be entitled to retain any moneys or Index Securities or Non-Index Securities in its hands under the provisions of this paragraph to the extent required, in its absolute discretion, to make full provision for all costs, charges, expenses, claims and demands incurred, made or apprehended by the Trustee being either in connection with or arising out of the liquidation of the Trust or otherwise properly payable out of the Fund Assets in accordance with the Trust Deed or law and out of the moneys so retained to be indemnified and saved harmless against any costs, charges, expenses, claims and demands.

Any unclaimed Index Securities and Non-Index Securities held by the Trustee under the provisions of this paragraph may at any time after the expiration of twelve months from the date on which the same were to be distributed pursuant to this section titled "Termination" be sold by the Trustee and the net proceeds together with any unclaimed cash held by the Trustee at such time be paid into Court subject to the right of the Trustee to deduct therefrom any expenses it may incur in carrying out this provision.

At least three months' prior notice of the termination of the Trust will be given to unitholders (unless the Trust is terminated by reason of illegality, in which case no prior notice needs to be given to unitholders).

#### Conflicts of Interest

The Trustee and the Manager may from time to time act as trustee, administrator, registrar, transfer agent, investment manager, custodian or investment adviser, representative or otherwise 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 Trust. It is, therefore, possible that any of them may, in the course of business, have potential conflicts of interest with the Trust. Each will, at all times, have regard in such event to its obligations to the Trust and will endeavour to ensure that such conflicts are resolved fairly and taking into account interests of the unitholders. Each of the Trustee and the Manager has measures in place to minimize potential conflicts of interest.

The services of the Trustee and the Manager provided to the Trust are not deemed to be exclusive and each of the Trustee and the Manager shall be free to render similar services to others so long as its services hereunder are not impaired thereby and to retain for its own use and benefit all fees and other monies payable thereby and the Trustee shall not be deemed to be affected with notice of or to be under any duty to disclose to the Trust any fact or thing which comes to the notice of the Trustee in the course of it rendering similar services to others or in the course of its business in any other capacity or in any manner whatsoever otherwise than in the course of carrying out its duties under the Trust Deed or otherwise.

Conflicts of interest may also arise due to the widespread business operations of the Trustee, the Manager and their Connected Persons. The foregoing parties may effect transactions where those conflicts arise and shall not, subject to the terms of the Trust Deed, be liable to account for any profit, commission or other remuneration arising. However, all transactions carried out by or on behalf of the Trust will be on arm's length terms.

In the event that any conflicts of interest arises, each of the Trustee and the Manager will, at all times, have regard in such event to its obligations under the Trust Deed and, in particular, to its obligations to act in the best interests of the Trust and the unitholders so far as practicable. The Trustee and the Manager will endeavour to ensure that such conflicts are resolved fairly and taking into account interests of the unitholders.

Transactions carried out by or on behalf of the Trust must be executed at arm's length and in the best interests of unitholders.

The Trustee, the Manager, the Listing Agent, the Administrator, the Custodian, the Receiving Agent, the Registrar and any shareholder and any of their respective Connected Persons may:

- (a) contract or enter into any financial, banking, insurance or other transaction with one another, unitholders, Authorized Participants or any corporation or body any of whose securities form part of the Deposited Property of the Trust and be interested in any such corporation or body; and
- (b) invest in and deal with securities or any property of the kind included in the property of the Trust for their respective individual accounts or for the account of a third party.

Neither the Trustee nor the Manager may act as principal to buy or sell investments from or to the Trustee for the account of the Trust or otherwise deal as principal with the Trust. However, with the prior written consent of the Trustee, any Connected Person of the Manager may deal as agent or principal in the sale or purchase of securities and other investments to or from the Trust. There will be no obligation on the part of such Connected Person to account to the Trust or to unitholders for any benefits so arising and any such benefits may be retained by the relevant party, provided that such transactions are entered into on an arm's length basis, in the best interests of unitholders, and at the best price available to the Trust having regard to the kind, size and time of the transaction.

Any cash of the Trust may be deposited with any Connected Person of the Trustee or Manager or invested in certificates of deposit or banking investments issued by any such Connected Person provided that such deposit is maintained in a manner that is in the best interests of unitholders having regard to the prevailing commercial rate for a deposit of similar type, size and term negotiated at arm's length in accordance with the ordinary and normal course of business. Banking or similar transactions may also be undertaken with or through a Connected Person.

With the prior written consent of the Trustee, the Manager may effect transactions by or through the agency of another person for the account of the Trust with whom the Manager, the investment delegate or any of their Connected Persons have an arrangement for the supply of goods, services or other benefits.

Where the Manager or any Connected Person of the Manager receives any cash rebate of all or any part of any commission paid out of the Trust, the Manager or that Connected Person shall not

be entitled to retain that cash rebate but shall account for and pay the same to the Trustee to be held as Trust property.

The Manager is responsible for selecting brokers and dealers through whom transactions for the account of the Trust are to be executed (which may include the Manager, the Trustee or a Connected Person of either of them). The Manager shall ensure that the aggregate value of all transactions effected in any accounting period through brokers and dealers who are Connected Persons of the Manager shall not exceed 50% of the aggregate value of all transactions effected for the account of the Trust during that accounting period.

The Manager may, in accordance with applicable law and regulation, effect agency cross transactions where both the sale and purchase of an investment are effected for clients (including the Trust on the one hand) of the Manager and/or its Connected Persons provided that the sale and purchase decisions are in the interests of both clients, permitted within the investment guidelines/objectives of both clients and the transactions are executed on an arm's length basis and at the best price available to the Trust having regard to the kind, size and time of the transaction.

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

#### Manager's Business Continuity Planning

The Manager has put in place business continuity procedures for it to be able to continue to carry out investment management and investment advisory services in the event that any of the Contingency Events (defined below) occur.

In the event that the Manager's Singapore team's capacity to perform the Manager's investment advisory functions for the Trust becomes impaired as a result of one or more Contingency Events, the Manager's related corporation, State Street Global Advisors Limited, will assume the investment advisory functions from the Manager's team based in Singapore. State Street Global Advisors Limited is a company incorporated under the laws of England and Wales, and is authorised and regulated by the United Kingdom Financial Conduct Authority in the conduct of its investment management business. Furthermore, the Manager's team based in Singapore will assume the duties carried out by the Manager's team based in Hong Kong for the Trust, in the event that the Manager's Hong Kong team's capacity to perform its function for the Trust become impaired as a result of one or more Contingency Events.

The relevant functions would revert back to the Manager's original team(s) respectively as soon as possible once (or shortly after) at least one member of the Manager's original team can perform such member's ordinary functions for the Trust at full capacity, and the Manager determines in its discretion that the exceptional circumstances caused by the Contingency Events has ceased to exist. The Manager will endeavour to make any transition of such functions as seamless as possible to minimise any impact to the Trust and its unitholders.

The "**Contingency Events**" referred to in this section entitled "Manager's Business Continuity Planning" include an event, condition, or circumstance and the effects thereof beyond the

reasonable control of the Manager such that the relevant team is (in the Manager's view) no longer able to perform its ordinary functions for the Trust, including (but not limited to) the following:

- (a) pestilence, pandemic or widespread illness;
- (b) acts of God, including inclement weather;
- (c) acts of war or terrorism;
- (d) technology issues, including application issues, infrastructure interruptions or cyber threats;
- (e) death(s) of team member(s), or team member(s) becoming incapacitated, disabled or, in the reasonable opinion of the Manager, is otherwise not available to perform his/her ordinary functions for the Trust;
- (f) loss or inability to access a management or advisory location, for reasons including civil unrest, strikes, road closures, or unavailability or service interruption on public transport.

#### Underlying Index Disclaimers

##### *Markit Indices GmbH*

The Underlying Index referenced herein is the property of Markit Indices GmbH (i.e. the Index Provider) and has been licensed for use in connection with the Trust. Each party acknowledges and agrees that the Trust is not sponsored, endorsed or promoted by the Index Provider. The Index Provider make no representation whatsoever, whether express or implied, and hereby expressly disclaim all warranties (including, without limitation, those of merchantability or fitness for a particular purpose or use), with respect to the Underlying Index or any data included therein or relating thereto, and in particular disclaim any warranty either as to the quality, accuracy and/or completeness of the Underlying Index or any data included therein, the results obtained from the use of the Underlying Index and/or the composition of the Underlying Index at any particular time on any particular date or otherwise and/or the creditworthiness of any entity, or the likelihood of the occurrence of a credit event or similar event (however defined) with respect to an obligation, in the Underlying Index at any particular time on any particular date of otherwise. The Index Provider shall not be liable (whether in negligence or otherwise) to the parties or any other person for any error in the Underlying Index, and the Index Provider is under no obligation to advise the parties or any person of any error therein.

The Index Provider makes no representation whatsoever, whether express or implied, as to the advisability of purchasing or selling the Trust, the ability of the Underlying Index to track relevant markets' performances, or otherwise relating to the Underlying Index or any transaction or product with respect thereto, or of assuming any risks in connection therewith. The Index Provider has no obligation to take the needs of any party into consideration in determining, composing or calculating the Underlying Index. No party purchasing or selling the Trust, nor the Index Provider shall have any liability to any party for any act or failure to act by the Index Provider in connection with the determination, adjustment, calculation or maintenance of the Underlying Index.

##### *The Manager and Trustee*

Neither the Manager nor the Trustee guarantees the accuracy and/or the completeness of the Underlying Index or any data included therein, and the Manager and the Trustee shall have no liability for any errors, omissions, or interruptions therein. The Manager and the Trustee make no warranty, express or implied, as to results to be obtained by the Trust, owners of the Units of the Trust, or any other person or entity from the use of the Underlying Index or any data included

therein. The Manager and the Trustee make no express or implied warranties, and expressly disclaim all warranties of merchantability or fitness for a particular purpose or use with respect to the Underlying Index or any data included therein. Without limiting any of the foregoing, in no event shall the Manager or the Trustee have any liability for any special, punitive, direct, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

### **Documents Available for Inspection**

Copies of the following documents are, or will be, available for inspection during normal business hours at the offices of the Trustee and the Manager:

- Trust Deed
- Licence Agreement
- Fund Administration and Registrar Services Agreement
- Custodian Agreement
- Securities Lending Authorisation Agreement
- Receiving Agency Agreement
- Manager and Trustee Fee Letters
- the most recent annual report and accounts of the Trust (not later than three months after the end of the Trust's preceding financial period) and the most recent interim report and accounts of the Trust (not later than two months after the end of the half-year period to which they relate).

Copies of the Prospectus can be obtained during normal business hours from the following:

**Manager**

State Street Global Advisors Singapore  
Limited  
Singapore Office:  
168 Robinson Road  
#33-01 Capital Tower  
Singapore 068912  
Hong Kong Branch Office:  
68/F Two International Finance Centre  
8 Finance Street  
Central  
Hong Kong

**Receiving Agent**

HSBC Institutional Trust  
Services (Asia) Limited  
3/F, Tower 2 & 3, HSBC Centre  
1 Sham Mong Road  
Kowloon  
Hong Kong

and may be obtained from any Authorized Participants.

No person is authorized to give any information or to make any representations about the Trust and the Units not contained in this Prospectus and you should not rely on any other information. Read and keep this current Prospectus for future reference.

If you have any complaints and/or queries concerning the Trust, you may contact the Manager at telephone number +65 6826 7555 or email [statestreetfsg@ssga.com](mailto:statestreetfsg@ssga.com) in Singapore and +852 2103 0100 in Hong Kong, or email [statestreetfhk@ssga.com](mailto:statestreetfhk@ssga.com).

## Appendix 1 - Underlying Index

The information presented in this Appendix has been extracted from publicly available documents that have not been prepared or independently verified by the Manager, the Trustee, the Supervisory Committee or any of their respective affiliates or advisers in connection with the offering and listing of Units and none of them makes any representation as to or takes any responsibility for the accuracy or completeness of this Appendix. The information presented in this Appendix is subject to change by the Index Provider. Further information in respect of the Underlying Index may be obtained from <https://www.spglobal.com/spdji/en/indices/products/iboxx.html><sup>17</sup>.

### Composition of the Underlying Index

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

### Constituent securities of the Underlying Index

As of 9 May 2024, the composition and weightings of the top 10 largest constituent securities of the Underlying Index were as follows:

Issuer Name	Coupon	Maturity Date	Weighting
Singapore Government Bond	2.125%	01-Jun-26	1.07%
Singapore Government Bond	2.375%	01-Jun-25	0.96%
Singapore Government Bond	3.500%	01-Mar-27	0.92%
Singapore Government Bond	0.500%	01-Nov-25	0.83%
Hong Kong Government Bond Programme	1.680%	21-Jan-26	0.81%
Singapore Government Bond	3.375%	01-Sep-33	0.77%
Singapore Government Bond	2.875%	01-Jul-29	0.76%
Philippine Government Bond	8.000%	19-Jul-31	0.74%
Singapore Government Bond	2.875%	01-Sep-30	0.70%
Singapore Government Bond	2.250%	01-Aug-36	0.70%

The Underlying Index is re-balanced monthly (unless otherwise announced by the Index Provider, for example due to contingency events) and accordingly the top 10 largest constituent securities and/or their weightings may change. Please see the section below entitled "Index re-balancing procedure".

Further information in respect of the constituent securities of the Underlying Index and their respective weightings may be obtained from <https://www.abf-paif.com/investor/etfs/funds/abf-pan-asia-bond-index-fund-2821-hk#holdings>.

<sup>17</sup> The Underlying Index guide can be accessed through this website: <https://www.spglobal.com/spdji/en/indices/products/iboxx.html>. Once you have accessed the website, click on "view" under the Documentation section which brings you to the Documentation webpage. Thereafter, click on the "Rules Benchmark" tab. The Underlying Index guide will be available under the "Asia ex-Japan" section.



## **Description of the index methodology**

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

### ***Bond Type***

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

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

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

Retail bonds are excluded from the Underlying Index.

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

Collateralized bonds are excluded from the Underlying Index.

Bonds that are denominated in one currency but pay either the coupon or the principal in a different currency are not considered for the Underlying Index.

### ***Issuer type***

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

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

Debt issued by one of the Asian Governments in one of the Asian Currencies other than its respective domestic currency is classified as "Sovereigns" in the quasi-sovereign index. Bonds issued in currencies other than the Asian Currencies are not eligible for the Underlying Index.

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

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

Supranational issuers are entities owned and/or supported by more than one central government. Examples in the current Underlying Index universe include the Asian Development Bank, the European Investment Bank and the International Bank for Reconstruction & Development.

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

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

Agencies are entities whose major business is to fulfil a government-sponsored role to provide public, non-competitive services. Often, such business scope is defined by a specific law, or the issuer is explicitly backed by the government. There are three main categories of agencies: (i) financial; (ii) infrastructure & transport; and (iii) public utilities.

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

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

### ***Issuer domicile***

With the exception of supranationals, all issuers – or in the case of a finance subsidiary the issuers' guarantor – need to be domiciled in one of the eight Asian Bond Fund ("ABF") constituent markets: (i) China, People's Republic of; (ii) Hong Kong, Special Administrative Region; (iii) Indonesia, Republic of; (iv) Korea, Republic of (South Korea); (v) Malaysia; (vi) Philippines, Republic of; (vii) Singapore, Republic of; and (viii) Thailand, Kingdom of.

### ***Credit rating***

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

Investment grade is defined as BBB- or higher from Fitch and Standard & Poor's and Baa3 or higher from Moody's. If a bond is rated by more than one credit rating agency, the average rating of all ratings is used. The rating is consolidated to the nearest rating grade. Rating notches are not used.

Supranationals need to have at least AA- rating.

Unrated bonds or issuers from investment grade markets are only eligible in the following quasi-sovereign categories: (i) Government-guaranteed; and (ii) Financial agencies, provided it can be ascertained that the issuer has strong links to and support from the central government (e.g. a reduced risk weighting for the purpose of calculating capital adequacy ratio for commercial banks,

senior government representation on the company board etc.). The decision whether to include unrated financial agencies is taken on a case-by-case basis.

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

***Bond life at issuance***

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

***Time to Maturity***

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

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

***Amount outstanding***

The minimum amount outstanding for bonds to be eligible for the Underlying Index is as follows:

<b>Country/territory</b>	<b>Currency</b>	<b>Sovereigns</b>	<b>Quasi-sovereigns (non-green bonds)</b>	<b>Quasi-sovereigns (green bonds)</b>
China	CNY	20,000,000,000	10,000,000,000	1,500,000,000
Hong Kong	HKD	500,000,000	500,000,000	300,000,000
Indonesia	IDR	2,000,000,000,000	1,000,000,000,000	750,000,000,000
Malaysia	MYR	2,000,000,000	500,000,000	250,000,000
Philippines	PHP	5,000,000,000	3,000,000,000	2,500,000,000
Singapore	SGD	500,000,000	200,000,000	150,000,000
South Korea	KRW	1,000,000,000,000	100,000,000,000	100,000,000,000
Thailand	THB	20,000,000,000	2,000,000,000	1,500,000,000

The following criteria are used to identify and classify green bonds:

- (a) Bonds that are labelled green by Climate Bonds Initiative (CBI); or
- (b) Bonds that are self-labelled and externally-reviewed as green in alignment with the Green Bond Principles of the International Capital Market Association (ICMA).

### ***Limit on the number of issues per quasi-sovereign issuer***

There are no restrictions on the number of issues for sovereign debt.

All eligible bonds from each sub-sovereign issuer are included in the Underlying Index subject to a cap of 10% per sub-sovereign issuer in each eligible market. The excess weight is distributed across all other issuers within the respective eligible market.

A formula has been developed to assess the relative liquidity of a bond vis-à-vis other bonds of the same issuer. Further information may be obtained by visiting <https://www.spglobal.com/spdji/en/indices/products/iboxx.html>.

### **Market Weights**

The Underlying Index covers a variety of markets of different sizes. Simply weighting by market capitalisation would skew the index profile heavily in favour of the two biggest markets (China and South Korea) and reduce the weight of smaller debt markets (e.g. Hong Kong or Singapore), which are more developed, more liquid and more accessible for investment. Therefore, the standard index construction approach is unsuitable for Pan-Asia debt and would prevent investors from obtaining a sizeable exposure to the underlying bond markets.

### ***Market weight composition***

The baseline for the fundamental weighting assumes an equal weight allocated to each market subject to market size considerations. The baseline weight for small bond markets is set at 50% of the weight allocated to regular markets. For this purpose, the size of each market is defined as the size of the domestic government bond market comprising all government bonds with a remaining time to maturity of 1 year or more. Markets with a size of less than US\$ 50 billion are considered small. Currently Hong Kong is the only market within the iBoxx ABF indices which falls into the "small" category. The current actual baseline weight is 6.67% for small markets and 13.33% for regular markets.

The baseline weight is adjusted by the following factors: (i) local bond market size; (ii) sovereign local debt rating; and (iii) the GEMLOC Investability Indicators. The GEMLOC Investability Indicators are based on a transparent and objective methodology, which is publicly available alongside data sources. They use a multi-factor score based on turnover, bid-ask spreads, benchmark yield curve and bond pricing data to assess market liquidity. This method offers a deeper and more detailed view of liquidity than pure turnover measures. GEMLOC stands for Global Emerging Markets Local Currency Bond Program, a World Bank Group initiative that supports emerging market economies in developing their local currency bond markets.

A formula has been developed to assess the market weight for each market. Further information may be obtained by visiting <https://www.spglobal.com/spdji/en/indices/products/iboxx.html>.

The maximum permissible market weight is capped at 25%. If a market has a theoretical weight in excess of 25%, the residual is distributed amongst the remaining markets in proportion to their respective weights.

### ***Review of individual market weights***

The review process distinguishes between regular and extraordinary reviews. In order to enhance the stability of the Underlying Index and to capture long-term trends within the eight markets, the market weights are reviewed annually at the 31 October re-balancing. The market weights are not changed between review dates unless an extraordinary review is conducted, which may occur at any monthly re-balancing if profound changes in one or more of the eight markets suggest that the weights of the markets would change significantly during the review. Examples of such events are a major increase in bond issuance or liquidity, or major regulatory changes that impact the GEMLOC Investability Indicators significantly.

### ***Current weights***

The next regular market weight review is anticipated to be on 31 October 2024 (or such other date as may from time to time be determined by the Index Provider). The new weights of the Underlying Index effective from 31 October 2023 are:

<b>Market</b>	<b>Weighting</b>
China	25.00%
Hong Kong	8.26%
Indonesia	8.47%
Malaysia	11.31%
Philippines	6.21%
Singapore	16.16%
South Korea	15.32%
Thailand	9.27%

### **Index re-balancing procedure**

Unless otherwise announced by the Index Provider (for example due to contingency events), the Underlying Index is re-balanced monthly on the last calendar day of the month after close of business. Changes to static data, such as ratings, amount outstanding etc. are only taken into account if they are publicly known three business days before the end of the month. Changes in rating or amount outstanding on the last two trading days of the month are accounted for at the next re-balancing. New bonds issued must settle before the end of the month and all relevant information must be known at least three trading days before the end of the month.

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

Under normal re-balancing cycle, a membership list with final amount outstanding for each bond is published three business days before the end of each month. This list contains the constituents for the next month. The final membership list with closing prices for the bonds and various bond analytics based on prices of the bonds of the Underlying Index is published on the last business day of each month.

The changes relating to the minimum amount outstanding threshold for sub-sovereign green bonds and the maximum weight cap per sub-sovereign issuer as described under the sub-sections entitled "Amount outstanding" and "Limit on the number of issues per quasi-sovereign issuer" within the section "Description of index methodology" above have taken effect from 31<sup>st</sup> March 2022, on which date all newly qualifying bonds have been added and the new thresholds for sub-sovereign green bonds became effective. The sub-sovereign bonds that became eligible for index inclusion on 31<sup>st</sup> March 2022 will be included through a period of six monthly re-balancings, with 1/6th of the weight added at each rebalancing, in order to facilitate a smooth transition.

### **Data for Underlying Index calculation**

#### ***Static Data***

Information used in the Underlying Index calculation is sourced from offering circulars and checked against standard data providers.

#### ***Bond and Index Data***

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

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

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

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

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

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

## **Ongoing Information concerning the Underlying Index**

Information in respect of the Underlying Index as set out in this Prospectus is accurate as at the date of registration of this Prospectus. You should refer to the latest index methodology documents issued by the Index Provider for the latest information on the Underlying Index, which may be obtained from <https://www.spglobal.com/spdji/en/indices/products/iboxx.html>.

## **Selling Restrictions**

No action has been or will be taken in any jurisdiction that would permit a public offering of the Units or the possession, circulation or distribution of this Prospectus or any other offering or publicity material relating to the Trust or the Units in any country or jurisdiction (other than Hong Kong and Singapore) where action for the purpose is required. Accordingly, the Units may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material, circular, prospectus, form of application or advertisement in connection with the Units may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. Creation/ Redemption Unit aggregations normally will only be offered to Authorized Participants. This Prospectus is not intended for use in any other country or jurisdiction.

Set out below are restrictions applicable to investors in certain jurisdictions.

### Notice to Residents of the United Kingdom

*This Prospectus is only be shared with you on the basis of your genuine reverse solicitation of the Manager in respect of your interest in subscribing for Units in the Trust.*

This Prospectus may only be distributed and the Units in the Trust may only be offered or placed to professional clients in the United Kingdom as defined in the Directive 2014/65/EU on markets in financial instruments as it forms part of the law in the United Kingdom (the "UK") by virtue of the European Union (Withdrawal) Act 2018 (the "UK MiFID"), and this Prospectus is not to be distributed, delivered or passed on to any person resident in the United Kingdom, unless it is being made only to, or directed only at, persons falling within the categories detailed below.

The Trust is a collective investment scheme pursuant to section 235 of the Financial Services and Markets Act 2000. It has not been authorised or recognised by the Financial Conduct Authority (the "FCA") in the United Kingdom nor has the content of this Prospectus been reviewed or approved by the FCA. This Prospectus is not being distributed and must not be passed on, to the general public in the United Kingdom. This Prospectus is not to be distributed, delivered or passed

on to any person resident in the United Kingdom, unless it is being made only to, or directed only at, persons falling within the below categories:

- (a) If made by a person who is not an FCA-authorised person, such offer or distribution is being made only to or, directed only at:
  - (i) Persons who are "investment professionals" within the meaning of Article 19(5) of the Financial Services and Markets Act (Financial Promotion) Order 2005 (as amended) (the "**FPO**");
  - (ii) Persons to whom Article 49(2) of the FPO (high net worth companies, unincorporated associations, etc) applies;
  - (iii) Persons falling within the categories of "high net worth individual" described in Article 48(2) of the FPO (being individuals who have completed and signed a statement indicating they satisfy the criteria required by the FPO) and "self-certified sophisticated investor" described in Article 50A(1) of the FPO (being individuals who have completed and signed a statement indicating they satisfy the criteria required by the FPO); or
  - (iv) Other persons to whom it may otherwise lawfully be offered or distributed (all such persons together being referred to as "**Relevant Persons I**").

**The content of this promotion has not been approved by an authorised person within the meaning of the Financial Services and Markets Act 2000 (as amended) ("FSMA"). Reliance on this promotion for the purpose of buying the Interests to which the promotion relates may expose an individual to a significant risk of losing all of the property or other assets invested.**

This communication is exempt from the financial promotion restriction pursuant to section 21 of FSMA on the basis that the communication is made to persons falling within exemptions available under the FPO, for example to those who qualify as high net worth individuals and/or self-certified sophisticated investors, etc.

The requirements that must be met for a person to qualify as a "self-certified investor" include having: (i) worked in a professional capacity in the private equity sector, or in the provision of finance for small and medium enterprises in the last two years; (ii) been a director of a company with an annual turnover of at least £1 million in the last two years; or (iii) been a member of a network of syndicate of business angels for more than six months, and are still a member, and completing a statement for self-certified investors as set out in the FPO.

The requirements that must be met for a person to qualify as a "high net worth individual" include having an annual income of £100,000 or more a year and/or net assets of £250,000 or more, and completing a statement for high net worth individuals as set out in the FPO.

- (b) If made by a person who is an FCA-authorised person, such offer or distribution is being made only to, or directed only at:
  - (i) Persons who are "investment professionals" within the meaning of Article 14(5) of the Financial Services and Markets Act 2000 (Promotion of CIS) (Exemptions) Order 2001 (as amended) (the "**CISO**");



- (ii) Persons to whom Article 22(2) of the CISO (high net worth companies, unincorporated associations, etc.) applies;
- (iii) Persons falling within the categories of persons described in COBS 4.12B of the FCA Handbook of rules and guidance; or
- (iv) Other persons to whom it may otherwise lawfully be offered or distributed (all such persons together being referred to as "**Relevant Persons II**", and collectively with the Relevant Persons I, the "**Relevant Persons**").

**Reliance on this promotion for the purpose of buying the units to which the promotion relates may expose an individual to a significant risk of losing all of the property or other assets invested.**

This communication is exempt from the scheme promotion restriction pursuant to section 238 of FSMA on the basis that the communication is made to persons falling within exemptions available under the CISO, for example to those who qualify as high net worth individuals and/or self-certified sophisticated investors, etc.

The requirements that must be met for a person to qualify as a "self-certified investor" include having: (i) worked in a professional capacity in the private equity sector, or in the provision of finance for small and medium enterprises in the last two years; (ii) been a director of a company with an annual turnover of at least £1 million in the last two years; or (iii) been a member of a network of syndicate of business angels for more than six months, and are still a member, and completing a statement for self-certified investors as set out in the CISO.

The requirements that must be met for a person to qualify as a "high net worth individual" include having an annual income of £100,000 or more a year and/or net assets of £250,000 or more, and completing a statement for high net worth individuals as set out in the CISO.

This Prospectus must not be acted on or relied on by persons who are not Relevant Persons. Persons of any other description in the United Kingdom may not receive and should not act or rely on this Prospectus or any other marketing materials relating to the Trust.

If the recipient of this Prospectus is in any doubt about the investment to which this Prospectus relates, they should consult a person authorised under the FSMA who specialises in advising on investing in collective investment schemes.

This Prospectus will only be distributed, and Interests will only be offered, in circumstances permitted under the Alternative Investment Fund Managers Regulations 2013 as amended.

Prospective investors in the United Kingdom are advised that all, or most of the protections afforded by the United Kingdom regulatory system will not apply to an investment in the Units and that compensation will not be available under the United Kingdom Financial Services Compensation Scheme.

This communication is made by State Street Global Advisors Singapore Limited (whose address is 168 Robinson Road, #33-01 Capital Tower, Singapore 068912, with company number 200002719D). The electronic address to which a UK investor can send requests for further information or any other enquiry regarding the matters to which this communication relates is [statestreetfsg@ssga.com](mailto:statestreetfsg@ssga.com).

Notwithstanding the preceding, and for the avoidance of doubt, Units are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in Point (11) of Article 4(1) of the UK MiFID; or (ii) a customer within the meaning of Directive 2016/97 (as amended, the "**Insurance Distribution Directive**") as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"), where that customer would not qualify as a professional client as defined in Point (1) of Article 4(1) of the UK MiFID; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "**EU Prospectus Regulation**") as it forms part of UK domestic law by virtue of the EUWA. In addition, the Units are not intended to be offered, sold, or otherwise made available in the UK and should not be offered, sold or otherwise made available in the UK in an amount of less than £100,000 (or its equivalent in U.S. dollars). Consequently, no Key Information Document is required by Regulation (EU) 1286/2014 (as amended, the "**EU PRIIPs Regulation**") as it forms part of UK domestic law by virtue of the EUWA for offering or selling the Units or otherwise making them available to retail investors in the UK has been prepared.

#### Notice to Residents of the European Economic Area

The Trust is an AIF and the Manager, an AIFM, as defined in Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers, Commission Delegated Regulation (EU) 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU, any relevant implementing legislation or regulations relating thereto and any guidance relating thereto issued by the European Securities and Markets Authority (the "**AIFMD**").

In relation to each member state (each, a "**Member State**") of the European Economic Area (the "**EEA**") that has implemented AIFMD, this Prospectus may only be distributed and Units in the Trust may only be offered or placed in a Member State to the extent that: (i) the Trust is appropriately registered (as required) under AIFMD for such marketing; or (ii) this Prospectus may otherwise be lawfully distributed and the Units in the Trust may otherwise be lawfully offered or placed in that Member State (including at the initiative of the investor). The AIFM maintains a list, which is available on request, of the EEA jurisdictions in which it is permitted to market Units to prospective investors (the "**Permitted EEA Jurisdictions**"). Applicants in Permitted EEA Jurisdictions who wish to invest in the Trust must qualify as a "professional investor" under the AIFMD and the implementing national legislation in the prospective investor's Permitted EEA Jurisdiction.

Units in the Trust may generally only be marketed within the EEA to professional investors. "Professional investor" is every investor that is considered, or may be treated on a request to the Manager, as a professional client within the meaning of the Markets in Financial Instruments Directive (2014/65/EU) (as amended, the "**MiFID II**"), as implemented in the relevant EEA jurisdiction.

Units are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in Point (11) of Article 4(1) of the MiFID II; (ii) a customer within the meaning of the Insurance Distribution

Directive, where that customer would not qualify as a professional client as defined in Point (1) of Article 4(1) of the MiFID II; or (iii) not a qualified investor as defined in the EU Prospectus Regulation. Consequently, no Key Information Document required by the EU PRIIPs Regulation for offering or selling the Units or otherwise making them available to retail investors in the EEA has been prepared, and therefore offering or selling the Units or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

In relation to each Member State that has implemented the EU Prospectus Regulation (each, a "**Relevant Member State**"), with effect from and including the date on which the EU Prospectus Regulation in that Relevant Member State, no Units have been offered or will be offered to the public in that Relevant Member State other than:

- (i) to any legal entity which is a qualified investor as defined under Article 2(e) of the EU Prospectus Regulation (a "**Qualified Investor**");
- (ii) to fewer than 150 natural or legal persons per Relevant Member State (other than Qualified Investors); or
- (iii) in any other circumstances falling within Articles 1(4), 1(5) and 3 of the EU Prospectus Regulation which do not require the publication of a prospectus.

#### Notice to Residents of Japan

Units have not been, and will not be, registered under Article 4 of the Financial Instruments and Exchange Act, Act No. 25 of 1948, as amended (the "**FIEA**") of Japan, and may not be offered or sold directly or indirectly in Japan or to or for the benefit of any resident of Japan except pursuant to an exemption from the registration requirements of, or otherwise in accordance with the FIEA and other applicable laws and regulations of Japan. As used in this paragraph, "resident of Japan" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

The Units are listed on the Tokyo Stock Exchange (the "**TSE**"), and therefore tradable in Japan, provided that all the relevant laws and regulations are complied with. As trading of the Units on the TSE does not involve any primary issuance (i.e., creation) of the Units in Japan and does not constitute a "public offering on a secondary basis," no registration under Article 4 of the FIEA has been, and will not be, made. Any primary issuance of the Units in Japan may not be made unless an exemption is available or the registration under Article 4 of the FIEA is made, and any sale of the Units must be made on the TSE or otherwise in compliance with the FIEA and other applicable laws and regulations of Japan.

**ABF PAN ASIA BOND INDEX FUND  
PROSPECTUS REQUIRED PURSUANT TO THE SECURITIES AND FUTURES ACT  
2001 OF SINGAPORE**

**BOARD OF DIRECTORS OF  
STATE STREET GLOBAL ADVISORS SINGAPORE LIMITED**

Signed:

Signed:

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Kheng Siang Ng  
Director

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Kevin David Anderson  
Director  
(signed by Kheng Siang Ng  
for and on behalf of Kevin David  
Anderson)

Signed:

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Louis Anthony Boscia  
Director  
(signed by Kheng Siang Ng  
for and on behalf of Louis Anthony Boscia)

## **Parties involved in the Trust**

### **Manager**

State Street Global Advisors  
Singapore Limited  
Company Registration No. 200002719D

Singapore Office:  
168 Robinson Road  
#33-01 Capital Tower  
Singapore 068912

Hong Kong Branch Office:  
68/F Two International Finance Centre  
8 Finance Street  
Central, Hong Kong

### **Custodian, Administrator, Registrar and Receiving Agent**

HSBC Institutional Trust Services  
(Asia) Limited  
3/F, Tower 2 & 3, HSBC Centre  
1 Sham Mong Road  
Kowloon  
Hong Kong

### **Collateral Custodian and Securities Lending Agent**

HSBC Bank plc  
8 Canada Square  
London E14 5 HQ  
United Kingdom

### **Listing Agent**

State Street Global Advisors  
Singapore Limited

### **Legal Advisers to the Trustee as to Singapore law**

Allen & Gledhill LLP  
One Marina Boulevard  
#28-00  
Singapore 018989

### **Directors of the Manager**

Kevin David Anderson  
Louis Anthony Boscia  
Kheng Siang Ng

### **Trustee**

HSBC Institutional Trust Services  
(Singapore) Limited  
10 Marina Boulevard  
Marina Bay Financial Centre  
Tower 2, #48-01  
Singapore 018983

### **Processing Agent**

HK Conversion Agency Services Limited  
10/F, One International Finance Centre  
1 Harbour View Street  
Central, Hong Kong

### **Auditors**

PricewaterhouseCoopers LLP  
7 Straits View  
12<sup>th</sup> Floor, Marina One East Tower  
Singapore 018936

### **Legal Advisers as to Singapore law**

Clifford Chance Pte. Ltd.  
12 Marina Boulevard  
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Marina Bay Financial Centre  
Singapore 018982

### **Legal Advisers as to Hong Kong law**

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