



# Prospectus

## Legg Mason Western Asset Singapore Bond Fund

Dated 31 August 2021  
Valid till 30 August 2022

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**LEGG MASON WESTERN ASSET SINGAPORE BOND FUND**

**PROSPECTUS**

*Managed by*

**Legg Mason Asset Management Singapore Pte. Limited**

# **LEGG MASON WESTERN ASSET SINGAPORE BOND FUND**

## **Directory**

### **Managers**

Legg Mason Asset Management Singapore Pte. Limited

(Company Registration Number: 200007942R)

Registered address: 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623

Business address: 7 Temasek Boulevard, #38-03 Suntec Tower One, Singapore 038987

### **Directors of the Managers**

Clement Lee Jia Yi

Jeremy Tan Yeow Wee

### **Trustee**

HSBC Institutional Trust Services (Singapore) Limited

(Company Registration Number: 194900022R)

10 Marina Boulevard, Marina Bay Financial Centre Tower 2, #48-01, Singapore 018983

### **Custodian**

The Hongkong and Shanghai Banking Corporation Limited

1 Queen's Road Central

Hong Kong

### **Auditor**

PricewaterhouseCoopers LLP

7 Straits View, Marina One, East Tower, Level 12, Singapore 018936

### **Solicitors to the Managers**

Allen & Gledhill LLP

One Marina Boulevard, #28-00, Singapore 018989

### **Solicitors to the Trustee**

Shook Lin & Bok LLP

1 Robinson Road, #18-00 AIA Tower, Singapore 048542

# LEGG MASON WESTERN ASSET SINGAPORE BOND FUND

## Table of Contents

Contents	Page
Directory.....	iii
1. BASIC INFORMATION.....	1
2. THE MANAGERS AND THE SUB-MANAGER.....	6
3. THE TRUSTEE AND THE CUSTODIAN.....	8
4. OTHER PARTIES.....	9
5. STRUCTURE OF THE SCHEME AND CLASSES OF UNITS.....	9
6. INVESTMENT OBJECTIVE, FOCUS AND APPROACH.....	10
7. CPFIS INCLUDED SCHEME.....	11
8. FEES AND CHARGES.....	13
9. RISKS.....	14
10. SUBSCRIPTION AND ISSUE OF UNITS.....	17
11. REGULAR SAVINGS PLAN (RSP).....	22
12. REALISATION OF UNITS.....	22
13. TRANSFER OF UNITS.....	25
14. CONVERSION OF UNITS.....	26
15. OBTAINING PRICES OF UNITS.....	26
16. SUSPENSION OF DEALINGS.....	26
17. PERFORMANCE OF THE SCHEME.....	28
18. SOFT DOLLAR COMMISSIONS / ARRANGEMENTS.....	30
19. CONFLICTS OF INTEREST.....	30
20. REPORTS.....	31
21. QUERIES AND COMPLAINTS.....	31
22. EXEMPTIONS AND INDEMNITIES.....	32
23. OTHER MATERIAL INFORMATION.....	33
GLOSSARY OF TERMS.....	46

## LEGG MASON WESTERN ASSET SINGAPORE BOND FUND

### 1. BASIC INFORMATION

#### 1.1 Legg Mason Western Asset Singapore Bond Fund

The Legg Mason Western Asset Singapore Bond Fund (the “**Scheme**”) is a Singapore-constituted open-ended unit trust.

#### 1.2 Date of registration and expiry of the Prospectus

The date of registration of this Prospectus with the Authority is 31 August 2021. This Prospectus shall be valid for 12 months after the date of registration (i.e., up to and including 30 August 2022) and shall expire on 31 August 2022.

#### 1.3 The trust deed

- (a) The original trust deed relating to the Scheme is dated 1 October 1997 (the “**Original Deed**”). The manager of the Scheme is Legg Mason Asset Management Singapore Pte. Limited (the “**Managers**”) and the trustee to the Scheme is HSBC Institutional Trust Services (Singapore) Limited (the “**Trustee**”).
- (b) The management of the Scheme has been transferred from Western Asset Management Company Pte. Ltd. to the Managers with effect from 3 April 2017. The Trustee was appointed as trustee to the Scheme in place of British and Malayan Trustees Limited with effect from 1 July 2007.
- (c) As at the date of this Prospectus, the Original Deed has been amended by the following deeds:

<u>Deed</u>	<u>Dated</u>
First Supplemental Deed	1 April 1998
Second Supplemental Deed	1 October 1998
Third Supplemental Deed	24 May 1999
Fourth Supplemental Deed	29 May 2000
Fifth Supplemental Deed	27 November 2000
Sixth Supplemental Deed	29 May 2001
Seventh Supplemental Deed	28 May 2002
Amended and Restated Deed	27 May 2003
Second Amending and Restating Deed	24 June 2004
Third Amending and Restating Deed	24 June 2005
Supplemental Deed of Retirement and Appointment of Managers	28 November 2005
Second Supplemental Deed of Appointment and Retirement of Managers	1 October 2006
Supplemental Deed of Appointment and Retirement of Trustee	30 June 2007

<u>Deed</u>	<u>Dated</u>
Fourth Amending and Restating Deed	2 July 2007
Fifth Amending and Restating Deed	31 January 2008
Sixth Amending and Restating Deed	1 July 2008
Seventh Amending and Restating Deed	30 June 2009
Eighth Amending and Restating Deed	28 June 2010
Third Supplemental Deed of Appointment and Retirement of Managers	23 March 2011
Ninth Amending and Restating Deed	30 September 2011
Tenth Amending and Restating Deed	27 September 2013
Eleventh Amending and Restating Deed	26 September 2014
Twelfth Amending and Restating Deed of Appointment and Retirement of Managers	3 April 2017
Thirteenth Amending and Restating Deed	1 September 2020

(collectively, the “**Supplemental Deeds**”).

The Original Deed as amended by the Supplemental Deeds shall hereafter be referred to as the “**Deed**”. The Deed may be further amended from time to time.

- (d) The Deed is binding on the Managers, the Trustee and all Holders (including all persons claiming through the Holders as if they had each been a party to the Deed).
- (e) You may inspect copies of the latest Deed at the business office of the Managers at 7 Temasek Boulevard, #38-03 Suntec Tower One, Singapore 038987 during usual business hours.

#### **1.4 Reports and accounts**

Where available, you may obtain a copy of the latest annual and semi-annual accounts, the auditors’ report on the annual accounts and the annual and semi-annual reports in respect of the Scheme from the business office of the Managers upon request.

#### **1.5 Disclaimers and other important information**

- (a) The Scheme is an authorised scheme under the Securities and Futures Act (Chapter 289) (the “**Securities and Futures Act**”). A copy of this Prospectus has been lodged with and registered by the Authority. The Authority assumes no responsibility for the contents of this Prospectus. The registration of this Prospectus by the Authority does not imply that the Securities and Futures Act or any other legal or regulatory requirements have been complied with. The Authority has not, in any way, considered the investment merits of the Scheme.
- (b) The Managers accepts full responsibility for the accuracy of the information set out in this Prospectus and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief, there are no facts the omission of which would make any statement in this Prospectus misleading. Unless otherwise stated, all terms not defined in this Prospectus have the same meanings as used in the Deed. You should consult the relevant provisions of the Deed and obtain

independent professional advice if there is any doubt or ambiguity relating thereto.

- (c) This Prospectus does not constitute an offer or solicitation for the purchase of Units to anyone in any jurisdiction in which an offer or solicitation is not authorised or to any person to whom it is unlawful to make an offer or solicitation, and may be used only in connection with this offering of Units by the Managers, or through the approved agents or distributors for the Scheme.

The Units have not been and will not be registered under the United States Securities Act of 1933 (the “**Securities Act**”) or the securities laws of any of the states of the United States (“**US**”), nor is such registration contemplated. The Units may not be offered, sold or delivered directly or indirectly in the US or to or for the account or benefit of any “US Person” (as defined in the Securities Act) or any person who is not a “non-United States Person” within the meaning of Rule 4.7 issued under the US Commodity Exchange Act.

The Units are being offered outside the US pursuant to the exemption from registration under Regulation S under the Securities Act. The Units offered hereby are subject to restrictions on transferability and resale and may not be directly or indirectly transferred or resold to US Persons or within the US.

A US Person for the above purpose currently includes: (i) any natural person resident in the US; (ii) any partnership or corporation organised or incorporated under the laws of the US; (iii) any estate of which any executor or administrator is a US Person; (iv) any trust of which any trustee is a US Person; (v) any agency or branch of a foreign entity located in the US; (vi) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a US Person; (vii) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the US; and (viii) any partnership or corporation if: (a) organised or incorporated under the laws of any non-US jurisdiction and (b) formed by a US Person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organised or incorporated, and owned, by accredited investors (as defined in Rule 501(a) under the Securities Act) who are not natural persons, estates or trusts. The following are not US Persons: (i) any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-US Person by a dealer or other professional fiduciary organised, incorporated, or (if an individual) resident in the US; (ii) any estate of which any professional fiduciary acting as executor or administrator is a US Person if: (a) an executor or administrator of the estate who is not a US Person has sole or shared investment discretion with respect to the assets of the estate and (b) the estate is governed by foreign law; (iii) any trust of which any professional fiduciary acting as trustee is a US Person, if a trustee who is not a US Person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settlor if the trust is revocable) is a US Person; (iv) an employee benefit plan established and administered in accordance with the law of a country other than the US and customary practices and documentation of such country (v) any agency or branch of a US Person located outside the US if: (a) the agency or branch operates for valid business reasons and (b) the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located;

and (vi) the International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the United Nations, and their agencies, affiliates and pension plans, and any other similar international organisations, their agencies, affiliates and pension plans.

- (d) You may realise all or part of your holding of Units in accordance with and subject to the provisions of the Deed and as summarised in paragraph 12 of this Prospectus. The Managers' unit trusts and investment products, except for guaranteed funds, are not obligations of, deposits in, or guaranteed by the Managers or any of their affiliates. An investment in unit trusts and/or other investment products is subject to investment risks, including the possible loss of the principal amount invested. You should note that the value of Units and the income from them may fall as well as rise. Past performance figures are not necessarily indicative of future performance of any unit trust.
- (e) Investment in the Scheme requires consideration of the normal risks involved in investment and participation in securities. Further details of the other risks relating to investments in the Scheme are set out in Paragraph 9 of this Prospectus. You should consider these risks carefully before making an investment decision.
- (f) You should seek independent professional advice to ascertain:
  - (i) the possible tax consequences;
  - (ii) the legal requirements; and
  - (iii) any foreign exchange restrictions or exchange control requirementswhich you may encounter under the laws of your country of citizenship, residence or domicile and any restrictions or requirements under the CPF Regulations, and which may be relevant to the subscription, holding or disposal of Units. You should be aware of and observe all such laws and regulations in any relevant jurisdiction that may apply to you.
- (g) No application has been made for the Scheme to be listed on any stock exchange. You may purchase or realise Units through approved agents or distributors (as defined below) in accordance with the provisions of this Prospectus and the Deed.
- (h) Some of the information in this Prospectus is a summary of corresponding provisions in the Deed. You should read the full text of the Deed for further details and information that is not contained in this Prospectus.
- (i) The meaning of some of the terms and abbreviations used in this Prospectus can be found in the Glossary of Terms at the end of this Prospectus.
- (j) Units may be purchased and realised by individuals or other legal persons (the **"investors"**) only through agents or distributors appointed by the Managers (the **"approved agents or distributors"**).

When you apply through an approved agent or distributor to purchase a number of Units, or make a request to realise Units, the approved agent or distributor will in turn forward your application for the subscription or your request for realisation to the Managers on your behalf.

In general, where your application to purchase Units is made and accepted, Units are issued:



- (i) if you subscribe using cash – to the approved agent or distributor or its nominee, whose name is entered into the Register as the legal unitholder. The approved agent or distributor or its nominee will hold those Units on your behalf; and
- (ii) if you subscribe using monies from your CPF Ordinary Account, CPF Special Account or SRS Account – in your name.

Where a realisation request is made:

- (i) if you subscribed using cash – realisation proceeds are paid to the approved agent or distributor or its nominee in whose name the Units were registered, and these proceeds are paid by the approved agent or distributor to you;
- (ii) if you subscribed using monies from your CPF Ordinary Account – realisation proceeds are paid to the relevant Agent Bank, for the credit of your CPF Investment Account;
- (iii) if you subscribed using monies from your CPF Special Account – realisation proceeds are paid to the CPF Board for the credit of your CPF Special Account; and
- (iv) if you subscribed using SRS monies – realisation proceeds are paid to the relevant SRS Operator for the credit of your SRS Account.

The Units of the Scheme 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).

For the purposes of this Prospectus, unless the context otherwise requires, references to a “**Holder**” are references to the person registered in the Scheme’s register of Holders. In general, the Holder will usually be:

- (i) in the case of subscriptions using cash – the relevant approved agent or distributor or its nominee, who holds the Units on behalf of the investor; and
- (ii) in the case of subscriptions using SRS monies, monies from the investor’s CPF Ordinary Account and/or CPF Special Account – the relevant investor.

For the purposes of this Prospectus, unless the context otherwise requires, references to an “**investor**” are references to a person applying for or investing in Units of the Scheme, whether through an approved agent or distributor or its nominee, or in his or her own name.

You should approach the relevant approved agent or distributor in relation to any transactions concerning your Units.

All provisions in this Prospectus relating to deadlines and cut-off times apply to the deadlines and cut-off times imposed by the Managers by which the approved agents and distributors must comply. The approved agents or distributors may have deadlines and cut-off times earlier than those stated in this Prospectus. Therefore you should consult the relevant approved agent or distributor to confirm the applicable deadlines and cut-off times by which you are required to comply.

All provisions in this Prospectus relating to timing of payments apply to you. All provisions in this Prospectus relating to delivery of notices or documents apply to approved agents and distributors, save for trade confirmations, which will be sent to you.

## **2. THE MANAGERS AND THE SUB-MANAGER**

### **2.1 Name and address of the Managers**

The managers of the Scheme are Legg Mason Asset Management Singapore Pte. Limited (the “**Managers**”) and the Managers are regulated by the Authority. The registered address of the Managers is at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623.

### **2.2 Track record of the Managers**

The Managers are an indirect wholly-owned subsidiary of Franklin Resources, Inc. (“**FRI**”), a holding company with subsidiaries operating as Franklin Templeton that provide asset management services, including the Managers. FRI was founded in 1947 and is listed on the New York Stock Exchange, Inc. under the symbol “**BEN**”. As of 30 June 2021, FRI reported approximately US\$1.5 trillion of assets under management. Franklin Templeton’s mission is to help clients achieve better outcomes through investment management expertise, wealth management and technology solutions. Through its specialist investment managers, the company brings extensive capabilities in equity, fixed income, multi-asset solutions and alternatives.

The Managers have been managing collective investment schemes in Singapore since 2006. As at 30 June 2021, the Managers have approximately S\$4.3 billion of assets under their management.

Please refer to Clause 27 and Clause 28(A) of the Deed for further details on the Managers’ role and responsibilities as the managers of the Scheme.

In accordance with the provisions of the Deed, in the event the Managers go into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or if a receiver is appointed over any of their assets or a judicial manager is appointed in respect of the Managers, the Trustee may by notice in writing (i) remove the Managers as the managers of the Scheme and/or (ii) terminate the Scheme. Please refer to Clause 32 and 34 of the Deed and paragraph 23.4 below for further details.

### **2.3 Directors and Key Executives of the Managers**

**The list of directors and key executives of the Managers and their particulars may be changed from time to time without notice.**

#### **Directors**

##### **Clement Lee Jia Yi**

Clement Lee is Head of Retail for Singapore at Franklin Templeton (“**FT**”), following the acquisition of Legg Mason, Inc. (“**Legg Mason**”) by FT on 31 July 2020.

He is also a Company Director for the Managers.

Mr. Lee joined Legg Mason in March 2014 as the Regional Head of Private Bank and subsequently as the Head of Sales – Singapore and Southeast Asia.

He has over 18 years' experience in the asset management and banking industry, having held various appointments at JPMorgan Asset Management, Fidelity International, HSBC Bank and Citibank.

Mr. Lee graduated with a Bachelor of Science (Honors) majoring in Economics & Finance, from the University of Bristol, United Kingdom.

#### **Jeremy Tan Yeow Wee**

Jeremy Tan is Chief Executive Officer of the Managers and Regional Product Strategy Director at FT.

Mr. Tan joined FT following the acquisition of Legg Mason by FT on 31 July 2020. Prior to this, in addition to being the Chief Executive Officer of the Managers, he was also Managing Director and Regional Head of Product for Asia (ex-Japan) for the Managers, as well as a member of the Board of Directors for Legg Mason Overseas Investment Fund Management (Shanghai) Co., Ltd.

Prior to joining Legg Mason in December 2015, Mr. Tan served in several roles with Citi Private Bank, including as the Head of South Asia Investment Advisory Services and as the Global Head of Product Management for Traditional Investments, during which he led mutual funds and single managed accounts product management for Citi Private Bank's offices in London, New York, Delaware, Hong Kong and Singapore.

Mr. Tan graduated with a Bachelor in Business Administration from the University of Canberra.

#### **Key Executives**

##### **Jeremy Tan Yeow Wee – Chief Executive Officer, Legg Mason Asset Management Singapore Pte. Limited and Regional Product Strategy Director, Franklin Templeton**

Please refer to Mr. Tan's write-up above under "Directors".

## **2.4 The Sub-Manager**

Western Asset Management Company Pte. Ltd. (the "**Sub-Manager**") has been appointed as the sub-manager of the Scheme. The Sub-Manager is incorporated in Singapore and is regulated by the Authority.

The Sub-Manager is an indirect wholly-owned subsidiary of FRI.

The Sub-Manager's strategic goal is to provide above average returns over the long term by managing diversified, risk controlled, value oriented portfolios across a range of investment products in major and emerging markets. Portfolios employ a long-term value orientation that utilises multiple investment strategies to achieve above market returns while approximating market risk. The Sub-Manager advises and manages an extensive range of investments on behalf of institutions and individuals. Through unit trusts and separate account management, the Sub-Manager provides investors with access to fixed interest and currency investment opportunities that seek to add value and control risk.

The Sub-Manager has been managing collective investment schemes in Singapore since 2003. As at 30 June 2021, the Sub-Manager managed approximately S\$8.24 billion of assets on behalf of institutional clients and collective investment schemes.

In the event of the insolvency of the Sub-Manager, the Managers shall be entitled to terminate the management agreement with the Sub-Manager immediately in accordance

with applicable laws. In such a situation, it is likely that the Managers would replace the Sub-Manager with another company within FRI.

***Past performance of the Managers and the Sub-Manager is not necessarily indicative of their future performance.***

The Managers have delegated their accounting and valuation function in respect of the Scheme to the Administrator whose details are set out in paragraph 4.3 below.

### **3. THE TRUSTEE AND THE CUSTODIAN**

- 3.1** The trustee for the Scheme is HSBC Institutional Trust Services (Singapore) Limited whose address is at 10 Marina Boulevard, Marina Bay Financial Centre Tower 2, #48-01, Singapore 018983 (the “**Trustee**”). The Trustee is regulated in Singapore by the Authority.

Please refer to Clause 26 and Clause 28(B) of the Deed for further details on the Trustee's role and responsibilities as the trustee of the Scheme.

In accordance with the provisions of the Deed, in the event the Trustee goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation) or if a receiver is appointed over any of its assets or if a judicial manager is appointed in respect of the Trustee or the Trustee ceases to carry on business, the Trustee may be removed and replaced by a new trustee whom shall be appointed by the Managers. Please refer to Clause 31 of the Deed for further details.

- 3.2** The custodian for the Scheme is The Hongkong and Shanghai Banking Corporation Limited (the “**Custodian**”) whose registered office is at 1 Queen's Road Central, Hong Kong. The Custodian is regulated by the Hong Kong Monetary Authority and authorised as a registered institution by the Securities and Futures Commission of Hong Kong.

The Trustee has appointed the Custodian as the global custodian to provide custodial services to the Scheme globally. The Custodian is entitled to appoint sub-custodians to perform any of the Custodian's duties in specific jurisdictions where the Scheme invests.

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

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

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

## **4. OTHER PARTIES**

### **4.1 The Registrar**

The registrar of the Scheme is the Trustee.

The Register can be inspected at 20 Pasir Panjang Road (East Lobby), #12-21 Mapletree Business City, Singapore 117439 during usual business hours, subject to reasonable closure of the Register in accordance with the provisions of the Deed and also subject to any reasonable restrictions that the Managers and/or Trustee may impose.

The Register is conclusive evidence of the number of Units held by each Holder and the entries in the Register shall prevail if there is any discrepancy between the entries in the Register and the details appearing on any statement of holding, unless the Holder proves to the satisfaction of the Managers and the Trustee that the Register is incorrect. However, in the case of Holders who are holding Units on behalf of investors, the Register will not contain details of Units held by that Holder for each investor.

### **4.2 The Auditor**

The auditors of the accounts relating to the Scheme (the “**Auditor**”) are PricewaterhouseCoopers LLP whose registered address is at 7 Straits View, Marina One, East Tower, Level 12, Singapore 018936.

### **4.3 The Administrator**

The administrator of the Scheme is HSBC Institutional Trust Services (Singapore) Limited (the “**Administrator**”), whose registered office is at 10 Marina Boulevard, Marina Bay Financial Centre Tower 2, #48-01, Singapore 018983.

## **5. STRUCTURE OF THE SCHEME AND CLASSES OF UNITS**

**5.1** The Scheme is a standalone unit trust. Units are currently being offered on the terms described in this Prospectus.

**5.2** Within the Scheme, Classes of Units may be established by the Managers from time to time. Where a new Class of Units is established, the Managers may at their discretion re-designate any existing Class of Units as long as there is no prejudice to existing Holders of such Class.

**5.3** A Class designated with an “A” or “B” in its name (“Class A” or “Class B”, as the case may be) is intended for retail investors. A Class designated with an “I” in its name (“Class I”) is a restricted Class and will only be offered to certain investors at the discretion of the Managers. These Classes also differ in terms of the fees and charges payable in respect of the Class, their minimum initial subscription and minimum subsequent subscription amount and their minimum holding and minimum realisation amounts. Please refer to paragraphs 8, 10.4 and 12.2 below for further details.

**5.4** A Class will be designated as a distributing Class or an accumulating Class. It is intended that, in the normal course of business, accumulating Classes will not make any distributions and any net income or capital gains attributable to such accumulating Class will be accumulated in the net asset value attributable to that Class whereas distributing Classes may distribute income, net capital gains or capital as the Managers deem fit on an annual basis or otherwise at such frequencies as may be indicated by a letter designation in the name of the Class ((M) for monthly distributions, (Q) for quarterly distributions or (S) or semi-annual distributions). Distributions out of capital made by a Class will result in the erosion of capital for investors in that Class. Distributions made by

a Class will lower the net asset value per Unit of that Class. Please refer to paragraph 23.6 for further details.

**5.5** A Class may also be designated in currencies other than in Singapore Dollars, the base currency of the Scheme. The currency designation of a Class is indicated in the name of the Class. Where a Class is designated in a currency other than in Singapore Dollars, the Managers will not employ any technique to hedge the Class's exposure to changes in exchange rates between Singapore Dollars and the currency of the Class.

**5.6** As at the date of this Prospectus, the Scheme offers the following Classes of Units:

**5.6.1** Class A (SGD) Accumulating;

**5.6.2** Class B (SGD) Accumulating; and

**5.6.3** Class I (SGD) Accumulating\*.

\*This Class has not been launched as at the date of this Prospectus. You may wish to check with the Managers or an agent or distributor appointed by the Managers for the Scheme on the future availability of this Class.

The Managers may in their discretion offer other Classes of Units for subscription. You may therefore wish to contact the Managers or an agent or distributor appointed by the Managers for the Scheme to check if there is an updated list of available Classes of Units for the Scheme.

## **6. INVESTMENT OBJECTIVE, FOCUS AND APPROACH**

### **6.1 Investment objective**

The investment objective of the Scheme is to achieve yield enhancement by aiming to outperform the benchmark in Singapore Dollar terms via active but prudent management of a portfolio comprising primarily of Singapore bonds, cash and cash equivalent instruments.

### **6.2 Investment focus and approach**

The Scheme seeks to achieve its investment objective through investments primarily in domestic fixed income securities and money market instruments, with provision for limited diversification into foreign government bonds rated AAA by Standard & Poor's or AAA by Moody's. There is no emphasis or restriction on the kind of debt securities or rating of debt securities (save as disclosed in Paragraph 6.3 below) which the Scheme will invest in. The investments are to be made after analysing historic and expected interest rate movements, amongst other factors, and when necessary, engaging in foreign exchange transactions for purposes of hedging foreign exchange exposure on foreign currency bonds.

### **6.3 Investment restrictions**

When selecting Authorised Investments (as defined in the Glossary of Terms), the Sub-Manager will adhere to the following restrictions when the aggregate number of Units in issue or deemed to be in issue exceeds 10 million (as at 30 June 2021, the aggregate number of Units in issue or deemed to be in issue exceed 10 million):

- (a) For Singapore Dollar assets, Authorised Investments shall be restricted to Singapore government and government agencies' bills, notes and bonds, bank certificate of deposits, fixed deposits, fixed or floating rate corporate bonds and loan stocks. Subject to the provisions of the Code, for corporate debt, not more

than 10% of the Scheme or S\$1,000,000 nominal value, whichever is higher, shall be invested in the debt of any single issuer;

- (b) For foreign currency assets, the Authorised Investments shall be restricted to foreign government bills, notes and bonds that are rated A by Standard and Poor's and A by Moody's where not more than twenty per cent. (20%) of the Scheme shall be invested in foreign currency bonds and not more than ten per cent. (10%) of the Scheme shall be invested in bonds of any single foreign currency to reflect net hedged exposure.

In addition, the Scheme is subject to (i) the investment guidelines issued by the Authority in Appendix 1 of the Code, as the same may be modified, amended, re-enacted or reconstituted from time to time by the Authority (the "**Authorised Funds Investment Guidelines**") and (ii) the investment guidelines for schemes included under the CPFIS issued by the CPF Board, as the same may be modified, amended, re-enacted or reconstituted from time to time by the CPF Board (the "**CPF Investment Guidelines**").

The Scheme may, for the purpose of hedging and efficient portfolio management, invest in financial derivatives and accordingly, are subject to the provisions on financial derivatives as set out in the Authorised Funds Investment Guidelines and CPF Investment Guidelines.

The Managers and the Sub-Manager currently do not intend to engage in securities lending and/or carry out repurchase transactions. However, should the Managers and (as the case may be) the Sub-Manager decide to engage in securities lending or repurchase transactions for the Scheme, they shall comply with all applicable laws and regulations relating to securities lending and repurchase transactions.

## **7. CPFIS INCLUDED SCHEME**

- 7.1** The Scheme is included under the CPFIS – Ordinary Account and CPFIS – Special Account and has been classified by the CPF Board under the "Low to Medium Risk (Narrowly focused – Country – Singapore)" category.
- 7.2** As at the date of this Prospectus, only Class A (SGD) Accumulating Units may be purchased with CPF monies. You may wish to contact the Managers or an agent or distributor appointed by the Managers for the Scheme to check if there are other available Classes of Units for the Scheme which may be purchased with CPF monies.
- 7.3** The CPF interest rate for the Ordinary Account (OA) is based on the 3-month average of major local banks' interest rates. Under the Central Provident Fund Act, Chapter 36 of Singapore (the "**CPF Act**"), the CPF Board pays a minimum interest of 2.5% per annum when this interest formula yields a lower rate.

Savings in the Special Account and Medisave Account (SMA) are invested in Special Singapore Government Securities (SSGS) which earn an interest rate pegged to either the 12-month average yield of 10-year Singapore Government Securities (10YSGS) plus 1%, or 4% per annum whichever is the higher, adjusted quarterly.

New Retirement Account (RA) savings are invested in SSGS which earn a fixed coupon equal to either the 12-month average yield of the 10YSGS plus 1% computed for the year, or the current floor interest rate of 4% per annum, whichever is the higher. The interest credited to the RA is based on the weighted average interest rate of the entire portfolio of these SSGS invested using new and existing RA savings and is computed yearly in January.

As announced in September 2020, the Government will maintain the 4% p.a. minimum rate for interest earned on all SMA and RA monies until 31 December 2021. Thereafter, interest rates on all CPF account monies will be subject to a minimum rate of 2.5% p.a. (unless the Government extends the 4% floor rate for interest earned on all SMA and RA monies).

The first S\$60,000 of your combined CPF accounts (capped at S\$20,000 for OA) earns an extra 1% interest. To enable members to earn extra interest, only monies in excess of S\$20,000 in your Ordinary Account and S\$40,000 in your Special Account can be invested.

In addition, CPF members aged 55 and above will also earn an additional 1% extra interest on the first S\$30,000 of their combined CPF balances (capped at S\$20,000 for OA).

**You should note that the applicable interest rates for each of the CPF accounts may be varied by the CPF Board from time to time.**

**Subscriptions using CPF monies shall at all times be subject to, amongst other things, the regulations and such directions or requirements imposed by the CPF Board from time to time.**



## 8. FEES AND CHARGES

8.1 The fees and charges payable in relation to the Scheme are set out below:

### Payable by you if you invest in the Scheme

Class	Preliminary Charge	Realisation Charge	Conversion Fee
All Class A	Currently 1.5%^; Max 1.5%	Currently nil; Max 1.0%	Currently nil; Max 1.0%
All Class B	Currently 1.5%; Max 1.5%	Currently nil; Max 1.0%	Currently nil; Max 1.0%
All Class I	Not applicable	Currently Nil; Max 1.0%	Not applicable

### Payable to the Managers and the Trustee\*

Class	Annual Management Fee**	Annual Trustee Fee	Other Fees and Charges constituting 0.1% or more of the Scheme's asset value****
<b>All Class A</b> <b>(a) Retained by Managers</b> <b>(b) Paid by Managers to approved agents or distributors (trailer fee)</b>	Up to 0.75%p.a; Maximum 1.25% p.a. (a) 33% to 100%*** of Annual Management Fee (b) 0% to 67%*** of Annual Management Fee	Currently 0.05% p.a.; maximum 0.125%p.a. subject to a minimum of S\$15,000 p.a.	Nil
<b>All Class B</b> <b>(a) Retained by Managers</b> <b>(b) Paid by Managers to approved agents or distributors (trailer fee)</b>	Up to 0.5%p.a; Maximum 0.5% p.a. (a) 54% to 100%*** of Annual Management Fee (b) 0% to 46%*** of Annual Management Fee		
<b>All Class I</b>	Not applicable		

^ If you purchase Units using CPF monies, the preliminary charge is 0%.

\* You should note that the fees and charges applying to the Scheme (including fees based on the Net Asset Value of the Scheme, where applicable) will be based on the Net Asset Value without any Dilution Adjustment applied. Please refer to paragraph 23.3 below for further details.

\*\* Expressed as a percentage of the Value of the proportion of the Deposited Property attributable to the relevant Class.

\*\*\* The range may change from time to time. Your approved agent or distributor is required to disclose to you the amount of trailer fee it receives from the Managers.

\*\*\*\* Based on the Scheme's audited accounts for the financial year ended 31 March 2021.

The Sub-Manager's fees will be payable by the Managers and will not be payable by the Scheme.

- 8.2** Any Preliminary Charge is currently paid to the Managers' approved agents and distributors. The Managers' approved agents or distributors may differentiate between investors as to the amount of the Preliminary Charge or Realisation Charge payable (subject to the maximum permitted), or allow discounts on the basis or scale that the approved agents or distributors think fit. You should also note that approved agents or distributors through whom you subscribe for Units may (depending on the specific nature of services provided) impose other fees and charges that are not disclosed in this Prospectus. You should therefore check with such agents and distributors as to whether any additional fees and charges are imposed.
- 8.3** As required by the Code, all marketing, promotional and advertising expenses in relation to the Scheme will be borne by the Managers and not charged to the Deposited Property of the Scheme.
- 8.4** Other charges and expenses are payable out of the Scheme in accordance with the provisions of the Deed.

## **9. RISKS**

### **9.1 General risks of investing in the Scheme**

- (a) You should note that investment in the Scheme, which is a collective investment scheme, will be subject to different degrees of interest rate risk, currency risk, liquidity risk, sovereign risk, credit risk, exchange control risk and financial derivatives risk. The foregoing list of risks does not purport to be an exhaustive or complete list of the risks involved in investing in the Scheme. You may wish to consult your own financial adviser before deciding to subscribe for Units.
- (b) You should be aware that the value of Units and the income from them may rise as well as fall and there is the possible loss of the principal amount invested. Past performance figures are not necessarily indicative of the future performance.
- (c) Investment in the Scheme is designed to produce returns over the long-term and is not suitable for short-term speculation. You should not expect to obtain short-term gains from such investment.
- (d) **Market Risks.** Market risk is the possibility of an investor experiencing losses due to factors that affect the overall performance of financial markets, including: changes in interest rates; trade, fiscal, monetary and exchange controls programmes and policies of governments; national and international political and economic events; the global and domestic effects of a pandemic; and any other failure of markets to function. Economic, financial or political events, trading and tariff arrangements, public health events, terrorism, natural disasters and other circumstances in one country or region could have profound impact on global economies or markets. Whether or not the Scheme invests in securities of issuers located in or with significant exposure to countries experiencing economic, political or financial difficulties, the value and liquidity of the Scheme's investments may be negatively affected.

- (e) Cyber Security Risks. With the increased use of technologies such as the internet and other electronic media and technology to conduct business, the Managers, the Scheme and the Scheme's service providers and their respective operations are susceptible to operational, information security and related risks including cyber security attacks or incidents. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber attacks include, but are not limited to, gaining unauthorised access to digital systems, networks or devices (e.g., through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber attacks may also be carried out in a manner that does not require gaining unauthorised access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). In addition to intentional cyber-events, unintentional cyber-events can occur, such as, for example, the inadvertent release of confidential information.

By affecting (a) the Managers, (b) the Scheme and/or the Scheme's service providers and (c) the issuers of securities in which the Scheme invests, cyber security failures or breaches have the ability to cause disruptions and impact business operations, potentially resulting in:

- (i) financial losses, shutting down, disabling, slowing or otherwise disrupting operations, business process or website access functionality;
- (ii) interference with the Scheme's ability to calculate its NAV;
- (iii) impediments to trading;
- (iv) the inability of the Scheme's Holders to transact business;
- (v) violations of applicable privacy and other laws;
- (vi) regulatory fines, penalties, reputational damage;
- (vii) reimbursement or other compensation costs or additional compliance costs; and
- (viii) the loss of propriety information and data corruption.

Among other potentially harmful effects, cyber-events also may result in theft, unauthorised monitoring and failures in the physical infrastructure or operating systems that support the Managers and the Scheme's service providers. Similar adverse consequences could result from cyber security attacks, failures or breaches affecting issuers of securities in which the Scheme invests, counterparties with which the Scheme engages in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions (including financial intermediaries and service providers for the Scheme's Holders) and other parties. In addition, substantial costs may be incurred in order to try to prevent any cyber incidents in the future.

- (f) The approach taken by the Managers to help manage the liquidity of the Scheme is to activate liquidity management tools, such as the imposition of redemption gates, the suspension of redemptions and the application of Dilution Adjustment (as defined in paragraph 23.3 below), as described in paragraphs 12.1(d), 16 and 23.3. The activation of such liquidity management tools may have an adverse impact on your redemptions from the Scheme. For instance, the suspension of redemptions as described in paragraph 16 will mean that you will not be able to

redeem from the Scheme during the suspension period, the imposition of the 10% limit on the number of Units that can be redeemed on any Dealing Day (redemption gate) as described in paragraph 12.1(d) may mean you may not be able to redeem from the Scheme on that Dealing Day, and the application of Dilution Adjustment as described in paragraph 23.3 will affect the amount of realisation proceeds you will receive for your Units.

## **9.2 Risks specific to the Scheme**

You should recognise that the following risks are associated with investing in the Scheme and that the capital or returns may be influenced by these risk factors.

- (a) Interest rate risk – Shifts in economic trends affect the direction of overall interest rates. As bond prices and bond yields are mostly a function of interest rates, any change in interest rates influence returns on bond investments. A rise in interest rates therefore can lead to a decline in bond prices and conversely, lower interest rates can lead to an appreciation in bond prices.
- (b) Currency risk – Fluctuations in foreign exchange rates impact the capital value of, and income derived from, the non-Singapore Dollar portion of the Scheme. Depreciation in the currency of the underlying security lowers the value of that security while appreciation of the currency increases the value of the bond. The Managers or (as the case may be) the Sub-Manager intend to manage the foreign currency exposure and will do so by adopting an active hedging policy. In addition, a Class may be designated in currencies other than in Singapore Dollars. Where a Class is designated in a currency other than in Singapore Dollars, the Managers or (as the case may be) the Sub-Manager will not employ any technique to hedge the Class's exposure to changes in exchange rates between Singapore Dollars and the currency of the Class. Investors whose reference currency is Singapore Dollars may therefore be exposed to this exchange rate risk.
- (c) Liquidity risk – Bond instruments traded in this portfolio are generally liquid issues. However, under certain market conditions, liquidity may restrict the ease by which bonds are bought or sold.
- (d) Sovereign risk – Sovereign risk is associated with the countries issuing the bonds i.e. the risk that a foreign central bank will alter its foreign-exchange regulations thereby significantly reducing or completely nulling the value of foreign-exchange contracts.
- (e) Credit risk – Credit risk associated with investment in corporate or non-government bonds relative to those of government bonds i.e. corporations issuing the bonds may not make payments on the bonds or may suffer adverse changes in their financial condition that could lower the credit quality of a security, leading to greater volatility in the price of security and the value of the Scheme.
- (f) Exchange control risk – Repatriation of investments in foreign countries, and particularly in less-developed markets, may be subject to exchange control restrictions imposed by foreign governments. As the Scheme's investment in foreign countries would be restricted to debt securities rated A by Standard and Poor's and A by Moody's, the Managers and the Sub-Manager believe the Scheme's exposure to exchange control risk is minimal under normal market conditions.

- (g) Market risk – Prices of securities in the Scheme may go down or up in response to changes in economic conditions (such as growth, inflation or policy changes), political conditions, interest rates in the Singapore market in which the Scheme invests and the market's perception of securities which in turn may cause the price of Units to rise or fall.
- (h) Financial derivatives risk – The Scheme may use financial derivative instruments such as futures and options, forward commitments, swaps and when-issued securities for efficient portfolio management purposes (including for hedging against market movements, currency exchange or interest rate risks or otherwise). Where such instruments are financial derivatives on commodities, such transactions shall be settled in cash at all times or as may otherwise be required under the Code. While the judicious use of financial derivatives by professional investment managers can be beneficial, financial derivative instruments involves risks different from, and, in some cases, greater than, the risks presented by more traditional securities investments. Some of the risks associated with financial derivatives are market risks, management risks, credit risks, liquidity risks and leverage risks. The Managers' or (as the case may be) the Sub-Manager's ability to use these strategies may be limited by market conditions, regulatory limits and tax considerations. Use of these strategies involves certain special risks, including (i) dependence on the Managers' or (as the case may be) the Sub-Manager's ability to predict movements in the price of securities and movements in the interest rates; (ii) imperfect correlation between movements in the securities or currency on which a futures or options contract is based and movements in the securities or currencies in the Scheme; (iii) the absence of a liquid market; (iv) while the Scheme may not be leveraged or geared in any way through the use of financial derivatives, the degree of leverage inherent in futures trading normally required in futures trading, which means that futures trading may be highly leveraged and accordingly a relatively small price movement in a futures contract may result in an immediate and substantial loss to the Scheme; and (v) possible impediments to effective portfolio management or the ability to meet repurchase requests or other short-term obligations because of the percentage of the Scheme's assets segregated to cover its obligations. The risk that the Scheme will be unable to close out a forward position or related options contract will be minimised by only entering into forward contracts and related options transactions for which there appears to the Managers or (as the case may be) the Sub-Manager to be a liquid secondary market or where the relevant broker-dealer makes liquidity by making a market in the relevant instrument. Please refer to paragraph 23.7 for further information on the use of financial derivatives.

**The above should not be considered to be an exhaustive list of the risks which you should consider before investing in the Scheme.**

## **10. SUBSCRIPTION AND ISSUE OF UNITS**

### **10.1 Pricing and dealing deadline**

- (a) As Units are issued on a forward pricing basis, the Issue Price (as summarised in Paragraph 10.2 below) will not be available at the time of application.  
  
The Managers' dealing deadline is 5.00 p.m. Singapore time.
- (b) The Managers' approved agents or distributors may have their own dealing deadlines that are earlier than the Managers' dealing deadlines for the receipt of

applications and subscription monies. You should confirm the applicable dealing deadline with the relevant approved agent or distributor.

- (c) If your application for subscription is received before the dealing deadline on a Dealing Day, the application will be deemed to have been received on that Dealing Day and you will buy Units at that Dealing Day's Issue Price. If your application is received after the dealing deadline on a Dealing Day or on a day which is not a Dealing Day, your application will be deemed to have been received on the next Dealing Day and you will buy Units at the next Dealing Day's Issue Price.

## **10.2 Calculation of Issue Price**

The Issue Price per Unit of a Class on each Dealing Day shall be ascertained by:

- (a) calculating the Net Asset Value per Unit of the relevant Class as at the Valuation Point in relation to the relevant Dealing Day;
- (b) adding the appropriate Fiscal Charges; and
- (c) determining the resultant total to four decimal places and adjusting such figure to the nearest three decimal places (or such other number of decimal places that the Managers may from time to time determine with the approval of the Trustee).

A Preliminary Charge will be deducted from the investment sum upon the issue of Units. The preliminary charge will be retained by the Managers' approved agents or distributors and the amount of the aforesaid adjustment shall be credited to the Scheme. The Managers may apply Dilution Adjustment to the Scheme which, if applied, will impact the Issue Price of Units. Please refer to paragraph 23.3 below for further details.

## **10.3 Issue of Units**

- (a) The Managers will have the exclusive right to effect the creation and issue of Units and the acceptance or non-acceptance of applications for purchase of Units will be at the absolute discretion of the Managers acting in consultation with the Trustee and in the best interests of the Scheme.
- (b) If your application is rejected by the Managers, your subscription monies will be refunded (without interest) to the relevant approved agent or distributor, Agent Bank, CPF Board or SRS Operator (as the case may be) within a reasonable period of time in the manner that the Managers determine.
- (c) If payment in cleared funds of the investment sum in relation to your application for Units has not been received by the Managers on application (or by such time or date as the Managers and the Trustee may agree), and Units have been issued, such Units may be cancelled by the Managers by giving notice to that effect to the Trustee, and such Units shall be deemed never to have been issued. In that event, you shall have no claims against the Managers or the Trustee (and, where applicable, the relevant approved agent or distributor) in respect of such application or cancelled Units.
- (d) No certificates will be issued by the Managers or the Trustee in respect of Units issued.
- (e) Fractional Units will be issued to two decimal places.

#### 10.4 Minimum initial subscription and minimum subsequent subscription amount

The minimum initial subscription amount and the minimum subsequent subscription amount are as follows:

	<b>Minimum Initial Subscription Amount</b>	<b>Minimum Subsequent Subscription Amount</b>
<b>All Class A</b>	1,000 in the currency designation of the relevant Class*	100 in the currency designation of the relevant Class*
<b>All Class B</b>	1,000,000 in the currency designation of the relevant Class*	1,000 in the currency designation of the relevant Class*
<b>All Class I</b>	Currently nil*	Currently nil*

\*unless otherwise determined by the Managers.

Some approved agents or distributors may have different minimum requirements. You should confirm with the relevant approved agent or distributor the applicable minimum requirements imposed by such approved agent or distributor in respect of the Scheme.

#### 10.5 How Units may be purchased and paid for

You may subscribe for Units by completing an application that may be obtained from an approved agent or distributor. Completed applications should be sent to an approved agent or distributor together with:

- (a) any additional documents required by that agent or distributor; and
- (b) payment in full for the Units in the manner stipulated by that agent or distributor.

If you wish to subscribe for Units with monies from your CPF Ordinary Account, you will have to authorise your Agent Bank to request for monies to be withdrawn from your CPF Ordinary Account and deposited into your CPF Investment Account, and to withdraw monies from your CPF Investment Account to pay for the subscription of Units.

If you wish to subscribe for Units with monies from your CPF Special Account, you will have to authorise the CPF Board to withdraw monies from your CPF Special Account to pay for the subscription of Units.

If you wish to subscribe for Units with your SRS monies, you will have to authorise your SRS Operator for monies to be withdrawn from your SRS Account to pay for the subscription of Units.

#### 10.6 Applications by internet

Some approved agents or distributors may allow applications to be made through an electronic online application on or through the approved agent's or distributor's website or by submitting a completed application form printed from that website. When you apply for Units through an approved agent's or a distributor's website, the making of the application will be treated as your confirmation that:

- (a) you have read a copy of this Prospectus;
- (b) you agree with the terms and conditions set out in this Prospectus;
- (c) you are not a US Person or are not applying on behalf of any US Persons;

- (d) your application for the subscription of Units is made while being present in Singapore; and
- (e) you have given your permission to the relevant approved agent or distributor to disclose relevant particulars of your account to the Relevant Parties.

During any period when the issue of Units is suspended, the application for Units through the Internet will also be suspended.

Any charges to be imposed by the approved agent or distributor in connection with your application will be borne by you.

#### 10.7 Numerical example of how Units are allotted

The following is an illustration of the number of Units that the Managers will issue based on a gross investment of S\$1,000 and a notional Issue Price of S\$1.000. The notional Issue Price of S\$1.000 is used for illustration purposes only. The actual Issue Price will fluctuate according to the Value of the Deposited Property.

Example:

S\$1,000.00	-	S\$15	=	S\$985.00	/	S\$1.000	=	985.00 Units
Gross investment amount		1.5% Preliminary Charge		Net investment amount		Notional issue price		Number of Units allotted

#### 10.8 Confirmation of purchase

A confirmation note detailing the investment amount and the number of Units allocated to you will be sent within fourteen (14) Business Days from the date of issue of Units.

#### 10.9 Cancellation of subscriptions by new subscribers

- (a) If you are a new subscriber (as defined in Paragraph 10.9(b) below), you will have the right to cancel your subscription of Units within seven (7) calendar days of the date on which you signed the subscription agreement or such other longer period as the Managers or the approved agents or distributors for the Scheme (as the case may be) may allow or the Authority may prescribe (the “**Cancellation Period**”). A cancellation request form is included with the subscription application form for Units subscribed for (whether using cash, CPF or SRS monies).
- (b) A “**new subscriber**” is an investor who:
  - (i) is an individual;
  - (ii) is not an existing Holder who is purporting to cancel a second or subsequent subscription of Units made after the Cancellation Period applicable to his initial subscription of Units; and
  - (iii) is not an existing Holder participating in a regular saving plan (“**RSP**”) and effecting a second or subsequent payment towards the RSP.
- (c) You must exercise your right to cancel your subscription of Units within the applicable Cancellation Period, by submitting a cancellation request to the relevant approved agent or distributor through whom the Units were purchased by hand or post. The relevant date for determining whether a cancellation has been exercised within the Cancellation Period is the date on which the cancellation request was delivered by hand or was posted (as determined by its postmark). Where the last day of the Cancellation Period falls on a Sunday or a



public holiday, the Cancellation Period is deemed to be extended to the next calendar day, not being a Sunday or public holiday.

- (d) A cancellation request received by the relevant approved agent or distributor on or before the relevant dealing deadline on a Dealing Day will be deemed to have been received on that Dealing Day. A cancellation request received after the dealing deadline on a Dealing Day, or on a day which is not a Dealing Day, will be deemed to have been received on the next Dealing Day. You should confirm the applicable dealing deadline with the relevant approved agent or distributor.
- (e) The proceeds arising from the cancellation of a subscription of Units under this Paragraph 10.9 (the “**cancellation proceeds**”) will be paid within four Business Days (or such other period as the Authority may require or permit) after the Dealing Day on which the cancellation request is received by the relevant approved agent or distributor, unless the determination of the amount of cancellation proceeds has been suspended pursuant to the provisions of the Deed. In such event, the payment of the cancellation proceeds will be deferred until after the end of the suspension. The Managers shall be entitled to deduct an administrative fee of up to S\$10 from the cancellation proceeds to be paid to you for expenses reasonably related to the original purchase and cancellation request.
- (f) The cancellation proceeds payable to you in relation to the cancellation of your subscription of Units under this Paragraph 10.9 will be determined as the lower of:
  - (i) the Market Value (as defined below): or
  - (ii) the Original Subscription Amount (as defined below),

or calculated according to such other method of calculation as the Authority may prescribe pursuant to the Notice on Cancellation Period. Any excess in the Market Value over the Original Subscription Amount, or in the Original Subscription Amount over the Market Value (as the case may be), will be retained by the Scheme.

“**Market Value**” in relation to Units the subscription of which is being cancelled by you, means the value of such Units on the relevant Dealing Day calculated as the aggregate of (a) the total value of such Units based on the Realisation Price on such Dealing Day, and (b) the total Preliminary Charge paid for such Units.

“**Original Subscription Amount**” in relation to Units the subscription of which is being cancelled by you, means the total amount (including the Preliminary Charge) paid by you for the subscription of those Units.

You should note that the published Realisation Price is indicative in nature and can change during the period between the submission and processing of the cancellation request.

- (g) In the case where you have more than one subscription and chooses to cancel one or more (but not all) of your subscriptions in respect of which you have a right to cancel, the cancellation of your subscription(s) must not result in you holding fewer Units than the minimum holding amount for the Scheme.
- (h) If you have cancelled your subscription of Units, any distributions declared but not paid to you will be due to you in accordance with the provisions of the Deed

(whether or not an election for such distributions to be reinvested has been made by you).

- (i) You may choose to realise your Units under Paragraph 12 instead of cancelling your subscription of Units but should note that you will not be able to enjoy the benefits of cancellation under this Paragraph 10.9 (i.e. there will be no refund of the Preliminary Charge and the realisation proceeds may be lower than the cancellation proceeds if the appreciation in the Value of the Units is less than the Preliminary Charge).
- (j) You may choose to convert your Units of a Class (the “**Original Units**”) to Units of another Class (the “**New Units**”) under Paragraph 14 during the Cancellation Period applicable to the subscription of the Original Units but should note that:
  - you will not receive any refund of the Preliminary Charge;
  - it is not certain whether you would be in a better or worse position if you convert your Units from one Class to another Class; and
  - the conversion will be subject to any Conversion Fee that is stated in Paragraph 8.

You will also be entitled to cancel your New Units within the applicable Cancellation Period in accordance with this Paragraph 10.9.

- (k) Paragraph 12.1(d) shall apply mutatis mutandis to the cancellation of a subscription of Units under this Paragraph 10.9.
- (l) Further information on the terms and conditions applicable to the Cancellation Period and the steps which a new subscriber must take to effect such a cancellation are contained in the Deed and the cancellation request form which may be obtained from the approved agents or distributors for the Scheme at their respective offices during business hours. **If you are a new subscriber, you should read this information carefully before subscribing for Units.**

## **11. REGULAR SAVINGS PLAN (RSP)**

The Managers do not currently offer an RSP for subscription of Units. The approved agents or distributors for the Scheme may, at their own discretion, offer regular savings arrangements for the benefit of investors in Singapore. Information on such regular savings arrangements, such as the minimum periodic contributions, timing of the investment deduction and Unit allocation, may be obtained from such approved agents or distributors. The terms of such regular savings arrangements will provide that Holders may cease participation in such arrangements without suffering any penalty by providing not less than 30 days’ notice in writing to the relevant approved agent or distributor.

## **12. REALISATION OF UNITS**

### **12.1 How Units may be realised or sold**

- (a) Subject to Paragraphs 12.1(b) and 12.2, you may request an approved agent or a distributor to realise any or all of the Units held by that agent or distributor on your behalf on any Dealing Day by submitting the relevant realisation request form to the relevant approved agent or distributor through whom you purchased your Units.
- (b) Such approved agents or distributors may have a dealing deadline which is earlier than the Managers’ dealing deadline for the receipt of realisation requests from

investors. You should confirm the applicable dealing deadline with the relevant approved agent or distributor.

- (c) Realisation requests made through the Internet should be submitted in accordance with the instructions for a realisation request on the website of the relevant approved agent or distributor.
- (d) The Managers may, with the approval of the Trustee, in certain circumstances stipulated in the Deed, limit the total number of Units which Holders may realise on any Dealing Day to 10% of the total number of Units then in issue. If so, requests for realisation of Units on that Dealing Day will be reduced rateably and be treated as if made in respect of each subsequent Dealing Day until all Units to which the original request related have been realised.

## 12.2 Minimum holding and minimum realisation amount

You will not be entitled to realise only part of your holding of Units without the approval of the Managers and the Trustee if the realisation is less than the minimum realisation amount or if due to that realisation, your holding would be reduced to less than the minimum holding of the relevant Class of Units.

The minimum holding and the minimum realisation amount are as follows:

	<b>Minimum Holding</b>	<b>Minimum Realisation Amount</b>
<b>All Class A</b>	The lower of 1,000 Units or such number of Units which at the current Issue Price may be purchased for 1,000 in the currency designation of the relevant Class*	1,000 Units*
<b>All Class B</b>	The lower of 1,000,000 Units or such number of Units which at the current Issue Price may be purchased for 1,000,000 in the currency designation of the relevant Class*	1,000 Units*
<b>All Class I</b>	Currently nil*	Currently nil*

\* or such other number or amount as may from time to time be determined by the Managers.

Some approved agents or distributors may have different minimum requirements. You should confirm with the relevant approved agent or distributor the applicable minimum requirements imposed by such approved agent or distributor in respect of the Scheme.

## 12.3 Pricing and dealing deadline

As Units are priced on a forward pricing basis, the Realisation Price (as summarised in Paragraph 12.4 below) will not be available at the time of submission of a realisation request.

The Managers' dealing deadline is 5.00 p.m. Singapore time.

- (a) If a realisation request is received by the Managers by the dealing deadline on a Dealing Day, the realisation request will be taken to have been received on that Dealing Day and will be processed at that Dealing Day's Realisation Price.
- (b) If a realisation request is received by the Managers after the dealing deadline on a Dealing Day or on a day which is not a Dealing Day, the realisation request will be taken to have been received on the next Dealing Day and will be processed at the next Dealing Day's Realisation Price.
- (c) The Managers' approved agents or distributors for the Scheme may have a dealing deadline which is earlier than the Managers' dealing deadline for the receipt of realisation requests. You should confirm the applicable dealing deadline with the relevant approved agent or distributor.

#### 12.4 Calculation of Realisation Price

The Realisation Price per Unit of a Class on each Dealing Day shall be ascertained by:

- (a) calculating the Net Asset Value per Unit of the relevant Class as at the Valuation Point in relation to the relevant Dealing Day;
- (b) deducting the appropriate Fiscal Charges; and
- (c) determining the resultant total to four decimal places and adjusting that figure to the nearest three decimal places (or such other number of decimal places that the Managers may from time to time determine with the approval of the Trustee).

The Managers may apply Dilution Adjustment to the Scheme which, if applied, will impact the Realisation Price of Units. Please refer to paragraph 23.3 below for further details.

#### 12.5 Numerical example of realisation

The realisation proceeds payable to a Holder will be calculated once the Realisation Price has been ascertained.

The following is an illustration of the realisation proceeds payable based on a realisation of 1,000 Units and a notional Realisation Price of S\$1.100. The notional Realisation Price of S\$1.100 is used for illustration purposes only. The actual Realisation Price will fluctuate according to the Value of the Deposited Property. There is currently no Realisation Charge payable for Units realised.

Example:

e.g. 1,000 Units	X	S\$1.100	=	S\$1,100.00
Realisation request		Notional realisation price		Gross realisation proceeds
S\$1,100.00	-	S\$0.00	=	S\$1,100.00
Gross realisation proceeds		Realisation charge		Net realisation proceeds

## **12.6 Payment of realisation proceeds**

- (a) Realisation proceeds will be paid to you within four (4) Business Days of receipt of your realisation requests by the Managers (or within such other period (if any) permitted by the relevant authorities) unless the realisation of Units has been suspended as provided in Paragraph 16.
- (b) If you had purchased Units with cash, any realisation proceeds payable to you under the provisions of the Deed will be paid by the Managers to the approved agent or distributor or its nominee in whose name the Units are registered, and these proceeds will be paid by the approved agent or distributor to you.
- (c) If you had purchased Units with monies from your CPF Ordinary Account, any realisation proceeds payable to you under the provisions of the Deed will be paid by transferring the proceeds to the relevant Agent Bank for credit of your CPF Investment Account or otherwise in accordance with the provisions of any applicable laws, regulations or guidelines. Where your CPF Investment Account has been closed, the proceeds will be paid by transferring the proceeds into your CPF Ordinary Account or otherwise in accordance with the provisions of any applicable laws, regulations or guidelines. Where both your CPF Investment Account and CPF Ordinary Account have been closed, the proceeds will be paid to you in accordance with Paragraph 12.6(b) or otherwise in accordance with any applicable laws, regulations or guidelines.
- (d) If you had purchased Units with monies from your CPF Special Account, any realisation proceeds payable to you under the provisions of the Deed will be paid by transferring the proceeds to the CPF Board for the credit of your CPF Special Account or otherwise in accordance with the provisions of any applicable laws, regulations or guidelines. Where your CPF Special Account has been closed, the proceeds will be paid to you in accordance with Paragraph 12.6(b) or otherwise in accordance with any applicable laws, regulations or guidelines.
- (e) If you had purchased Units with monies from your SRS Account, any realisation proceeds payable to you under the provisions of the Deed in respect of his Units will be paid by transferring the proceeds to the relevant SRS Operator for credit of your SRS Account or otherwise in accordance with the provisions of any applicable laws, regulations or guidelines. Where your SRS Account has been closed, the proceeds will be paid to your SRS Operator or otherwise in accordance with any applicable laws, regulations or guidelines.

## **13. TRANSFER OF UNITS**

- 13.1** Subject to Paragraph 13.2 below, every Holder shall be entitled to transfer all or any of the Units held by him by an instrument in writing in such form as the Managers may from time to time approve provided that (i) no transfer of part of a holding of Units shall be allowed if in consequence of the transfer, either the transferor or the transferee would hold Units less than the minimum holding amount, and (ii) unless otherwise permitted by law, and notwithstanding the foregoing or any other provisions of the Deed, a Holder's title to or interest in any Units shall not be transferred until he has attained the age of 18 years (or as may be provided by the Deed from time to time).
- 13.2** Transfer of ownership of Units is not permitted in respect of Units purchased with CPF or SRS monies.
- 13.3** Transfer of ownership of Units purchased with cash is permitted.

## **14. CONVERSION OF UNITS**

- 14.1** Where Units of more than one Class are in issue, Holders of Units of any Class (except for Class I Units or such other Classes as may be agreed between the Managers and the Trustee) (the “**original Class**”) may convert all or any of the Units of the original Class to Units of another Class (except for Class I Units or such other Classes as may be agreed between the Managers and the Trustee) (the “**new Class**”) provided that no conversion of Units may be made which would result in a Holder holding less than the minimum holding amount of either the original Class or the new Class.
- 14.2** The conversion will be effected according to the provisions of the Deed and Units in the new Class will be issued based on the formula provided in the Deed.
- 14.3** Where the Holder makes a conversion of a Unit, the Managers shall not deduct the amount of the Realisation Charge for Units in the new Class but may be entitled to charge a Conversion Fee, which shall not exceed 1% of the Realisation Price for Units in the original Class. The Managers may offer a discount on the Conversion Fee at such percentage as the Managers may determine and the Managers may on any day differentiate between Holders who make a conversion of a Unit as to the Conversion Fee payable.
- 14.4** Holders will have to give the Managers (through the Managers’ approved agents or distributors) a conversion notice in such form as the Managers may require. No Units will be converted during any period when realisation of Units is limited as set out in Paragraph 12.1(d) or suspended as set out in Paragraph 16.

## **15. OBTAINING PRICES OF UNITS**

The indicative Net Asset Value per Unit will be published on the Managers’ website at <https://www.leggmason.com/en-sg.html>. The actual Net Asset Value per Unit will generally be published two (2) Business Days after the relevant Dealing Day. The Issue Price and Realisation Price will be calculated in accordance with Paragraphs 10.2 and 12.4 respectively.

**You should note that the Managers do not accept any responsibility for any errors on the part of the publisher in the prices published or for any non-publication or late publication of prices by such publisher and shall incur no liability in respect of any action taken or loss suffered by any person in reliance upon such publication.**

## **16. SUSPENSION OF DEALINGS**

- 16.1** Subject to the provisions of the Code, the terms of the Deed provide that the Managers may, upon consultation with the Trustee, suspend the issue of Units:
- (a) during any period when any Recognised Stock Exchange or OTC Market on which any Authorised Investments forming part of the Deposited Property for the time being are listed or dealt in is closed (otherwise than for ordinary holidays) or during which dealings are restricted or suspended;
  - (b) during the existence of any state of affairs which, in the opinion of the Managers and the Trustee, might seriously prejudice the interests of the Holders as a whole or of the Deposited Property;
  - (c) during any breakdown in the means of communication normally employed in determining the price of any of such Authorised Investments or the current price thereof on any Recognised Stock Exchange or OTC Market or when for any

reason the prices of any of such Authorised Investments cannot in the opinion of the Managers and the Trustee be promptly and accurately ascertained (including any period when the fair value of a material portion of the Authorised Investments cannot be determined);

- (d) during any period when remittance of monies which will or may be involved in the realisation of such Authorised Investments or in the payment for such Authorised Investments cannot, in the opinion of the Managers and the Trustee, be carried out at normal rates of exchange;
- (e) for 48 hours (or any longer period that the Managers and the Trustee agree) prior to the date of any meeting (or adjourned meeting) of Holders convened in accordance with the provisions of the Deed;
- (f) during any period when the business operations of the Managers or the Trustee in relation to the operation of the Scheme 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;
- (g) for any period pursuant to an order or direction by the Authority; or
- (h) such circumstances as may be required under the provisions of the Code.

A suspension shall take effect immediately upon the declaration in writing to such effect to the Trustee by the Managers and, subject to the provisions of the Code, shall terminate on the day following the first Business Day on which the condition giving rise to the suspension shall have ceased to exist and no other condition under which suspension is authorised under the Deed shall exist.

**16.2** Subject to the provisions of the Code, the terms of the Deed provide that the Trustee may instruct the Managers to temporarily suspend the right of Holders to realise Units in circumstances including, but not limited to, the following:

- (a) during any period of consultation or adjustment of the Realisation Price arising from the provisions of the Deed;
- (b) during any breakdown in the means of communication which affects the process of valuation of the Deposited Property;
- (c) during any turmoil in the financial markets which causes unnaturally large movements in the prices of the Authorised Investments forming part of the Deposited Property;
- (d) during the absence of any trading on the relevant Recognised Stock Exchanges or OTC Markets of the Authorised Investments forming part of the Deposited Property which in turn causes the market value of these Authorised Investments to be not reflective of their true value;
- (e) for 48 hours (or any longer period that the Managers and the Trustee agree) prior to the date of any meeting (or adjourned meeting) of Holders convened in accordance with the provisions of the Deed;
- (f) during any period when the business operations of the Managers or the Trustee in relation to the operation of the Scheme 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;

- (g) during any period when the fair value of a material portion of the Authorised Investments cannot be determined; or
- (h) for any period pursuant to an order or direction by the Authority.

A suspension shall take effect immediately upon the declaration in writing to such effect to the Managers by the Trustee and, subject to the provisions of the Deed, shall terminate on the day following the first Business Day on which the condition giving rise to the suspension shall have ceased to exist and no other condition under which suspension is authorised under the Deed shall exist. Subject to the provisions of the Code, the Trustee may from time to time suspend the issue of Units pursuant to Clause 13(F)(ii) of the Deed as reproduced in this Paragraph for such period or periods as it deems fit.

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

## **17. PERFORMANCE OF THE SCHEME**

### **17.1 Past Performance of the Scheme and its benchmark**

The performance of the Scheme and its benchmark, J.P Morgan Singapore Government Bond Index (S\$), as of 30 June 2021 are shown in the table below.

	One year	Three years (average annual compounded return)	Five years (average annual compounded return)	Ten years (average annual compounded return)	Since inception (average annual compounded return)
Class A (SGD) Accumulating Units <sup>1</sup>	-1.55%	2.63%	2.14%	2.66%	3.02%
J.P Morgan Singapore Government Bond Index (S\$) <sup>2</sup>	-2.79%	4.17%	2.52%	2.62%	2.89%
Class B (SGD) Accumulating Units <sup>1</sup>	-1.32%	2.91%	2.40%	2.93%	3.35%
J.P Morgan Singapore Government Bond Index (S\$) <sup>2</sup>	-2.79%	4.17%	2.52%	2.62%	2.86%

Notes:

- Source: Franklin Templeton. Performance calculation of the Scheme is based on NAV to NAV (single pricing basis taking into account Preliminary Charge and Realisation Charge) with net dividends and distributions reinvested, Singapore Dollars. Return presented for a period exceeding one year is on an average annual compounded basis. "Since Inception" figures are calculated from the first



full month of investment.

The inception dates of the Class A (SGD) Accumulating Units and the Class B (SGD) Accumulating Units are 15 November 1997 and 21 April 1998 respectively.

2. Source: Franklin Templeton. Performance calculation of the benchmark is based on NAV to NAV with dividends re-invested, in Singapore Dollars. "Since Inception" figures are calculated from the first full month of investment. The benchmark was changed on 1 October 2006 from 70% 3-month SIBID and 30% UOB SGS Index to the UOB Singapore Government Bond Index All (S\$) to better reflect the investment objective of the Scheme which was changed on 1 October 2006. The benchmark was subsequently changed from UOB Singapore Government Bond Index All (S\$) to J.P Morgan Singapore Government Bond Index (S\$) on 3 April 2017 as the benchmark data for the UOB Singapore Government Bond Index All (S\$) was discontinued by the index provider. The new benchmark for the Scheme was selected as it is seen as an appropriate alternative to the UOB Singapore Government Bond Index All (S\$). Benchmark performance shown is a chain-link of the performance of the J.P. Morgan Singapore Government Bond Index (S\$) and, prior to 3 April 2017, is the performance of the UOB Singapore Government Bond Index All (S\$) and, prior to 1 October 2016, is the performance of the 70% 3-month SIBID and 30% UOB SGS Index.
3. Classes which have not been incepted or which have been incepted for less than one year as at the date of this Prospectus are not included in the above table as a track record of at least one year is not available in respect of such Classes.

**The past performance of the Scheme is not necessarily indicative of its future performance.**

## **17.2 Expense ratios**

The expense ratios of the Classes of the Scheme for the financial period ended 31 March 2021 are as follows:

<b>Class of Units</b>	<b>Expense ratio</b>
Class A (SGD) Accumulating Units	0.95%
Class B (SGD) Accumulating Units	0.87%

No other Classes were incepted as at 31 March 2021.

The expense ratios are calculated in accordance with the guidelines issued by the Investment Management Association of Singapore on the disclosure of expense ratios and based on figures in the Scheme's latest audited accounts. The following expenses (where applicable) are excluded from the calculation of the expense ratios:

- (a) interest expense;
- (b) brokerage and other transaction costs associated with the purchase and sales of investments (such as registrar charges and remittance fees);
- (c) foreign exchange gains and losses of the Scheme, whether realised or unrealised;
- (d) front end loads, back end loads and other costs arising on the purchase or sale of a foreign unit trust or mutual fund; and

- (e) tax deducted at source or arising on income received, including withholding tax; and
- (f) dividends and other distributions paid to Holders.

### **17.3 Turnover Ratio**

The turnover ratio of the Scheme (calculated based on the lesser of purchases or sales expressed as a percentage over average net asset value, i.e. average daily net asset value) for the financial year ended 31 March 2021 is 101.09%.

## **18. SOFT DOLLAR COMMISSIONS / ARRANGEMENTS**

- 18.1** The Managers and Sub-Manager currently do not but shall be entitled to receive and enter into soft-dollar commissions/arrangements in respect of the Scheme. The Managers and Sub-Manager will comply with applicable regulatory and industry standards on soft-dollars. The soft-dollar commissions which the Managers and Sub-Manager may receive include specific advice as to the advisability of dealing in, or 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.
- 18.2** 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.
- 18.3** The Managers and Sub-Manager will not accept or enter into soft dollar commissions/arrangements unless such soft-dollar commissions/arrangements would, in the opinion of the Managers the Sub-Manager (as the case may be), assist it in its management of the Scheme, provided that it shall ensure at all times that best execution is carried out for the transactions, and that no unnecessary trades are entered into in order to qualify for such soft-dollar commissions/arrangements.

## **19. CONFLICTS OF INTEREST**

- 19.1** The Managers and, as the case may be, the Sub-Manager (and the reference to "Managers" in this paragraph 19 shall include reference to the Sub-Manager as applicable) may from time to time have to deal with competing or conflicting interests of the Scheme with other funds managed by the Managers. For example, the Managers may make a purchase or sale decision on behalf of some or all of the other funds managed by them without making the same decision on behalf of the Scheme, as a decision whether or not to make the same investment or sale for the Scheme depends on factors such as the cash availability and portfolio balance of the Scheme. However, the Managers will use reasonable endeavours at all times to act fairly and in the interests of the Scheme. In particular, after taking into account the availability of cash and relevant investment guidelines of the other funds managed by the Managers, the Managers will endeavour to ensure that securities bought and sold will be allocated in an equitable and practical manner among the Scheme and the other funds managed by the Managers.
- 19.2** The factors which the Managers will take into account when determining if there are any conflicts of interest as described in Paragraph 19.1 above include the assets and, where applicable, the debt securities of the Scheme. To the extent that another fund managed by the Managers intends to purchase substantially similar assets, the Managers will

ensure that the assets are allocated equitably and that the interests of all investors are treated equally between the Scheme and the other funds.

- 19.3** The Managers may from time to time act as investment manager or investment adviser in relation to, or be otherwise involved in, other funds which have similar investment objectives to those of the Scheme. It is, therefore, possible that it may, in the course of business, have potential conflicts of interests with the Scheme. The Managers will, at all times, have regard in such event to their obligations to the Scheme and will ensure that such conflicts are resolved fairly. In addition, the Managers and each of their affiliated entities will, at all times, have regard to their obligations to the Scheme and shall ensure that in any transaction carried out with the Scheme, such transaction will be carried out as if effected on normal commercial terms negotiated at arm's length.
- 19.4** The Managers or their related entities or the Trustee may own, hold, dispose or otherwise deal with Units as though they were not a party to the Deed. If there is any conflict of interest arising as a result of that dealing, the Managers and the Trustee, following consultation, will resolve the conflict in a just and equitable manner as they deem fit.
- 19.5** Associates of the Trustee may be engaged to provide financial, banking or brokerage services to the Scheme or buy, hold and deal in any investments, enter into any contracts or other arrangements with the Trustee and make profits from those activities. Such services, where provided, and such activities with the Trustee, where entered into, will be on an arm's length basis.

## **20. REPORTS**

### **20.1 Financial year-end**

The financial year-end of the Scheme is 31 March<sup>1</sup>.

### **20.2 Reports**

The annual accounts, report of the Auditor on the annual accounts and annual report will be sent or made available to Holders within three months after the financial year-end of 31 March and the semi-annual report and semi-annual accounts will be sent or made available to Holders within two months of the financial half-year end of 30 September (or such other periods as the Authority may require or permit).

## **21. QUERIES AND COMPLAINTS**

For any queries or complaints regarding the Scheme, you may contact the Managers at:

Address	:	7 Temasek Boulevard #38-03 Suntec Tower One Singapore 038987
Telephone	:	(65) 6241 2662 (65) 6337 3933
Email	:	<a href="mailto:cdsspr@franklintempleton.com">cdsspr@franklintempleton.com</a>
Website	:	<a href="https://www.leggmason.com/en-sg.html">https://www.leggmason.com/en-sg.html</a>

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<sup>1</sup> Changed from 31 December to 31 March with effect from 1 July 2007.

## **22. EXEMPTIONS AND INDEMNITIES**

You should take note of the exemptions and indemnities in favour of the Managers and/or the Trustee as stated in the Deed and in particular the following. For full information on such liabilities and indemnities, please refer to the Deed.

- 22.1** The Trustee and the Managers shall incur no liability in respect of any action taken or thing suffered by them in reliance upon any notice, resolution, direction, consent, certificate, affidavit, statement, certificate of stock, plan of reorganisation or other paper or document believed to be genuine and to have been passed, sealed or signed by the proper parties.
- 22.2** The Trustee and the Managers shall incur no liability to the Holders for doing or (as the case may be) failing to do any act or thing which by reason of any provision of any present or future law or regulation made pursuant thereto, or of any decree, order or judgment of any court, or by reason of any request, announcement or similar action (whether of binding legal effect or not) which may be taken or made by any person or body acting with or purporting to exercise the authority of any government (whether legally or otherwise) either they or any of them shall be directed or requested to do or perform or to forbear from doing or performing. If for any reason it becomes impossible or impracticable to carry out any of the provisions of the Deed neither the Trustee nor the Managers shall be under any liability therefor or thereby.
- 22.3** Neither the Trustee nor the Managers shall be responsible for any authenticity of any signature or of any seal affixed to any transfer or form of application, endorsement or other document (sent by mail, facsimile, electronic means or otherwise) affecting the title to or transmission of Units or be in any way liable for any forged or unauthorised signature on or any seal affixed to such endorsement, transfer or other document or for acting upon or giving effect to any such forged or unauthorised signature or seal. The Trustee and the Managers respectively shall nevertheless be entitled but not bound to require that the signature of any Holder or Joint Holder to on any document required to be signed by him under or in connection with the Deed shall be verified to its reasonable satisfaction.
- 22.4** Neither the Trustee nor the Managers shall be responsible to any person for any losses or damages resulting from reasons or causes beyond its control, or the control of any of its respective employees, including without limitation pestilence, nationalisation, expropriation, currency restrictions, acts of war, terrorism, insurrection, revolution, civil unrest, riots or strikes, nuclear fusion or fission or acts of God.
- 22.5** Any indemnity expressly given to the Trustee or the Managers in the Deed is in addition to and without prejudice to any indemnity allowed by law Provided Nevertheless That any provision of the Deed shall be void insofar as it would have the effect of exempting the Trustee or the Managers from or indemnifying them against any liability for breach of trust or any liability which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default, breach of duty or trust of which they may be guilty in relation to their duties where they fail to show the degrees of diligence and care required of them having regard to the provisions of the Deed.
- 22.6** Nothing contained in the Deed shall be construed so as to prevent the Managers and the Trustee in conjunction or the Managers or the Trustee separately from acting as manager or trustee of trusts separate and distinct from the Scheme and neither of them shall in any way be liable to account to the Scheme or any other person for any profit or benefit made or derived thereby or in connection therewith.

- 22.7** Neither the Trustee nor the Managers shall be responsible for acting upon any resolution purporting to have been passed at any meeting of the Holders in respect whereof minutes shall have been made and signed even though it may be subsequently found that there was some defect in the constitution of the meeting or the passing of the resolution or that for any reason the resolution was not binding upon all the Holders.
- 22.8** Save for any negligence, fraud or wilful default by the Trustee, the Trustee shall not be under any liability on account of anything done or suffered by the Trustee in good faith in accordance with or in pursuance of any request or advice of the Managers (or the delegates or distributors appointed by the Managers). Whenever pursuant to any provision of the Deed any certificate, notice, instruction or other communication is to be given by the Managers (or the delegates or distributors appointed by the Managers) to the Trustee, the Trustee may accept as sufficient evidence thereof a document signed or purporting to be signed on behalf of the Managers (or the delegates or distributors appointed by the Managers) by any two persons whose signature the Trustee is for the time being authorised by the Managers (or the delegates or distributors appointed by the Managers) under its common seal to accept and may act on verbal, electronic mail and facsimile instructions given by authorised officers of the Managers (or the delegates or distributors appointed by the Managers) specified in writing by the Managers (or the delegates or distributors appointed by the Managers) to the Trustee.
- 22.9** The Trustee may act upon any advice or information obtained from the Managers or any bankers, accountants, brokers, computer experts, lawyers, agents or other persons acting as agents or advisers of the Trustee and the Managers, and the Trustee shall not be liable for anything done or omitted or suffered in reliance upon such advice or information. The Trustee shall not be responsible for any misconduct, mistake, oversight, error of judgment, forgetfulness or want of prudence on the part of any such banker, accountant, broker, computer expert, lawyer, agent or other person as aforesaid or of the Managers except where the Managers or agents are acting on behalf of the Trustee with its authority in relation to the keeping of the Register. Any such advice or information may be obtained or sent by facsimile, letter or electronic mail and the Trustee shall not be liable for acting on any advice or information purported to be conveyed by any such facsimile, letter or electronic mail although the same contains some error or shall not be authentic. The foregoing shall apply provided that the Trustee will be entitled to rely on the parties as aforesaid only if it has acted without negligence in the employment of such persons.
- 22.10** In the absence of fraud or negligence by the Managers, it shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted to be done by it in good faith hereunder.
- 22.11** The Managers shall not be under any liability except such liability as may be assumed by it under the Deed, nor shall the Managers (save as herein otherwise appears) be liable for any act or omission of the Trustee.

## **23. OTHER MATERIAL INFORMATION**

You should read the Deed for further details relating to the Scheme.

The Deed is a legal document which sets out the rights, responsibilities and obligations of the Managers, Trustee and Holders. The provisions of the Deed are binding on each Holder and all persons claiming through Holders, as if each of them were a party to the Deed.

The Deed includes (among others) provisions relating to the following matters as reproduced in paragraph 23.1 to paragraph 23.5:

### **23.1 Holders' Right to Vote**

A meeting of Holders duly convened and held in accordance with the provisions of the Schedule to the Deed shall be competent by Extraordinary Resolution:

- (i) to sanction any modification, alteration or addition to the provisions of the Deed which shall be agreed by the Trustee and the Managers as provided in Clause 37 of the Deed;
- (ii) to sanction a supplemental deed increasing the maximum permitted percentage of the Management Fee and/or remuneration of the Trustee as provided in Clause 23(B) of the Deed;
- (iii) to terminate the Scheme as provided in Clause 34(E) of the Deed or Section 295 of the Securities and Futures Act or to terminate a Class as provided in Clause 34A(F) of the Deed;
- (iv) to remove the Auditor, the Trustee and the Managers or any of them as provided in Clauses 30(D), 31(C)(iii) and 32(A)(iii) of the Deed respectively;
- (v) to sanction any change in the investment objectives of the Scheme proposed by the Managers and approved by the Trustee; and
- (vi) to sanction such other matters as may be proposed by the Managers or the Trustee,

and by ordinary resolution to give directions to the Trustee pursuant to the provisions in Clause 28(A)(vii) of the Deed but shall not have any further or other powers.

### **23.2 Valuation**

The Net Asset Value of a Unit of a Class shall be calculated by:

- (i) valuing the assets of the Scheme in accordance with Paragraph 23.2.1;
- (ii) deducting from such amount the liabilities of the Scheme in accordance with Paragraph 23.2.3;
- (iii) dividing the resultant sum by the total number of Units in issue or deemed to be in issue immediately prior to the relevant Dealing Day; and
- (iv) deducting the relevant Management Fee per Unit for that Class accrued but remaining unpaid.

**23.2.1** For the purpose of determining the Value of the assets of the Scheme, Authorised Investments which are:

- (i) deposits placed with banks or other financial institutions in Singapore or bank bills, shall be determined by reference to the face value of such Authorised Investments and the accrued interest thereon for the relevant period;
- (ii) not quoted on any Recognised Stock Exchange or OTC Market, shall be calculated by reference to the (a) last available price (if any); or (b) prices quoted by such persons, firms or institutions determined by the Managers to be making a market in that investment at the close of trading in the relevant market on which the particular Authorised Investment is traded

(and if there shall be more than one such market maker, then such market maker as the Managers may determine); and

- (iii) quoted on any Recognised Stock Exchange or OTC Market, shall be calculated by reference to the official closing price, the last transacted price, the last available price or quoted price on such Recognised Stock Exchange or OTC Market,

Provided That if the quotations referred to in (ii) or (iii) above are not available, or if the Value of Authorised Investments determined in the manner described in (i), (ii) or (iii) above, in the opinion of the Managers, does not represent a fair value of such Authorised Investments, then the Value shall be such value as the Managers may with due care and in good faith consider in the circumstances to be fair and with the prior approval of the Trustee. In determining such "fair value", the Managers shall rely on such person approved by the Trustee as qualified to value the Authorised Investments and may rely on quotations for quoted Authorised Investments on another Recognised Stock Exchange or in an OTC Market, and the Managers shall notify the Holders of such determination if so required by the Trustee.

In exercising in good faith the discretion given by the proviso above, the Managers shall not, subject to the provisions of the Code, assume any liability towards the Scheme, and the Trustee shall not be under any liability, in accepting the opinion of the Managers or otherwise, notwithstanding that the facts may subsequently be shown to have been different from those assumed by the Managers.

**23.2.2** In calculating the Net Asset Value of the Scheme or any proportion thereof:

- (i) subject to Clause 11(H) of the Deed, every Unit agreed to be issued by the Managers shall be deemed to be in issue and the Deposited Property shall be deemed to include not only cash or other assets in the hands of the Trustee but also the value of any cash, accrued interest on bonds or other assets to be received in respect of Units agreed to be issued after deducting therefrom or providing thereout the Preliminary Charge and (in the case of Units issued against the vesting of Authorised Investments) any monies payable out of the Deposited Property pursuant to Clause 11 of the Deed;
- (ii) where Authorised Investments have been agreed to be purchased or sold but such purchase or sale has not been completed, such Authorised Investments shall be included or excluded and the gross purchase or net sale consideration excluded or included as the case may require as if such purchase or sale had been duly completed;
- (iii) where in consequence of any notice or request in writing given pursuant to Clauses 11A, 12 or 13 of the Deed, a reduction of the Scheme by the cancellation of Units is to be effected but such reduction has not been completed, the Units in question shall not be deemed to be in issue and any amount payable in cash and the value of any Authorised Investments to be transferred out of the Deposited Property in pursuance of such reduction shall be deducted from the Value of the Deposited Property;

- 23.2.3** (i) In calculating the Net Asset Value of the Scheme, there shall be deducted any amounts not provided for above which are payable out of the Deposited Property in accordance with the Deed including but not limited to:
- (a) any amount of Trustee Fee accrued but remaining unpaid;
  - (b) the amount of tax, if any, on net capital gains (including any provision made for unrealised capital gains) accrued up to the end of the last Accounting Period and remaining unpaid;
  - (c) such sum in respect of tax, if any, on net capital gains realised during a current Accounting Period prior to the valuation being made as in the estimate of the Managers will become payable; and
  - (d) the aggregate amount for the time being outstanding of any borrowings effected under Clause 16(C) of the Deed together with the amount of any interest and expenses thereon accrued pursuant to Clause 16(C)(vii) of the Deed and remaining unpaid;
- (ii) there shall be taken into account such sum as in the estimate of the Managers will fall to be paid or reclaimed in respect of taxation related to income down to the relevant date;
- (iii) there shall be added such amount of any tax, if any, on capital gains estimated to be recoverable and not received;
- (iv) any Value (whether of an Authorised Investment or cash) otherwise than in Singapore Dollars and any non-Singapore Dollar borrowing shall be translated into Singapore Dollars at the rate (whether official or otherwise) which the Managers shall after consulting or in accordance with a method approved by the Trustee deem appropriate in the circumstances having regard *inter alia* to any premium or discount which may be relevant and to the costs of exchange except where such Value is in relation to a Class that is not denominated in Singapore Dollars, such Value (whether of an Authorised Investment or cash) otherwise than in the currency of the Class and any borrowings otherwise than in the currency of the Class may be translated into the currency of the Class at the rate (whether official or otherwise) which the Managers shall after consulting with or in accordance with a method approved by the Trustee deem appropriate to the circumstances having regard *inter alia* to any premium or discount which may be relevant and to the costs of exchange; and
- (v) where the current price of an Authorised Investment is quoted “ex” dividend or interest but such dividend or interest to which the Scheme is beneficially entitled has not been received the amount of such dividend or interest shall be taken into account.
- 23.2.4** If, in the Manager’s opinion it is in the interest of Holders to do so, the Manager shall, in consultation with the Trustee, be entitled to make adjustments in the calculation of the Net Asset Value per Unit on a Dealing Day upwards or downwards, as applicable, having regard to such circumstances as the Manager in its discretion deem appropriate. Such adjustments shall be made by an amount that is considered appropriate by the Manager in consultation with the Trustee which shall not exceed 3% of the Net Asset Value per Unit on the relevant Dealing



Day or such higher amount as the Manager may from time to time determine in consultation with the Trustee PROVIDED THAT, subject to applicable laws and regulations, the Manager may, in exceptional circumstances (including but not limited to situations whereby extreme market turmoil or volatility may result in an unusual magnitude of the increase in the Fiscal Charges incurred in the purchase and/or sale of Authorised Investments and the spread between the buying and selling prices of such Authorised Investments caused by subscriptions, realisations, conversions and/or exchanges of Units) and in consultation with the Trustee, temporarily apply an adjustment beyond 3% of the Net Asset Value per Unit on the relevant Dealing Day or such higher amount as the Manager may from time to time determine in consultation with the Trustee if, in the Manager's opinion, it is in the interest of existing Holders to do so and the Manager shall give notice to the relevant Holders of such adjustment beyond such amount if so required by the Authority and/or the Trustee and in such manner as the Manager and Trustee may agree. Notwithstanding any other provision of the Deed, the Issue Price and Realisation Price per Unit calculated based on the Net Asset Value per Unit as so adjusted shall apply in respect of all subscriptions, realisations, conversions and exchanges of Units of the Scheme or the relevant Class on the relevant Dealing Day.

### **23.3 Dilution Adjustments**

The Scheme is single priced and may fall in value due to various factors such as the Fiscal Charges incurred in the purchase and sale of Authorised Investments and the spread between the buying and selling prices of such Authorised Investments caused by subscriptions, realisations and/or conversions of Units. This effect is known as "dilution".

To minimise the impact of dilution, the Managers may apply a technique known as "dilution adjustment" or "swing pricing" by adjusting the Net Asset Value of the Scheme so that such Fiscal Charges and dealing spreads in respect of the Authorised Investments are, as far as practicable, passed on to the relevant Holders (i.e. those who are subscribing, realising or converting Units on a particular Dealing Day) ("**Dilution Adjustment**").

The Managers shall be entitled, in consultation with the Trustee, to apply a Dilution Adjustment in circumstances that they deem are appropriate, having regard to the interest of Holders. Typically, a Dilution Adjustment is made if the net transaction on a Dealing Day exceeds a certain percentage of the previous Dealing Day's Net Asset Value (the "**Threshold**"). The need to apply Dilution Adjustment will depend upon various factors, including but not limited to (i) the amount of subscriptions, realisations and/or conversions of Units on that Dealing Day, (ii) the impact of any Fiscal Charges incurred in the purchase and/or sale of Authorised Investments of the Scheme, (iii) market conditions and (iv) the spread between the buying and selling prices of such Authorised Investments caused by subscriptions, realisations and/or conversions.

The returns of the Scheme will be calculated based on the Net Asset Value of the Scheme after Dilution Adjustments have been applied and this could increase the variability of the Scheme's returns. You should also note that the returns of the Scheme may be influenced by the level of subscription or realisation activity (which may result in the application of swing pricing). In the usual course of business, to minimise the impact to the variability of the return of the Scheme, the application of a Dilution Adjustment will be triggered mechanically and on a consistent basis and applied only when the net transaction exceeds the Threshold. You should note however that Dilution Adjustment only reduces the effect of dilution and does not eliminate it entirely. Applying a Dilution Adjustment only

where the Threshold is hit reduces the impact to the variability of the Scheme's returns. However, dilution arising from a net transaction that is below the Threshold may not be reduced.

The Threshold will be set with the objective of protecting the Holders' interest while minimising impact to the variability of the Scheme's return by ensuring that the Net Asset Value is not adjusted where the dilution impact on the Scheme is, in the opinion of the Managers, not significant, and may be varied by the Managers in their discretion. Where a Dilution Adjustment is made, it will typically increase the Net Asset Value when there are net subscriptions into the Scheme and decrease the Net Asset Value when there are net realisations. The Net Asset Value of each Class in the Scheme will be calculated separately but any Dilution Adjustment will, in percentage terms, affect the Net Asset Value of each Class in an equal manner. You should also note that the fees and charges applying to the Scheme (including fees based on the Net Asset Value of the Scheme, where applicable) will be based on the Net Asset Value without any Dilution Adjustment applied.

The amount of the Dilution Adjustment applied by the Managers may vary over time depending on various factors such as market conditions but will under normal circumstances not exceed 3% of the Net Asset Value per Unit on the relevant Dealing Day. The Managers reserve the right to apply Dilution Adjustment of an amount not exceeding 3% of the Net Asset Value per Unit on the relevant Dealing Day where they deem appropriate and have the discretion to vary the amount of Dilution Adjustment within such 3% limit, in consultation with the Trustee, from time to time without giving notice to the relevant Holders.

Subject to applicable laws and regulations, in exceptional circumstances (including but not limited to situations whereby extreme market turmoil or volatility may result in an unusual magnitude of the increase in the Fiscal Charges incurred in the purchase and/or sale of Authorised Investments and the spread between the buying and selling prices of such Authorised Investments caused by subscriptions, realisations and/or conversions of Units), the Managers may, in consultation with the Trustee, temporarily apply a Dilution Adjustment beyond 3% of the Net Asset Value per Unit on the relevant Dealing Day if, in their opinion, it is in the interest of existing Holders to do so. In such cases, the Managers shall give notice to the relevant Holders if so required by the Authority and/or the Trustee and in such manner as the Managers and Trustee may agree.

#### **23.4 Termination of the Scheme**

The Scheme is of indeterminate duration and may be terminated as provided in the Deed.

**23.4.1** Either the Trustee or the Managers may in their absolute discretion terminate the Scheme by not less than three months' notice in writing to the other. Either the Trustee or the Managers shall be entitled by notice in writing as aforesaid to make the continuation of the Scheme beyond any such date conditional on the revision to its satisfaction at least three months before the relevant date of its remuneration hereunder. In the event that the Scheme shall fail to be terminated or discontinued the Managers shall give notice of the continuation of the Scheme to all Holders not less than three months in advance. Subject as aforesaid the Scheme shall continue until terminated in the manner hereinafter provided.

**23.4.2** Subject to Section 295 of the Securities and Futures Act, the Scheme may be terminated by the Trustee by notice in writing as hereinafter provided in any of the following events, namely:

- (i) if the Managers shall go into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or if a receiver or judicial manager is appointed in respect of the Managers or any of its assets or if any encumbrancer shall take possession of any of its assets or if it shall cease business;
- (ii) if any law shall be passed or any direction is given by the Authority which renders it illegal or in the opinion of the Trustee impracticable or inadvisable to continue the Scheme; and
- (iii) if the Managers shall have failed to appoint a new trustee within the terms of Clause 31 of the Deed within the period of three months from the date of the Trustee expressing in writing to the Managers its desire to retire.

The decision of the Trustee in any of the events specified in this Paragraph shall be final and binding upon all the parties concerned but the Trustee shall be under no liability on account of any failure to terminate the Scheme pursuant to Clause 34(B) of the Deed (as reproduced in this Paragraph) or otherwise. The Managers shall accept the decision of the Trustee and relieve the Trustee of any liability to it therefor and hold it harmless from any claims whatsoever on its part for damages or for any other relief.

**23.4.3** The Scheme may be terminated by the Managers in its absolute discretion by notice in writing in any of the following events:

- (i) in its absolute discretion on the third anniversary of the date of the Original Deed or on any date thereafter if on such date the aggregate Value of the Deposited Property shall be less than \$5,000,000; or
- (ii) in its absolute discretion if any law shall be passed or any direction is given by the relevant authority which renders it illegal or in the opinion of the Managers impracticable or inadvisable to continue the Scheme; or
- (iii) in the event of:
  - (a) any change in governmental policies, laws, regulations, or market conditions affecting returns to be made from investments in domestic fixed income securities and money market instruments; and
  - (b) the Managers (in consultation with the Trustee) are of the opinion that such changes would make it impracticable or impossible to meet the Scheme's investment objective of achieving a return above the Singapore dollar deposits over time by investing in domestic fixed income securities and money market instruments; or
- (iv) with the approval of the Trustee if:
  - (a) the Managers are desirous of establishing, or becoming a manager of, another collective investment scheme with the same or similar investment objectives as the Scheme or another collective investment scheme with a sub-fund that has same or similar investment objectives as the Scheme; and

- (b) the Managers are of the view that the termination of the Scheme would allow Holders to subscribe into the other scheme or sub-fund, as the case may be, without prejudice to the interests of such Holders; or
- (v) with effect from 30 June 2003, in the event of the amalgamation, reconstruction, reorganisation, dissolution, merger or consolidation of the Scheme or such other fund(s) managed by the Managers Provided That the resulting merged fund shall have substantially the same investment objectives as the Scheme.

**23.4.4** The party terminating the Scheme shall give notice thereof to the other party and all Holders in the manner provided in the Deed and by such notice fix the date at which such termination is to take effect, which date shall not be less than three months after the service of such notice Provided That in a termination pursuant to Clause 34(C)(iv) of the Deed no such notice shall be effective unless, prior to the giving of such notice, prior approval of the Trustee to such termination, the terms and conditions and any other matter in relation to such termination (including the termination date) has been obtained. The Managers shall give written notice of the termination of the Scheme to the Authority at least 7 days before termination (or such other period as the Authority may require).

**23.4.5** The Scheme may at any time after three years from the date of the Original Deed be terminated by Extraordinary Resolution of a meeting of the Holders duly convened and held in accordance with the provisions contained in the Schedule to the Deed and such termination shall take effect from the date on which the said Extraordinary Resolution is passed or such later date (if any) as the said Extraordinary Resolution may provide.

## **23.5 Termination of a Class**

**23.5.1** The provisions in this Paragraph shall apply where more than one Class of Units is established within the Scheme.

**23.5.2** Each Class may be terminated as provided in Clause 34A of the Deed (as reproduced in this Paragraph).

**23.5.3** The Managers may in their absolute discretion terminate a Class by not less than one month's notice to the Trustee. If the Class is to be terminated under this Paragraph, the Managers shall give notice thereof in writing to the Holders of that Class not less than one month in advance of such termination.

**23.5.4** A Class may be terminated by the Trustee if any law is passed or any direction is given by the Authority which renders it illegal or in the opinion of the Trustee impracticable or inadvisable to continue the Class or if any approval or authorisation of the Class is revoked or withdrawn. The decision of the Trustee in such event shall be final and binding upon the Managers and the Holders but the Trustee shall be under no liability on account of any failure to terminate the Class pursuant to this Paragraph or otherwise.

**23.5.5** A Class may be terminated by the Managers:

- (i) if the Units of that Class in issue fall below a number to be determined by the Managers;
- (ii) if the Managers are of the view that it is not in the best interest of Holders of Units in that Class to continue the Class; or

- (iii) if any law is passed or any direction given by the Authority which renders it illegal or in the opinion of the Managers impracticable or inadvisable to continue that Class or if any approval or authorisation of that Class is revoked or withdrawn;

The decision of the Managers in any of the events specified in this Paragraph shall be final and binding upon the Trustee and the Holders but the Managers shall be under no liability on account of any failure to terminate the Class pursuant to this Paragraph or otherwise.

- 23.5.6** The party terminating a Class in accordance with this Paragraph shall give notice in writing of such termination to the Holders of that Class and by such notice fix the date at which such termination is to take effect which date shall not be less than one month after the giving of such notice (or such earlier date as may be necessary to comply with any law or direction given by the Authority).
- 23.5.7** A Class may at any time be terminated by the Holders of that Class by Extraordinary Resolution and such termination shall take effect on the date on which the Extraordinary Resolution is passed or on such later date (if any) as the Extraordinary Resolution may provide.
- 23.5.8** Upon a Class being terminated ("**Terminated Class**"), Holders of Units in the Terminated Class shall be issued Units in any other Class in exchange for their Units in the Terminated Class as if the Holder had submitted a Conversion Notice pursuant to Clause 11(L) of the Deed herein, on the date specified by the Managers and notified to the Holders. The Managers may at its discretion waive any Conversion Fee, Realisation Charge or Preliminary Charge which would otherwise be payable in respect of the conversion of Units. This is without prejudice to the right of the Holders to realise their Units prior to the specified date in accordance with the provisions of Clause 12 of the Deed.

## **23.6 Distributions**

Distributions of income, net capital gains and capital will be at the Managers' sole discretion. Distributions out of income, net capital gains and/or capital (if any) will lower the net asset value of the Scheme.

It is intended that, in the normal course of business, accumulating Classes will not make any distributions whereas distributing Classes may distribute income, net capital gains or capital as the Managers deem fit.

Distributions in respect of a distributing Class will generally be declared at the following frequencies:

<b>Distributing Class letter designation</b>	<b>Frequency of distribution declaration</b>
(M)	Monthly
(Q)	Quarterly (generally in March, June, September, December)
(S)	Semi-Annually (generally in March, September)

Where there is no letter designation in the name of the distributing Class, distributions for such Class will be declared on an annual basis (generally in March).

**Distributions are at the discretion of the Managers and there is no guarantee that any distribution will be made and if distributions are made, such distributions are not in any way a forecast, indication or projection of the future or likely performance/distribution of the Scheme. The making of any distribution shall not be taken to imply that further distributions will be made.**

### **23.7 Use of Financial Derivative Instruments**

The global exposure of the Scheme to financial derivatives or embedded financial derivatives shall not exceed 100% of the net asset value of the Scheme at any time (or such other percentage as may be allowed under the Code). Such exposure will be calculated using the commitment approach as described in, and in accordance with the provisions of, the Code.

If the Scheme nets its over-the-counter financial derivative positions, the Managers will obtain the legal opinions as stipulated in paragraph 5.15 of Appendix 1 of the Code (or as may otherwise be required under the Code) prior to any such netting.

The Managers and (as the case may be) the Sub-Manager have the necessary expertise to manage the risk relating to the use of financial derivative instruments and will ensure that the risk management and compliance procedures are adequate and have been or will be implemented.

### **23.8 US Foreign Account Tax Compliance Act (“FATCA”)**

FATCA was enacted in the US in 2010. It introduces a number of new customer identification, reporting and tax withholding requirements applicable to foreign (*i.e.*, non-US) financial institutions (“**FFIs**”) that are aimed at preventing citizens and residents of the US from evading US taxes by holding their assets in financial accounts outside of the US with such FFIs. The term “FFI” is defined very broadly and therefore the Scheme is considered a FFI.

***The following is a general discussion of the application of FATCA to the Scheme, as well as existing and prospective investors or Holders of the Scheme. It is included for general informational purposes only, should not be relied upon as tax advice and may not be applicable depending upon your particular situation. You should consult your tax advisor regarding the tax consequences to you of the purchase, ownership and disposition of the Units of the Scheme, including the tax consequences under US federal laws (and any proposed changes in applicable law).***

#### **FFI AGREEMENTS AND FATCA WITHHOLDING**

FATCA generally requires FFIs to enter into agreements (“**FFI Agreements**”) with the US Internal Revenue Service (“**IRS**”), under which they agree to identify and report information to the IRS on any US reportable accounts held by them. The IRS assigns a global intermediary identification number to each FFI that has entered into an FFI Agreement, which confirms the FFI’s status as a “Participating FFI”. If an FFI fails to enter into an FFI Agreement and is not otherwise exempt, it will be treated as a nonparticipating FFI and may become subject to a 30 per cent withholding tax on “withholdable payments” or “passthru payments” (as defined in FATCA) it receives (collectively “**FATCA Withholding**”), unless the FFI complies with FATCA under other permissible alternatives.

## **APPLICATION OF FATCA TO THE SCHEME AND INVESTORS**

Singapore and the US signed a FATCA Model 1 Intergovernmental Agreement (the “**Model 1 IGA**”) on 9 December 2014 and the Model 1 IGA entered into force on 18 March 2015.

Under the Model 1 IGA, Singapore-based financial institutions will have to comply with the relevant FATCA provisions in the Income Tax Act (Cap.134) and the regulations in the Income Tax (International Tax Compliance Agreements)(United States of America) Regulations 2015 which implements such FATCA requirements into Singapore laws and, under such changes, the Managers, the Trustee, distributors and / or other service providers to the Scheme may be required to report and disclose information of certain investors in the Scheme including any “U.S. Person” or any “U.S. Reportable Account” (as defined in the Model 1 IGA) to the relevant Singapore authorities, which will in turn report the information to the IRS . Existing and prospective investors in the Scheme may therefore be requested to provide additional information to the Scheme, the Trustee, distributors and / or other service providers to the Scheme in order to enable the Scheme and such parties to satisfy their obligations under Singapore laws, regulations and guidance which have been implemented as part of the Model 1 IGA. Failure by an investor to provide such information may result in such investor being subject to FATCA Withholding.

Guidance in Singapore as to the mechanics and scope of this new reporting and withholding regime has been provided in the Inland Revenue Authority of Singapore’s e-Tax Guide entitled “Compliance Requirements of the Singapore-US Intergovernmental Agreement on Foreign Account Tax Compliance Act” which was published on 17 March 2015. There can be no assurance as to the timing or impact of such guidance on future operations of the Scheme or on any investor in the Scheme.

### **23.9 Automatic Exchange of Information (“AEOI”)**

The Common Reporting Standard (“**CRS**”) is a new, single global standard on AEOI which was approved by the Council of the Organisation for Economic Cooperation and Development (“**OECD**”) in July 2014. The CRS builds on the FATCA reporting regime to maximise efficiency and reduce costs for implementing jurisdictions and their financial institutions. The CRS sets out details of the financial information to be exchanged, the financial institutions required to report, together with common due diligence standards to be followed by financial institutions.

Under the CRS, participating jurisdictions are required to exchange certain information held by financial institutions regarding their non-resident customers. Over 100 jurisdictions have committed to exchanging information under the CRS and Singapore has committed to implement the CRS with the first exchange to take place by September 2018. The Income Tax (International Tax Compliance Agreements) (Common Reporting Standard) Regulations 2016 (“**CRS Regulations**”) incorporate the requirements of the CRS into Singapore’s domestic legislative framework. The CRS Regulations entered into force on 1 January 2017.

The CRS Regulations requires and empowers all financial institutions to put in place necessary processes and systems to collect financial account information from 1 January 2017. The Scheme is required to disclose the name, address, jurisdiction(s) of tax residence, date and place of birth, account reference number and tax identification number(s) of each reportable person in respect of a reportable account for CRS and information relating to each of your investments (including but not limited to the value of and any payments in respect of the Units) to the Inland Revenue Authority of Singapore

who may in turn exchange this information with the tax authorities in territories who are participating jurisdictions for the purposes of the CRS. In order to comply with its obligations, the Scheme may require additional information and documentation from you.

The non-provision of information requested by the Scheme pursuant to CRS may result in the inability to process instructions from such investor, including any redemption requests, and/or otherwise deal with the investor or his accounts and holdings in the Scheme or other appropriate action taken by the Scheme. The refusal to provide the requisite information to the Scheme may also be reported to the Inland Revenue Authority of Singapore.

The above description is based in part on CRS Regulations and guidance from the OECD in relation to the CRS, all of which are subject to change.

You will be deemed by your Applying for Units (as defined in paragraph 23.10 below) to have authorised and to have obtained consent from third party individuals, whose personal information you have disclosed to the Scheme, to the automatic disclosure of such information by the Administrator, or other relevant person to the Inland Revenue Authority of Singapore and other relevant tax authorities. You should consult your own tax advisers on the requirements applicable to you under these arrangements.

### **23.10 Use of Personal Data**

You should note the following:

By signing the subscription application form or applying for Units through an approved agent's or a distributor's website (collectively "**Applying for Units**"), each investor consents and acknowledges that any personal data including any personal data relating to the investor and/or to third party individuals (e.g. beneficial owners, family members, trustees, partners or directors or authorised signatories of investors who are not individuals) ("**Data**") provided to the Managers, Sub-Manager, Trustee, Custodian, Registrar, administrator, any approved agent or distributor, and/or their related corporations or associates or affiliates ("**Recipients**", each a "**Recipient**") whether directly or through appointed distributors or agents or otherwise collected by or on behalf of a Recipient from publicly available or other sources, in connection with the investor's application for or investment in the Scheme, may be collected, stored, processed, maintained, used and disclosed by a Recipient for the following purposes: (i) updating and maintaining the register; (ii) implementing, operating, managing and administering the investor's investment in the Scheme and any related accounts on an ongoing basis, including but not limited to transactional purposes such as processing instructions or trades of investors or persons acting on behalf of investors; (iii) complying with any applicable legal, governmental, compliance or regulatory requirements within Singapore and in any foreign jurisdiction, including complying with any requests made to any Recipient by any government authority or regulatory body and any rules and regulations relating to anti-money laundering and countering the financing of terrorism and mitigating any adverse result under any laws relating to tax; (iv) complying with any applicable treaty or agreement with or between Singapore and a foreign jurisdiction; (v) fulfilling a judgment or order of court or of any other tribunal within Singapore and in an applicable foreign jurisdiction; (vi) providing client-related services, including providing customer support, responding to queries or feedback given by investors or persons acting behalf of investors, and communicating with and disseminating of statements of account, notices, reports, materials, communications (whether of a marketing nature or otherwise) to investors or persons acting on behalf of investors; (vii) verifying the identity of investors



or persons acting on behalf of investors; (viii) exercising or enforcing the rights of a Recipient under contract or pursuant to applicable laws and regulations; (ix) administering, operating, processing or managing the Units or the Scheme; (x) the prevention of crime, fraud or misuse of services, processing for the creation or maintenance of physical, network or information technology security measures, auditing and processing for statistical purposes or business analysis and monitoring; (xi) for all other purposes required or authorised under any applicable legal, governmental, compliance or regulatory requirements within Singapore and in any foreign jurisdiction, including but not limited to complying with the Income Tax (International Tax Compliance Agreements) (Common Reporting Standard) Regulations 2016 of Singapore; (xii) conducting general administration in relation to the foregoing; and (xii) all purposes directly related to one or more of the foregoing.

By Applying for Units, each investor also consents and acknowledges that, for the purposes set out above, Data may be disclosed and transferred by a Recipient to the following parties in Singapore or in a foreign jurisdiction: (i) any person or entity including government authorities, regulatory bodies, courts and tribunals to whom a Recipient is under an obligation to make disclosure pursuant to any domestic or foreign legal process, legal obligation, regulatory obligation or request from a government authority or regulatory body; (ii) any CPF agent bank or SRS operator; (iii) related corporations, associates or affiliates of a Recipient; and (iv) any agent, contractor, third party service provider, intermediary or professional adviser which provides administrative, mailing, data storage or processing, business process, human resource, information technology, audit, advisory or any other services to a Recipient in connection with the operation of the business of the Recipient.

By Applying for Units, each investor warrants that any Data provided by or on behalf of that investor to a Recipient is true, accurate and complete, that changes to such Data shall be notified to a relevant Recipient in a timely fashion, and to the extent that any such Data relates to a third party individual, that the prior consent of such third party individual, which will allow each Recipient to collect, use and disclose Data of that individual in the manner and for the purposes described above, has been obtained, and consents and acknowledges all such collection, use and disclosure on behalf of that third party individual.

Pursuant to the Personal Data Protection Act 2012 of Singapore, an individual may withdraw his/her consent to the collection, use and/or disclosure of his/her Data. Investors may wish to note that a notice of withdrawal of consent submitted by an investor or a third party individual relevant to that investor: (1) may result in the inability to process instructions from such investor, including any redemption requests, and/or otherwise deal with the investor or his accounts and holdings in the Scheme; and (2) shall not prevent the continued use or disclosure of Data for the purposes of compliance with any legal, governmental, compliance or regulatory requirements within Singapore and in any foreign jurisdiction, unless otherwise prohibited by applicable mandatory laws..

### **23.11 Credit assessment process**

The Managers have established a set of internal credit assessment standards and have put in place a credit assessment process to ensure that their investments are in line with these standards (should the Managers rely on ratings issued by credit rating agencies). Information on the Managers' credit assessment process will be made available to investors upon request.

## GLOSSARY OF TERMS

Agent Bank	any bank appointed by the CPF Board to be an agent bank for the purposes of the CPF Regulations.
Authorised Investments	<p>Subject to the provisions of the Code,</p> <p>(a) currency deposits and short term money market and fixed income instruments including but not limited to convertible and non-convertible corporate debt securities including bonds, debentures, loan stock, notes, certificates of deposit, variable rate certificates of deposit, bankers' acceptances, commercial paper issued by corporation or government bodies including short term unsecured promissory notes, treasury bills, all other fixed or floating rate instruments, which may be selected by the Managers for the purpose of investment of the Deposited Property or which may for the time being form part thereof; and</p> <p>(b) any other corporate debt security not covered by paragraph (a) of this definition but approved by the Trustee</p> <p>Provided that the Authorised Investments shall not include any Investment not otherwise approved by the relevant authorities in Singapore for investment by a CPFIS Included Scheme.</p>
Authority	the Monetary Authority of Singapore.
Business Day	a day (other than Saturday, Sunday or a gazetted public holiday) on which commercial banks are open for business in Singapore or any other day as the Managers and the Trustee may agree in writing.
Class	a class of Units in the Scheme established by the Managers, but each Class shall not constitute a separate trust from the Scheme within which it is established nor from other Classes within the Scheme.
Class A	a Class designated with an "A" in its name
Class A (SGD) Accumulating Units	Units designated as class A (SGD) Accumulating Units.
Class B	a Class designated with a "B" in its name
Class B (SGD) Accumulating Units	Units designated as class B (SGD) Accumulating Units.
Class I	a Class designated with an "I" in its name
Class I (SGD) Accumulating Units	Units designated as class I (SGD) Accumulating Units.
Code	the Code on Collective Investment Schemes issued by the Authority pursuant to the Securities and Futures Act, as the same may be modified, re-enacted, amended, supplemented or reconstituted from time to time.

Conversion Fee	a charge upon the conversion of Units of the amount that the Managers may from time to time determine generally or in relation to any specific transaction for the Scheme, being a percentage of the Realisation Price and shall not exceed the maximum charge as stipulated in this Prospectus.
CPF	the Central Provident Fund.
CPF Board	the Central Provident Fund Board.
CPF Investment Account	an account opened by a CPF member with an Agent Bank in which monies withdrawn from his CPF Ordinary Account is deposited for the purpose of investment under the CPFIS.
CPF Ordinary Account	means the account referred to by the CPF Board as the ordinary account.
CPF Special Account	means the account referred to by the CPF Board as the special account.
CPFIS	the CPF Investment Scheme (as defined in the CPF Regulations) or such other scheme as shall replace or supersede it.
CPFIS Included Scheme	a unit trust that has been included by the CPF Board or other relevant authority in Singapore under the CPFIS for investment by members of the CPF.
CPFIS – Ordinary Account	the scheme referred to by the CPF Board as the Central Provident Fund Investment Scheme – Ordinary Account.
CPFIS – Special Account	the scheme referred to by the CPF Board as the Central Provident Fund Investment Scheme – Special Account.
CPF monies	monies withdrawn or to be withdrawn from the CPF Investment Account and/or the CPF Special Account of the investor.
CPF Regulations	the Central Provident Fund (Investment Schemes) Regulations and any terms, conditions or directions as may from time to time be lawfully imposed or given by the CPF Board or other relevant competent authority and shall include the terms and conditions of the CPFIS issued by the CPF Board thereunder, as the same may be modified, re-enacted, amended, supplemented or reconstituted from time to time.
Dealing Day	every Business Day, or such Business Day or Business Days at such intervals as the Managers may from time to time determine provided that reasonable notice of any such determination shall be given by the Managers to Holders at such time and in such manner as the Trustee may approve.
Deposited Property	all of the assets for the time being comprised in the Scheme or deemed to be held upon the trusts of the Deed for account of the Scheme.
Extraordinary Resolution	a resolution proposed and passed as such by a majority consisting of seventy-five per cent. (75%) or more of the total number of votes cast for and against such resolution.

Fiscal Charges	all stamp and other duties, taxes, governmental charges, brokerage, bank charges, transfer fees, registration fees and other duties and charges whether in connection with the constitution of the Deposited Property or the increase of the Deposited Property or the creation, issue, sale, exchange or purchase of Units or the sale or purchase of Authorised Investments or otherwise which may have become or may be payable in respect of or prior to or upon the occasion of the transaction or dealing in respect of which such duties and charges are payable but does not include commission payable to agents on sales and repurchases of Units.
Income	all interest, dividends and other receipts considered by the Managers to be in the nature of income.
Management Fee	the remuneration of the Managers, being a periodic charge of a percentage per annum of the Value of the Deposited Property, which shall not exceed the maximum fee stipulated in this Prospectus.
Net Asset Value or NAV	means the net asset value of the Scheme or, as the context may require, of a Unit, determined in accordance with the provisions of the Deed.
OTC Market	means any over-the-counter market or over-the-telephone market in any country in any part of the world, and in relation to any particular Authorised Investment shall be deemed to include any responsible firm, corporation or association in any country in any part of the world dealing in the Authorised Investment which the Managers may from time to time elect.
Preliminary Charge	a charge upon the issue of Units of the amount that the Managers may from time to time determine generally or in relation to any specific transaction for the Scheme, being a percentage of the investment sum and shall not exceed the maximum charge as stipulated in this Prospectus.
Realisation Charge	a charge upon the realisation of a Unit of such amount as the Managers may from time to time determine generally or in relation to any specific transaction for the Scheme, being a percentage of the Realisation Price per Unit, which shall not exceed the maximum stipulated in this Prospectus.
Recognised Stock Exchange	any stock exchange, futures exchange, organised securities exchange or other market of sufficient repute recognised by law in Singapore or in such other country as the Managers may select and in relation to any particular Authorised Investment shall be deemed to include any responsible firm, corporation or association dealing in the Authorised Investment and any responsible mutual fund or subsidiary thereof or unit trust scheme issuing and redeeming participations or units (as the case may be) so as to provide in the opinion of the Managers a satisfactory market for the Authorised Investment and in such a case the Authorised Investment shall be deemed to be the subject of an effective permission to deal or listing on the stock exchange deemed to be constituted by such firm,

	corporation, association, mutual fund or subsidiary thereof or unit trust scheme
Register	the register of Holders of the Scheme.
Relevant Parties	the Managers, the Trustee, the relevant authorities and any person to whom the Managers' approved agents or distributors deem it necessary to give, divulge or reveal information about the investor's bank account for the purpose of an application for Units through the internet.
Singapore Dollar, Singapore Dollars and S\$	the lawful currency of the Republic of Singapore.
SRS	the scheme referred to by the Ministry of Finance as the Supplementary Retirement Scheme or any other scheme as shall replace or supersede it from time to time.
SRS Account	an account opened by an investor with a participating branch of a designated SRS Operator for the purpose of an investment under the SRS and "SRS Accounts" shall be construed accordingly.
SRS Operator	any of the designated banks as appointed by the Ministry of Finance from time to time to operate SRS Accounts.
Trustee's Fee	the remuneration of the Trustee, being a percentage of the Value of the Deposited Property, which shall not exceed the maximum fee stipulated in this Prospectus.
US	United States of America, its territories and possessions, any State of the United States, and the District of Columbia.
US Dollar, US Dollars and US\$	the lawful currency of the US.
US Person	means: <ul style="list-style-type: none"> <li>(a) any natural person resident in the US.;</li> <li>(b) any partnership or corporation organised or incorporated under the laws of the US.;</li> <li>(c) any estate of which any executor or administrator is a US person;</li> <li>(d) any trust of which any trustee is a US person;</li> <li>(e) any agency or branch of a foreign entity located in the US.;</li> <li>(f) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a US Person;</li> <li>(g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the US; or</li> </ul>

- (h) any partnership or corporation if:
  - (i) organised or incorporated under the laws of any non-US jurisdiction; and
  - (ii) formed by a US Person principally for the purpose of investing in securities not registered under the US Securities Act of 1933 (the “**Act**”), unless it is organised or incorporated, and owned, by accredited investors (as defined in Rule 501(a) under the Act) who are not natural persons, estates or trusts.
- (i) any entity organised principally for passive investment (such as a commodity pool, investment company or other similar entity) that was formed for the purpose of facilitating investment by a US Person in a commodity pool with respect to which the operator is exempt from certain requirements of Part 4 of the regulations promulgated by the United States Commodity Futures Trading Commission by virtue of its participants being non-US Persons.

Notwithstanding the above the following are not “US Persons”:

- (A) any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-US Person by a dealer or other professional fiduciary organised, incorporated, or (if an individual) resident in the US;
- (B) any estate of which any professional fiduciary acting as executor or administrator is a US Person if:
  - (i) an executor or administrator of the estate who is not a US Person has sole or shared investment discretion with respect to the assets of the estate; and
  - (ii) the estate is governed by non-US law;
- (C) any trust of which any professional fiduciary acting as trustee is a US Person if a trustee who is not a US Person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settlor if the trust is revocable) is a US Person;
- (D) an employee benefit plan established and administered in accordance with the law of a country other than the US and customary practices and documentation of that country; and

	<p>(E) any agency or branch of a US Person located outside the US if:</p> <p>(i) the agency or branch operates for valid business reasons; and</p> <p>(ii) the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located.</p> <p>(F) The International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the United Nations, and their agencies, affiliates and pension plans, and any other similar international organizations, their agencies, affiliates and pension plans.</p>
Unit	an undivided share in the Scheme or a Class; which includes a fraction of a Unit rounded to two decimal places (or such other number of decimal places that the Managers may determine from time to time with the approval of the Trustee).
Valuation Point	the close of business of the last relevant market in relation to a Dealing Day or such other time that the Managers may from time to time determine with the approval of the Trustee and the Managers shall notify the Holders of any change if so required by the Trustee.
Value	in relation to an Authorised Investment, means the value of such Authorised Investment as determined in accordance with the provisions of the Deed.

**LEGG MASON WESTERN ASSET SINGAPORE BOND FUND**

**Prospectus**

**Signed:**

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**Jeremy Tan Yeow Wee**

for and on behalf of

**Clement Lee Jia Yi**

Director

**Signed:**

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**Jeremy Tan Yeow Wee**

Director





Issued by Legg Mason Asset Management Singapore Pte. Limited  
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